

DANAJAMIN NASIONAL BERHAD

Registration No. : 2009011011656 (854686-K)

UNAUDITED INTERIM FINANCIAL STATEMENTS CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

		As at 30 June 2020	As at 31 December 2019
	Note	RM'000	RM'000
ASSETS			
Property, plant and equipment		950	1,680
Intangible assets		898	1,269
Right-of-use assets		2,147	2,759
Available-for-sale securities	3	858,327	843,345
Deposits and placements with licensed banks	4	1,537,841	1,611,096
Insurance receivables	5	246,877	300,276
Reinsurance assets	6	3,350	3,775
Tax recoverable		23,009	23,773
Other assets		5,715	2,479
Cash and cash equivalents		8,440	2,311
TOTAL ASSETS		2,687,554	2,792,763
LIABILITIES AND EQUITY			
Premium liabilities	7	291,673	378,388
Claims liabilities		-	80,443
Lease liabilities		2,189	2,811
Insurance payables	8	3,376	3,376
Other liabilities	9	10,155	10,403
Deferred tax liabilities	10	12,087	8,870
Subordinated Sukuk	11	505,655	505,655
TOTAL LIABILITIES		825,135	989,946
Share capital		1,000,000	1,000,000
Retained earnings		801,584	751,114
Contingency reserve		16,790	19,106
Available-for-sale fair value reserve		44,045	32,597
TOTAL EQUITY		1,862,419	1,802,817
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,687,554	2,792,763

The accompanying notes form an integral part of the condensed interim financial statements.

DANAJAMIN NASIONAL BERHAD

Registration No. : 2009011011656 (854686-K)

UNAUDITED INTERIM FINANCIAL STATEMENTS CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Note	Six Months Ended 30 June 2020 RM'000	Six Months Ended 30 June 2019 RM'000
Gross earned premiums	12(a)	49,562	42,385
Premiums ceded to reinsurance	12(b)	(425)	(3,778)
Net earned premiums		49,137	38,607
Investment income		47,954	49,773
Realised gains		-	8,835
Other operating income		693	4,408
		97,784	101,623
Gross claims paid		(80,413)	-
Claims ceded to reinsurers		-	-
Change in gross claims liabilities		80,443	(74,743)
Change in claims liabilities ceded to reinsurers		-	17,860
Net claims incurred		30	(56,883)
Management expenses		(18,939)	(20,205)
Finance cost		(12,033)	(12,000)
Profit before taxation		66,842	12,535
Taxation		(18,688)	(6,150)
Net Profit for the financial period		48,154	6,385
Other comprehensive income:			
<u>Items that may be subsequently reclassified</u> <u>to profit or loss:</u>			
Available-for-sale fair value reserve:			
Net gain arising during the financial period		15,063	31,817
Net gain transferred to profit or loss upon disposal		-	(8,930)
Tax effect thereon		(3,615)	(5,493)
Other comprehensive income for the financial period, net of tax		11,448	17,394
Total comprehensive (loss)/income for the financial period		59,602	23,779
Basic earnings per share (sen)		4.82	0.64

The accompanying notes form an integral part of the condensed interim financial statements.

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UNAUDITED INTERIM FINANCIAL STATEMENTS CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Non-Distributable		Distributable		Total
	Share capital	AFS fair value reserve	Contingency reserve	Retained earnings	
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	1,000,000	32,597	19,106	751,114	1,802,817
Net profit for the financial period	-	-	-	48,154	48,154
Available-for-sale ("AFS") fair value reserve:					
Net gain arising during the financial period	-	15,063	-	-	15,063
Tax effect thereon	-	(3,615)	-	-	(3,615)
Transfer from contingency reserve	-	-	(2,316)	2,316	-
At 30 June 2020	1,000,000	44,045	16,790	801,584	1,862,419
At 1 January 2019	1,000,000	7,829	23,092	761,872	1,792,793
Net profit for the financial period	-	-	-	6,385	6,385
Available-for-sale ("AFS") fair value reserve:					
Net gain arising during the financial period	-	31,817	-	-	31,817
Net gain transferred to profit or loss upon disposal	-	(8,930)	-	-	(8,930)
Tax effect thereon	-	(5,493)	-	-	(5,493)
Transfer from contingency reserve	-	-	(119)	119	-
At 30 June 2019	1,000,000	25,223	22,973	768,376	1,816,572

The accompanying notes form an integral part of the condensed interim financial statements.

DANAJAMIN NASIONAL BERHAD

Registration No. : 2009011011656 (854686-K)

UNAUDITED INTERIM FINANCIAL STATEMENTS CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Six Months Ended 30 June 2020 <u>RM'000</u>	Six Months Ended 30 June 2019 <u>RM'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	66,842	12,535
Adjustments for:		
Depreciation of property, plant and equipment	746	804
Depreciation of right-of-use assets	992	995
Amortisation of intangible assets	479	451
Net gain from disposal of AFS securities	-	(8,835)
Net amortisation of premiums for AFS securities	33	115
Bad debts recovered	(100)	-
Interest income	(47,987)	(49,889)
Finance cost	12,033	12,000
	33,038	(31,824)
Purchase of AFS securities	-	(175,000)
Proceeds from disposal of AFS securities	-	343,300
Proceeds from maturity of AFS securities	-	45,000
Decrease/(increase) in deposits and placements with licensed banks	74,700	(231,205)
Investment income received	46,590	35,327
Decrease in insurance receivables	53,499	26,103
Decrease/(increase) in reinsurance assets	425	(9,149)
(Increase)/decrease in other assets	(3,236)	813
Increase/(decrease) in premium liabilities	(86,715)	(52,551)
(Decrease)/increase in claims liabilities	(80,443)	74,744
Decrease in insurance payables	-	(4,933)
Decrease in other liabilities	(199)	(7,362)
Income tax paid	(18,323)	-
Net cash inflows from operating activities	19,336	13,263
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(32)	(114)
Purchase of intangible assets	(118)	(505)
Net cash outflows from investing activities	(150)	(619)

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UNAUDITED INTERIM FINANCIAL STATEMENTS CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Six Months Ended 30 June 2020 <u>RM'000</u>	Six Months Ended 30 June 2019 <u>RM'000</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Profit paid on Subordinated Sukuk	(11,967)	(11,967)
Cash payment for principal portion of lease liability	(1,024)	(870)
Interest portion of lease liability	(66)	(197)
Net cash outflows from financing activities	<u>(13,057)</u>	<u>(13,034)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	6,129	(390)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	<u>2,311</u>	<u>2,173</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u><u>8,440</u></u>	<u><u>1,783</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	<u><u>8,440</u></u>	<u><u>1,783</u></u>

The accompanying notes form an integral part of the condensed interim financial statements.

DANAJAMIN NASIONAL BERHAD

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

1. BASIS OF PREPARATION

The condensed interim financial statements of the Company as at and for the six month period ended 30 June 2020 are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting and International Accounting Standards (“IAS”) 34, Interim Financial Reporting. They do not include all of the information and disclosures required for full annual financial statements, and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2019.

The preparation of financial statements is in conformity with the MFRS which requires the use of certain accounting estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim financial statements, and the reported amounts of revenues and expenses during the reported financial period. It also requires the Directors to exercise their judgement in the process of applying the Company’s accounting policies. Although these estimates are based on the Directors’ best knowledge of current events and actions, actual results may differ from those estimates.

2. ACCOUNTING POLICIES

The accounting policies and the critical accounting estimates and assumptions applied in the preparation of the interim financial statements are consistent with those adopted in the preparation of the Company’s financial statements for the financial year ended 31 December 2019.

3. AVAILABLE-FOR-SALE SECURITIES

	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
<u>At fair value</u>		
<u>Unquoted in Malaysia:</u>		
Malaysian Government Securities	31,263	30,784
Government Investment Issues	125,978	122,067
Corporate debt securities	701,086	690,494
	<u>858,327</u>	<u>843,345</u>
Mature within 12 months	16,322	16,500
Mature after 12 months	842,005	826,845
	<u>858,327</u>	<u>843,345</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONTINUED)

3. AVAILABLE-FOR-SALE SECURITIES (CONTINUED)

Fair value hierarchy

The fair value analyses financial instruments carried at fair value, by valuation method. The different level have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Recurring fair value measurements

The available-for-sale securities, which are under Level 2 of the fair value hierarchy, are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions and for which pricing is obtained via pricing agencies and other service provider. Where prices have not been determined in an active market, instruments with fair values are based on broker quotes.

4. DEPOSITS AND PLACEMENTS WITH LICENSED BANKS

The deposits and placements are maturing within 12 months, and the carrying amounts approximate the fair values due to the relatively short-term maturity of these balances.

5. INSURANCE RECEIVABLES

	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Premium receivables	<u>246,812</u>	<u>299,780</u>
Guarantee fee related receivables	465	996
Less: Allowance for doubtful debts	<u>(400)</u>	<u>(500)</u>
	<u>65</u>	<u>496</u>
Total insurance receivables	<u>246,877</u>	<u>300,276</u>
Receivable within 12 months	45,619	51,666
Receivable after 12 months	<u>201,258</u>	<u>248,610</u>
	<u>246,877</u>	<u>300,276</u>
Gross/net amount of recognised financial assets presented in the statement of financial position	<u>246,877</u>	<u>300,276</u>

There are no financial assets subject to an enforceable master netting arrangement or similar agreement and financial instruments received as collateral as at 30 June 2020 (31 December 2019: Nil).

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONTINUED)

6. REINSURANCE ASSETS

	As at 30 June 2020	As at 31 December 2019
	RM'000	RM'000
Reinsurance assets	3,350	3,775
Receivable within 12 months	1,554	1,605
Receivable after 12 months	1,796	2,170
	3,350	3,775

7. PREMIUM LIABILITIES

		Gross	Reinsurance	Net
	Note	RM'000	RM'000	RM'000
<u>Unearned premium reserve</u>				
At 1 January 2020		378,388	(3,775)	374,613
Premiums written during the financial period	12	(37,153)	-	(37,153)
Premiums earned during the financial period	12	(49,562)	425	(49,137)
At 30 June 2020		291,673	(3,350)	288,323
Payable within 12 months		92,608	(1,554)	91,054
Payable after 12 months		199,065	(1,796)	197,269
		291,673	(3,350)	288,323
<u>Unearned premium reserve</u>				
At 1 January 2019		425,946	(16,039)	409,907
Premiums written during the financial year		5,277	1,767	7,044
Premiums earned during the financial year		(52,835)	10,497	(42,338)
At 31 December 2019		378,388	(3,775)	374,613
Payable within 12 months		93,056	(1,605)	91,451
Payable after 12 months		285,332	(2,170)	283,162
		378,388	(3,775)	374,613

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONTINUED)

8. INSURANCE PAYABLES

	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Reinsurance premium payable	<u>3,376</u>	<u>3,376</u>
Payable within 12 months	1,593	1,593
Payable after 12 months	<u>1,783</u>	<u>1,783</u>
	<u>3,376</u>	<u>3,376</u>
Gross/net amount of recognised financial liabilities presented in the statement of financial position	<u>3,376</u>	<u>3,376</u>

There are no financial liabilities subject to an enforceable master netting arrangement or similar agreement and financial instruments received as collateral as at 30 June 2020 (31 December 2019: Nil).

9. OTHER LIABILITIES

	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Provision for unutilised leave	519	186
Provision for loan interest subsidy	113	117
Provision for audit fees	150	153
Provision for bonus and related EPF	2,073	4,668
Amount due to a related party	24	76
Accrued expenses	1,121	2,335
Deferred income	2,079	-
Service tax payable	-	4
Advance premium	-	1,469
Other payables	<u>4,076</u>	<u>1,395</u>
	<u>10,155</u>	<u>10,403</u>

The amount due to a related party is unsecured, interest-free and had no fixed terms of repayment. The balances are payable within 12 months, and the carrying amounts approximate the fair values due to the relatively short-term maturity of these balances.

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONTINUED)

10. DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets and current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting are shown in the condensed statement of financial position:

	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Deferred tax liabilities (net)	<u>(12,087)</u>	<u>(8,870)</u>
<u>Deferred tax assets</u>		
Before offsetting	2,336	1,606
Offsetting	<u>(2,336)</u>	<u>(1,606)</u>
After offsetting	<u>-</u>	<u>-</u>
<u>Deferred tax liabilities</u>		
Before offsetting	(14,423)	(10,476)
Offsetting	2,336	1,606
After offsetting	<u>(12,087)</u>	<u>(8,870)</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONTINUED)

10. DEFERRED TAX LIABILITIES (CONTINUED)

The movements in deferred tax assets and liabilities during the financial year are as follows:

	Property, plant and equipment	Intangible assets	AFS securities	AFS fair value reserve	Provisions	Provision for Doubtful Debt	ROU Asset	Lease Liability	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2020	224	(183)	202	(10,293)	1,180	-	-	-	(8,870)
Credited/(charged) to income statement	(117)	194	8	-	(327)	630	(515)	525	398
Credited to equity	-	-	-	(3,615)	-	-	-	-	(3,615)
Balance as at 30 June 2020	107	11	210	(13,908)	853	630	(515)	525	(12,087)

	Property, plant and equipment	Intangible assets	AFS securities	AFS fair value reserve	Provisions	Provision for Doubtful Debt	ROU Asset	Lease Liability	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2019	(11)	(57)	360	(2,472)	1,293	-	-	-	(887)
Credited/(charged) to income statement	235	(126)	(158)	-	(113)	-	-	-	(162)
Credited to equity	-	-	-	(7,821)	-	-	-	-	(7,821)
Balance as at 31 December 2019	224	(183)	202	(10,293)	1,180	-	-	-	(8,870)

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONTINUED)

11. SUBORDINATED SUKUK

On 6 October 2017, the Company issued Subordinated Sukuk Murabahah of RM500 million which is a part of a Sukuk Programme of up to RM2.0 billion for the issuance of Senior and Subordinated Sukuk Murabahah.

The Subordinated Sukuk has a tenure of 10 years, with a callable option made available from year 5 onwards. The Subordinated Sukuk, which will be redeemed at its nominal value upon maturity, is subordinated unsecured obligations of the Company.

	As at 30 June 2020	As at 31 December 2019
	RM'000	RM'000
Due within 12 months	5,655	5,655
Due after 12 months	500,000	500,000
	505,655	505,655
Fair value	517,215	513,160

The estimated fair value is generally based on quoted and observable market prices at the date of the condensed statement of financial position and is within Level 2 of the fair value hierarchy.

Reconciliation of liabilities arising from financing activities

	At 1 January 2020	Cashflows	Non-cash charges/Profit	At 30 June 2020
	RM'000	RM'000	RM'000	RM'000
Subordinated Sukuk	500,000	-	-	500,000
Profit expense payable	5,655	(11,967)	11,967	5,655
	505,655	(11,967)	11,967	505,655

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONTINUED)

12. NET EARNED PREMIUMS

	Note	Six month ended 30 June 2020 RM'000	Six month ended 30 June 2019 RM'000
12(a) Gross earned premiums			
Gross written premium	7	(37,153)	(10,166)
Change in gross premium liabilities		86,715	52,551
		<u>49,562</u>	<u>42,385</u>
12(b) Premiums ceded to reinsurance			
Gross written premium ceded	7	-	4,933
Change in ceded premium liabilities		(425)	(8,711)
		<u>(425)</u>	<u>(3,778)</u>
Net earned premiums		<u>49,137</u>	<u>38,607</u>
(i) Gross written premium			
Gross written premium during the financial year		3,068	12
Reversal of premium due to early redemption		(40,221)	(10,178)
		<u>(37,153)</u>	<u>(10,166)</u>

13. CAPITAL COMMITMENTS

	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Capital expenditure		
Approved and contracted for:		
- Property, plant and equipment	187	22
- Intangible assets - computer software	7	54
	<u>194</u>	<u>76</u>
Approved but not contracted for:		
- Property, plant and equipment	-	-
- Intangible assets - computer software	-	-
	<u>-</u>	<u>-</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONTINUED)

14. SIGNIFICANT RELATED PARTY DISCLOSURES

The related parties of, and their relationship with the Company, are as follows:

<u>Related parties</u>	<u>Relationship</u>
Credit Guarantee Corporation Malaysia Berhad	Shareholder
Minister of Finance (Incorporated)	Shareholder
Bank Negara Malaysia	Related party of shareholder
Key management personnel	The key management personnel of the Company includes the Board of Directors, CEO and Management

Key management personnel are those people defined as having authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly. The key management personnel of the Company include all the Directors of the Company and employees of the Company who make certain critical decisions in relation to the strategic direction of the Company.

The significant related parties balance at the end of the financial period is as follows:

	As at 30 June 2020	As at 31 December 2019
	RM'000	RM'000
Other assets		
Amount due from a related party	<u><u>-</u></u>	<u><u>-</u></u>
Other liabilities (Note 9)		
Amount due to a related party	<u><u>24</u></u>	<u><u>76</u></u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONTINUED)

15. REGULATORY CAPITAL REQUIREMENT

The Risk-Based Capital ("RBC") Framework as prescribed by Bank Negara Malaysia ("BNM") came into effect on 1 January 2015. Under the prescribed RBC Framework, the Company needs to maintain a capital adequacy level that commensurate with the risk profiles. The Company is required to maintain a minimum Capital Adequacy Ratio ("CAR") of 130%. The Company has been in compliance with the said requirement.

The capital structure of the Company as at 30 June 2020, as prescribed under the RBC Framework is shown below:

	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Tier 1 Capital		
Paid-up share capital	1,000,000	1,000,000
Retained earnings	801,584	751,114
	1,801,584	1,751,114
Tier 2 Capital		
Contingency reserve	16,790	19,106
Available-for-sale fair value reserve	44,045	32,597
Subordinated Sukuk	500,000	500,000
	560,835	551,703
Total capital available	2,362,419	2,302,817

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONTINUED)

16. INSURANCE FUNDS

The Company's activities are organised by funds and segregated into Shareholders' Fund and Insurance Fund in accordance with the Financial Services Act 2013. The Company's statement of financial position and statement of comprehensive income have been further analysed by Shareholders' Fund and Insurance Fund.

Condensed Statement of Financial Position

	<u>Shareholders' Fund</u>		<u>Insurance Fund</u>		<u>Total</u>	
	<u>As at 30 June 2020 RM'000</u>	<u>As at 31 December 2019 RM'000</u>	<u>As at 30 June 2020 RM'000</u>	<u>As at 31 December 2019 RM'000</u>	<u>As at 30 June 2020 RM'000</u>	<u>As at 31 December 2019 RM'000</u>
ASSETS						
Property, plant and equipment	-	-	950	1,680	950	1,680
Intangible assets	-	-	898	1,269	898	1,269
Right-of-use assets	-	-	2,147	2,759	2,147	2,759
Available-for-sale securities	-	-	858,327	843,345	858,327	843,345
Malaysian Government Securities	-	-	31,263	30,784	31,263	30,784
Government Investment Issues	-	-	125,978	122,067	125,978	122,067
Corporate debt securities	-	-	701,086	690,494	701,086	690,494
Deposits and placements with licensed banks	-	-	1,537,841	1,611,096	1,537,841	1,611,096
Insurance receivables	-	-	246,877	300,276	246,877	300,276
Reinsurance assets	-	-	3,350	3,775	3,350	3,775
Tax recoverable	-	-	23,009	23,773	23,009	23,773
Other assets	-	-	5,715	2,479	5,715	2,479
Cash and cash equivalents	-	-	8,440	2,311	8,440	2,311
TOTAL ASSETS	-	-	2,687,554	2,792,763	2,687,554	2,792,763

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONTINUED)

16. INSURANCE FUNDS (CONTINUED)

	<u>Shareholders' Fund</u>		<u>Insurance Fund</u>		<u>Total</u>	
	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
LIABILITIES AND EQUITY						
Premium liabilities	-	-	291,673	378,388	291,673	378,388
Claims liabilities	-	-	-	80,443	-	80,443
Lease liability	-	-	2,189	2,811	2,189	2,811
Insurance payables	-	-	3,376	3,376	3,376	3,376
Other liabilities	-	-	10,155	10,403	10,155	10,403
Deferred tax liabilities	-	-	12,087	8,870	12,087	8,870
Subordinated Sukuk	505,655	505,655	-	-	505,655	505,655
Amount due (from)/to						
Shareholders'/Insurance funds	(2,324,029)	(2,275,875)	2,324,029	2,275,875	-	-
TOTAL LIABILITIES	(1,818,374)	(1,770,220)	2,643,509	2,760,166	825,135	989,946
Share capital	1,000,000	1,000,000	-	-	1,000,000	1,000,000
Retained earnings	801,584	751,114	-	-	801,584	751,114
Contingency reserve	16,790	19,106	-	-	16,790	19,106
Available-for-sale fair value reserve	-	-	44,045	32,597	44,045	32,597
TOTAL EQUITY	1,818,374	1,770,220	44,045	32,597	1,862,419	1,802,817
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	-	-	2,687,554	2,792,763	2,687,554	2,792,763

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONTINUED)

16. INSURANCE FUNDS (CONTINUED)

Condensed Statement of Comprehensive Income

	<u>Shareholders' Fund</u>		<u>Insurance Fund</u>		<u>Total</u>	
	Six months ended	Six months ended	Six months ended	Six months ended	Six months ended	Six months ended
	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross earned premiums	-	-	49,562	42,385	49,562	42,385
Premiums ceded to reinsurance	-	-	(425)	(3,778)	(425)	(3,778)
Net earned premiums	-	-	49,137	38,607	49,137	38,607
Investment income	-	-	47,954	49,773	47,954	49,773
Realised gains	-	-	-	8,835	-	8,835
Other operating income	-	-	693	4,408	693	4,408
	-	-	97,784	101,623	97,784	101,623
Gross claims paid	-	-	(80,413)	-	(80,413)	-
Claims ceded to reinsurers	-	-	-	-	-	-
Change in gross claims liabilities	-	-	80,443	(74,743)	80,443	(74,743)
Change in claims liabilities ceded to reinsurers	-	-	-	17,860	-	17,860
Net claim incurred	-	-	30	(56,883)	30	(56,883)
Management expenses	(1,287)	(1,732)	(17,652)	(18,473)	(18,939)	(20,205)
Finance cost	(11,967)	(11,901)	(66)	(99)	(12,033)	(12,000)
(Loss)/ profit before taxation	(13,254)	(13,633)	80,096	26,168	66,842	12,535
Taxation	-	-	(18,688)	(6,150)	(18,688)	(6,150)
Net (loss)/ profit for the financial period	(13,254)	(13,633)	61,408	20,018	48,154	6,385

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONTINUED)

16. INSURANCE FUNDS (CONTINUED)

	<u>Shareholders' Fund</u>		<u>Insurance Fund</u>		<u>Total</u>	
	<u>Six months ended</u>	<u>Six months ended</u>	<u>Six months ended</u>	<u>Six months ended</u>	<u>Six months ended</u>	<u>Six months ended</u>
	<u>30 June 2020</u>	<u>30 June 2019</u>	<u>30 June 2020</u>	<u>30 June 2019</u>	<u>30 June 2020</u>	<u>30 June 2019</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Other comprehensive income:						
<u>Items that may be subsequently reclassified to profit or loss:</u>						
Available-for-sale fair value reserve:						
Net gain arising during the financial period	-	-	15,063	31,817	15,063	31,817
Net gain transferred to profit or loss upon disposal	-	-	-	(8,930)	-	(8,930)
Tax effect thereon	-	-	(3,615)	(5,493)	(3,615)	(5,493)
Other comprehensive income for the financial period, net of tax	-	-	11,448	17,394	11,448	17,394
Total comprehensive (loss)/income for the financial period	(13,254)	(13,633)	72,856	37,412	59,602	23,779

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONTINUED)

17. IMPLICATION OF COVID 19 ON THE COMPANY BUSINESS

In the first quarter of 2020, the rapid spread of the Covid-19 has been declared a pandemic. Globally, increasing measures are being taken to contain it and these have led to a significant volatility in the financial markets, resulting in an adverse impact on the global business and economic activity.

Based on the Company's assessment in first half of 2020, the Covid-19 has impacted the cash flows of certain obligors of the Company and their ability to meet the build-up of the guarantee fees and/or service coupon/profit payments in 2020 based on their respective financial guarantee contracts on a timely basis. In addition, there could be potential requests by obligors for temporary exemptions in meeting the covenants in the financial guarantee contracts such as deferment in building up of the coupon, principal and/or guarantee fees build-up. This may lead to deterioration in the obligors' credit ratings and hence, an increase in premium liabilities in 2020. At this stage, the impact on the Company's businesses and results are limited and the full impact cannot be reliably estimated based on the current available data due to uncertainty over the situation. The Company is closely monitoring the developing situation and the potential impact of the spread of Covid-19 on its operations.

As announced on 27 March 2020 in the Economic Stimulus Package, the Government is setting up an RM50 billion Guarantee Scheme to guarantee up to 80% of the working capital financing. The guarantee scheme is expected to support medium to large local businesses by providing an avenue to recuperate and withstand the economic impact of COVID-19. Danajamin is mandated to be the administrator and manager to the Danajamin PRIHATIN Guarantee Scheme ("DPGS") on behalf of Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPP"), a wholly-owned company of Minister of Finance Incorporated.