

Registration No.

201101007816 (935955-M)

AIA PUBLIC TAKAFUL BHD.  
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2022

Registration No.

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**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022**

	Note	30.06.2022			31.12.2021		
		Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
<b>ASSETS</b>							
Property and equipment		358	-	358	393	-	393
Intangible assets		12,204	-	12,204	9,651	-	9,651
Right-of-use-assets		1,373	-	1,373	1,564	-	1,564
Financial assets - available-for-sale	10(a)	339,201	1,489	332,690	355,259	2,966	358,225
Financial assets - fair value through profit or loss	10(a)	10,127	2,252,475	2,262,602	10,181	2,151,105	2,161,286
Qard receivable		8,000	-	-	8,000	-	-
Other receivables	11	51,896	21,106	24,043	91,818	8,900	12,602
Retakaful assets	13	-	32,058	32,058	-	32,990	32,990
Takaful certificates receivables	12	-	19,605	19,605	-	12,020	12,020
Tax recoverables		12,172	1,241	13,413	6,360	-	6,360
Deferred tax assets		8,157	9,079	17,236	5,654	-	5,654
Cash and cash equivalents		50,223	335,823	386,046	34,429	298,614	333,043
<b>Total assets</b>		<b>493,711</b>	<b>2,672,876</b>	<b>3,101,628</b>	<b>523,309</b>	<b>2,506,595</b>	<b>2,933,788</b>
<b>EQUITY</b>							
Share capital		450,000	-	450,000	450,000	-	450,000
General reserves		(33,333)	-	(33,333)	(33,333)	-	(33,333)
Accumulated losses		(33,611)	(62,673)	(41,611)	(27,932)	(62,673)	(35,932)
Available-for-sale fair value reserves		(8,589)	(14)	(8,603)	188	42	230
<b>Total equity</b>		<b>374,467</b>	<b>(62,687)</b>	<b>366,453</b>	<b>388,923</b>	<b>(62,631)</b>	<b>380,965</b>

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UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022 (CONTINUED)

	30.06.2022			31.12.2021		
	Shareholders' fund	Family takaful fund	Company	Shareholders' fund	Family takaful fund	Company
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>LIABILITIES</b>						
Expense liabilities	21,130	-	21,130	22,505	-	22,505
Takaful contract liabilities	13	2,574,356	2,566,356	-	2,336,168	2,336,168
Takaful certificates payables	-	22,283	22,283	-	21,056	21,056
Deferred tax liabilities	-	-	-	-	4,492	4,492
Qard payable	-	62,673	-	-	62,673	-
Lease liabilities	1,527	-	1,527	1,724	-	1,724
Other payables	14	76,251	123,879	110,157	142,794	164,835
Tax payables	-	-	-	-	2,043	2,043
<b>Total liabilities</b>	<u>119,244</u>	<u>2,735,563</u>	<u>2,735,175</u>	<u>134,386</u>	<u>2,569,226</u>	<u>2,552,823</u>
<b>Total equity and liabilities</b>	<u>493,711</u>	<u>2,672,876</u>	<u>3,101,628</u>	<u>523,309</u>	<u>2,506,595</u>	<u>2,933,788</u>

The accompanying notes form an integral part of these financial statements.

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UNAUDITED CONDENSED INCOME STATEMENT  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2022

	6 months period ended 30.06.2022			6 months period ended 30.06.2021		
	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
Gross earned contributions	-	896,131	888,131	-	725,212	725,212
Contributions ceded to retakaful	-	(23,312)	(23,312)	-	(20,761)	(20,761)
Net earned contributions	-	872,819	864,819	-	704,451	704,451
Investment income	6,736	42,236	48,972	5,234	34,732	39,966
Fees and commission income	273,533	-	-	224,693	-	-
Net realised (losses)/gains	(415)	(18,747)	(19,162)	1,527	43,744	45,271
Fair value losses	(424)	(163,076)	(163,500)	(187)	(127,919)	(128,106)
Other operating income/(expenses)	5,358	(5,659)	(301)	4,049	(5,316)	(1,267)
Total revenue	284,788	727,573	730,828	235,316	649,692	660,315
Gross benefits and claims paid	-	(245,173)	(245,173)	-	(212,039)	(212,039)
Claims ceded to retakaful operator	-	19,008	19,008	-	18,348	18,348
Gross change to certificate liabilities	-	(239,099)	(231,099)	-	(244,648)	(244,648)
Change in Takaful contract liabilities ceded to retakaful operator	-	(932)	(932)	-	6,507	6,507
Net benefits and claims	-	(466,196)	(458,196)	-	(431,832)	(431,832)

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UNAUDITED CONDENSED INCOME STATEMENT  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2022 (CONTINUED)

	6 months period ended 30.06.2022			6 months period ended 30.06.2021		
	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
Fees and commission expenses	(216,477)	(273,533)	(216,477)	(179,265)	(224,693)	(179,265)
Management expenses	(73,280)	(1,614)	(74,894)	(63,899)	(1,334)	(65,233)
Change to expense liability	1,375	-	1,375	(1,998)	-	(1,998)
Other expenses	(288,382)	(275,147)	(289,996)	(245,162)	(226,027)	(246,496)
Loss before taxation	(3,594)	(13,770)	(17,364)	(9,846)	(8,167)	(18,013)
Tax credit attributable to participants	-	13,770	13,770	-	8,167	8,167
Loss before taxation attributable to shareholders	(3,594)	-	(3,594)	(9,846)	-	(9,846)
Taxation	(2,085)	13,770	11,685	(3,935)	8,167	4,232
Tax credit attributable to participants	-	(13,770)	(13,770)	-	(8,167)	(8,167)
Tax expense attributable to shareholders	(2,085)	-	(2,085)	(3,935)	-	(3,935)
Net loss for the period	(5,679)	-	(5,679)	(13,781)	-	(13,781)
Loss per share (sen): Basic and diluted			(1.26)			(3.65)

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UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2022

	<u>6 months period ended 30.06.2022</u>			<u>6 months period ended 30.06.2021</u>		
	<u>Shareholders' fund</u> RM'000	<u>Family takaful fund</u> RM'000	<u>Company</u> RM'000	<u>Shareholders' fund</u> RM'000	<u>Family takaful fund</u> RM'000	<u>Company</u> RM'000
Net loss for the period	(5,679)	-	(5,679)	(13,781)	-	(13,781)
Other comprehensive loss:						
<u>Items that may be subsequently reclassified to profit or loss</u>						
Fair value change of available-for-sale financial assets	(11,470)	-	(11,470)	(6,416)	-	(6,416)
Deferred tax	2,694	5	2,699	1,540	5	1,545
Change in Takaful contract liabilities arising from unrealised fair value changes	-	(62)	(62)	-	(61)	(61)
Other comprehensive loss for the period	<u>(8,776)</u>	<u>(57)</u>	<u>(8,833)</u>	<u>(4,876)</u>	<u>(56)</u>	<u>(4,932)</u>
Total comprehensive loss for the period	<u><u>(14,455)</u></u>	<u><u>(57)</u></u>	<u><u>(14,512)</u></u>	<u><u>(18,657)</u></u>	<u><u>(56)</u></u>	<u><u>(18,713)</u></u>

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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2022

	Share capital RM'000	General reserves RM'000	Non- distributable available- for-sale fair value reserves RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 January 2022	450,000	(33,333)	230	(35,932)	380,965
Total comprehensive loss for the financial period	-	-	(8,833)	(5,679)	(14,512)
At 30 June 2022	<u>450,000</u>	<u>(33,333)</u>	<u>(8,603)</u>	<u>(41,611)</u>	<u>366,453</u>
At 1 January 2021	300,000	(33,333)	8,886	(32,646)	242,907
Issuance of shares during the financial period	150,000	-	-	-	150,000
Total comprehensive loss for the financial period	-	-	(4,932)	(13,781)	(18,713)
At 30 June 2021	<u>450,000</u>	<u>(33,333)</u>	<u>3,954</u>	<u>(46,427)</u>	<u>374,194</u>



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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2022

	6 months period ended 30.06.2022 RM'000	6 months period ended 30.06.2021 RM'000
<b>Cash flows from operating activities</b>		
<b>Loss before taxation for the financial period</b>	(17,364)	(18,013)
Adjustments for:		
Bad and doubtful debts	58	1,228
Depreciation of property and equipment	86	85
Depreciation of right of use assets	191	221
Amortisation of intangible assets	1,523	1,172
Net amortisation of premium on investments	2,089	1,680
Profit Income	(40,353)	(29,910)
Dividend Income	(10,708)	(11,736)
Finance cost of leases	29	33
Realised loss/(gains)	19,162	(45,271)
Fair value losses on fair value through profit or loss (FVTPL) financial assets	163,500	128,106
Operating profit before working capital changes	118,213	27,595
Decrease in financing and receivables	-	8,481
Increase in other receivables	(11,915)	(2,777)
Decrease/(Increase) in Retakaful assets	932	(6,507)
Increase in Takaful certificates receivables	(7,169)	(2,153)
Increase in net Takaful contract liabilities	230,188	242,030
Increase/(Decrease) in Takaful certificates payables	1,227	(6,768)
Decrease in other payables	(40,956)	(89,246)
(Decrease)/Increase in expenses liabilities	(1,375)	1,998
Increase in financial assets	(272,053)	(410,000)
<b>Cash generate from/(used in) operating activities</b>	17,092	(237,347)
Income tax paid	(10,786)	(4,851)
Finance cost of leases paid	(29)	(33)
Profit income received	39,507	27,271
Dividend received	11,543	11,189
<b>Net cash generate from/(used in) operating activities</b>	57,327	(203,771)
<b>Cash flow from investing activities</b>		
Purchase of property and equipment	(36)	(20)
Purchase of intangible assets	(4,091)	(1,480)
<b>Net cash used in investing activities</b>	(4,127)	(1,500)

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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2022 (CONTINUED)

	6 months period ended 30.06.2022 RM'000	6 months period ended 30.06.2021 RM'000
<b>Cash flow from financing activities</b>		
Repayment of lease liabilities	(197)	(98)
Proceeds from issuance of share capital	-	150,000
<b>Net cash (used in)/generated from financing activities</b>	<b>(197)</b>	<b>149,902</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>53,003</b>	<b>(55,369)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>333,043</b>	<b>271,328</b>
<b>Cash and cash equivalents at 30 June</b>	<b>386,046</b>	<b>215,959</b>
<b>Cash and cash equivalents comprised:</b>		
Cash and bank balances	118,552	55,526
Fixed deposit with licensed Islamic Banks	267,494	160,433
	<b>386,046</b>	<b>215,959</b>

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## NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2022

### 1 CORPORATE INFORMATION

The Company is engaged principally in managing Family Takaful business including investment linked business. There has been no significant change in the principal activity during the financial period.

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The address of principal place of business and registered office of the Company are as follows:

**Principal place of business**

Level 14, Menara AIA  
99 Jalan Ampang  
50450 Kuala Lumpur

**Registered office**

Level 29, Menara AIA  
99 Jalan Ampang  
50450 Kuala Lumpur

The immediate holding company and ultimate holding company of the Company are AIA Bhd., a company incorporated in Malaysia and AIA Group Limited, a company incorporated in Hong Kong and listed on The Stock Exchange of Hong Kong Limited, respectively.

The unaudited condensed interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 15 August 2022.

### 2 BASIS OF PREPARATION

The condensed interim financial statements of the Company are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), *134 Interim Financial Reporting*.

The Company have adopted the MFRS framework issued by the Malaysian Accounting Standards Board ("MASB") and Policy Document on Financial Reporting for Takaful Operators issued by Bank Negara Malaysia ("BNM").

The unaudited condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited financial statements for the financial year ended 31 December 2021.

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## NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2022 (CONTINUED)

### 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and presentation adopted by the Company for the condensed interim financial statements are consistent with those adopted by the Company's audited financial statements for the financial year ended 31 December 2021, except for the adoption of the following:

- 3.1 Standards, amendments to published standards and interpretations to existing standards that are effective and relevant to the Company's financial period beginning on or after 1 January 2022.

The following accounting standards, amendments and interpretations have been adopted for the first time for the financial period beginning on 1 January 2022:

- MFRS 16 on COVID-19 related rent concessions beyond 30 June 2021
- Annual Improvements to MFRS 9 "Fees in the 10% test for derecognition of financial liabilities"
- MFRS 116 "Proceeds before intended use"
- MFRS 3 "Reference to Conceptual Framework"
- MFRS 137 "onerous contracts - cost of fulfilling a contract"

The adoption of the above accounting standards, amendments and interpretations does not have any significant impact to the financial statements.

- 3.2 Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective.

The Company will apply the new standards, amendments to standards and interpretations in the following period:

Financial year beginning on/after 1 January 2023

- Amendments to MFRS 101 "Classification of liabilities as current or non-current"

Amendments to MFRS 101 "Classification of liabilities as current or non-current" clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. If the right to defer settlement of a liability is subject to the entity complying with specified conditions (for example, debt covenants), the right exists at the end of the reporting period only if the entity complies with those conditions at that date. The amendments further clarify that the entity must comply with the conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The assessment of whether an entity has the right to defer settlement of a liability at the reporting date is not affected by expectations of the entity or events after the reporting date.

The amendments shall be applied retrospectively.

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR  
THE 6 MONTHS PERIOD ENDED 30 JUNE 2022 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective. (continued)

Financial year beginning on/after 1 January 2023 (continued)

- MFRS 101, MFRS Practice Statement 2 and MFRS 108 on disclosure of accounting policies and definition of accounting estimates

Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on disclosure of accounting policies and definition of accounting estimates clarify that the amendments aim to improve accounting policy disclosures and help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

The amendments to MFRS 101 requires entities to disclose “material rather than significant” accounting policies. The amendments further clarify that immaterial accounting policies do not need to be disclosed.

The amendments to MFRS 108 defines accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty. By its nature, a change in accounting estimate does not relate to prior periods and is not the correction of an error. Rather, a change in accounting estimate occurs as a result of new information, new development or, more experience. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but errors are corrected retrospectively.

- MFRS 112 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

Amendments to MFRS 112 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction” clarify that the initial exemption rule does not apply to transactions where both an asset and a liability are recognised at the same time such as leases and decommissioning obligations. Accordingly, entities are required to recognise both deferred tax assets and liabilities for all deductible and taxable temporary differences arising from such transactions.

- MFRS 17 “Insurance Contracts”

MFRS 17 “Insurance Contracts” which replaces MFRS 4 “Insurance Contracts” applies to insurance contracts issued, to all reinsurance contracts and to investment contracts with discretionary participating features if an entity also issues insurance contracts. For fixed-fee service contracts whose primary purpose is the provision of services, an entity has an accounting policy choice to account for them in accordance with either MFRS 17 or MFRS 15 “Revenue”. An entity is allowed to account financial guarantee contracts in accordance with MFRS 17 if the entity has asserted explicitly that it regarded them as insurance contracts. Insurance contracts, (other than reinsurance) where the entity is the certificate holder are not within the scope of MFRS 17. Embedded derivatives and distinct investment and service components should be ‘unbundled’ and accounted for separately in accordance with the related MFRSs. Voluntary unbundling of other components is prohibited.

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR  
THE 6 MONTHS PERIOD ENDED 30 JUNE 2022 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective. (continued)

Financial year beginning on/after 1 January 2023 (continued)

- MFRS 17 “Insurance Contracts” (continued)

MFRS 17 requires a current measurement model where estimates are re-measured at each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin (“CSM”) representing the unearned profit of the contract. An entity has a policy choice to recognise the impact of changes in discount rates and other assumptions that related to financial risks either in the income statement or in the statement of comprehensive income.

Alternative measurement models are provided for the different insurance coverages:

- a) Simplified Premium Allocation Approach if the insurance coverage period is a year or less; and
- b) Variable Fee Approach should be applied for insurance contracts that specify a link between payments to the certificate holder and the returns on the underlying items.

The requirements of MFRS 17 align the presentation of revenue with other industries. Revenue is allocated to the periods in proportion to the value of the expected coverage and other services that the insurer provides in the period, and claims are presented when incurred. Investment components are excluded from revenue and claims.

Insurers are required to disclose information about amounts, judgments and risks arising from insurance contracts.

Amendments to MFRS 17 “Insurance Contracts” defers the effective date of MFRS 17 “Insurance Contracts”. An entity shall apply MFRS 17 and Amendments to MFRS 17 for annual reporting periods beginning on or after 1 January 2023. If an entity applies MFRS 17 earlier, it shall disclose that fact. Early application is permitted for entities that apply MFRS 9 “Financial Instruments” on or before the date of initial application of MFRS 17.

The Company is in the process of assessing the financial impact on the Company’s financial statements.

All other new amendments to published standards and interpretations to existing standards issued by MASB effective for financial periods subsequent to 1 January 2022 are not relevant to the Company.

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THE 6 MONTHS PERIOD ENDED 30 JUNE 2022 (CONTINUED)

4 SEASONALITY OR CYCLICALITY

The business operations of the Company were not significantly affected by seasonality or cyclical factors during the interim financial period.

5 UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current financial period ended 30 June 2022.

6 CHANGES IN ESTIMATES

There were no material changes in the basis used for the accounting estimates for the current financial period ended 30 June 2022.

7 ISSUES, REPURCHASES AND REPAYMENTS OF DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase and repayment of debt and equity securities during the current financial period ended 30 June 2022.

8 DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year.

9 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

There were no material events subsequent to the financial period ended 30 June 2022 that have not been reflected in the condensed interim financial statements.

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR  
THE 6 MONTHS PERIOD ENDED 30 JUNE 2022 (CONTINUED)

10 FINANCIAL ASSETS

(a) The Company's financial assets are as follows:

	Shareholders' fund	Family Takaful fund	Company
	RM'000	RM'000	RM'000
<u>30.06.2022</u>			
<u>Financial assets - available-for-sale (AFS):</u>			
Government investment issues	56,490	1,486	57,976
Cagamas	4,813	-	4,813
Unquoted corporate sukuks	266,604	-	266,604
Shariah approved unit trusts	8,000	-	-
Income due and accrued	3,294	3	3,297
	<u>339,201</u>	<u>1,489</u>	<u>332,690</u>
<u>Financial assets at FVTPL:</u>			
Government investment issues	-	312,297	312,297
Cagamas	-	9,886	9,886
Unquoted corporate sukuks	-	1,209,419	1,209,419
Quoted shariah approved shares	2,409	638,667	641,076
Unquoted shariah approved equities	7,655	24,426	32,081
Shariah approved unit trusts	-	32,721	32,721
REITs	61	7,807	7,868
Income due and accrued	2	17,252	17,254
	<u>10,127</u>	<u>2,252,475</u>	<u>2,262,602</u>



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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR  
THE 6 MONTHS PERIOD ENDED 30 JUNE 2022 (CONTINUED)

10 FINANCIAL ASSETS (CONTINUED)

(a) The Company's financial assets are as follows: (continued)

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
<u>31.12.2021</u>			
<u>Financial assets - available-for-sale (AFS):</u>			
Government investment issues	74,947	1,541	76,488
Cagamas	4,934	-	4,934
Unquoted corporate sukus	271,760	1,408	273,168
Income due and accrued	3,618	17	3,635
	<u>355,259</u>	<u>2,966</u>	<u>358,225</u>
<u>Financial assets at FVTPL:</u>			
Government investment issues	-	269,117	269,117
Unquoted corporate sukus	-	1,088,197	1,088,197
Quoted shariah approved shares	2,336	698,746	701,082
Unquoted shariah approved equities	7,779	33,017	40,796
Shariah approved unit trusts	-	37,303	37,303
REITs	60	7,822	7,882
Income due and accrued	6	16,903	16,909
	<u>10,181</u>	<u>2,151,105</u>	<u>2,161,286</u>

(b) Movement in carrying values

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
<u>AFS</u>			
At 1 January 2021	214,327	3,374	217,701
Purchases	226,099	-	226,099
Disposals at amortised cost	(73,934)	(299)	(74,233)
<u>Fair value loss recorded in:</u>			
Other comprehensive income	(11,247)	(104)	(11,351)
Net amortisation of premiums	(1,180)	(3)	(1,183)
Movement of investment income due and accrued	1,194	(2)	1,192
At 31 December 2021	<u>355,259</u>	<u>2,966</u>	<u>358,225</u>

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10 FINANCIAL ASSETS (CONTINUED)

(b) Movement in carrying values (continued)

	Shareholders' fund <u>RM'000</u>	Family Takaful fund <u>RM'000</u>	Company <u>RM'000</u>
<u>AFS (continued)</u>			
At 1 January 2022	355,259	2,966	358,225
Purchases	29,683	-	21,683
Disposals at amortised cost	(33,359)	(1,400)	(34,759)
<u>Fair value loss recorded in:</u>			
Other comprehensive income	(11,470)	(62)	(11,532)
Net amortisation of premiums	(588)	(1)	(589)
Movement of investment income due and accrued	(324)	(14)	(338)
At 30 June 2022	<u>339,201</u>	<u>1,489</u>	<u>332,690</u>
<u>FVTPL</u>			
At 1 January 2021	8,092	1,711,590	1,719,682
Purchases	2,455	1,139,147	1,141,602
Disposals at fair value	-	(580,338)	(580,338)
<u>Fair value loss recorded in:</u>			
Profit or loss	(366)	(120,665)	(121,031)
Net amortisation of premiums	-	(2,604)	(2,604)
Unrealised foreign exchange gain	-	85	85
Movement of investment income due and accrued	-	3,890	3,890
At 1 January 2022	<u>10,181</u>	<u>2,151,105</u>	<u>2,161,286</u>
Purchases	370	583,531	583,901
Disposals at fair value	-	(317,900)	(317,900)
<u>Fair value loss recorded in:</u>			
Profit or loss	(424)	(163,076)	(163,500)
Net amortisation of premiums	-	(1,500)	(1,500)
Unrealised foreign exchange loss	-	(34)	(34)
Movement of investment income due and accrued	-	349	349
At 30 June 2022	<u>10,127</u>	<u>2,252,475</u>	<u>2,262,602</u>

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10 FINANCIAL ASSETS (CONTINUED)

(c) Fair value hierarchy

The following table show financial investments recorded at fair value analysed by the different basis of fair value as follows:

	<u>30.06.2022</u> RM'000	<u>31.12.2021</u> RM'000
<u>AFS</u>		
<u>Shareholders' fund</u>		
Valuation techniques – market observable inputs (Level 2)	339,201	355,259
	<u>339,201</u>	<u>355,259</u>
<u>Family Takaful fund</u>		
Valuation techniques – market observable inputs (Level 2)	1,489	2,966
	<u>1,489</u>	<u>2,966</u>
<u>Company</u>		
Valuation techniques – market observable inputs (Level 2)	332,690	358,225
	<u>332,690</u>	<u>358,225</u>
<u>FVTPL</u>		
<u>Shareholders' fund</u>		
Quoted market price (Level 1)	2,473	2,402
Valuation techniques – market observable inputs (Level 2)	7,654	7,779
	<u>10,127</u>	<u>10,181</u>
<u>Family Takaful fund</u>		
Quoted market price (Level 1)	679,943	745,454
Valuation techniques – market observable inputs (Level 2)	1,572,532	1,405,651
	<u>2,252,475</u>	<u>2,151,105</u>
<u>Company</u>		
Quoted market price (Level 1)	682,416	747,856
Valuation techniques – market observable inputs (Level 2)	1,580,186	1,413,430
	<u>2,262,602</u>	<u>2,161,286</u>

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### 10 FINANCIAL ASSETS (CONTINUED)

#### (c) Fair value hierarchy (continued)

A level is assigned to each fair value measurement based on the significance of the input to the fair value measurement in its entity. The three-level hierarchy is defined as follows:

##### Level 1:

Financial instruments measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, secondary market via dealer and broker, pricing services or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

##### Level 2:

Financial instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are instruments for which pricing is obtained via pricing services. However, where prices have not been determined in active market, instruments with fair values based on broker quotes, investment in unit and property trusts with fair values obtained via fund managers and instruments that are valued using the Company's own models where majority of assumptions are market observable.

##### Level 3:

Financial instruments measured in whole or in part using a valuation technique based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The main asset class in this category is unquoted equity securities. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the instrument at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Company. Therefore, unobservable inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the instrument (including assumptions about risk). These inputs are developed based on the best information available, which might include the Company's own data.

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10 FINANCIAL ASSETS (CONTINUED)

(d) Interests in structured entities

The Company has determined that the investment funds in mutual funds are structured entities.

The following table summarizes the Company's investment in unconsolidated structured entities as at 30 June 2022 and 31 December 2021:

	<u>30.06.2022</u> RM'000	<u>31.12.2021</u> RM'000
<u>Investment Funds (1)</u>		
Equity securities at fair value through profit or loss	40,528	45,125

Notes:

(1) Balance represents the Company's interests in mutual funds.

The Company's maximum exposure to loss arising from its interests in these unconsolidated structured entities is limited to the carrying amount of the assets. Dividend income and profit income are received during the reporting period from these interests in unconsolidated structured entities.

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11 OTHER RECEIVABLES

Receivables of the Company are classified as financing and receivables and are as follows:

	Shareholders' fund <u>RM'000</u>	Family Takaful fund <u>RM'000</u>	Company <u>RM'000</u>
<u>30.06.2022</u>			
Due from Family Takaful fund * (Note 14)	48,959	-	-
Other receivables and deposits	5,450	21,106	26,556
Allowance for impairment	(2,513)	-	(2,513)
	<u>51,896</u>	<u>21,106</u>	<u>24,043</u>
<u>31.12.2021</u>			
Due from Family Takaful fund * (Note 14)	88,116	-	-
Other receivables and deposits	5,777	8,900	14,677
Allowance for impairment	(2,075)	-	(2,075)
	<u>91,818</u>	<u>8,900</u>	<u>12,602</u>

\* Total amounts in Shareholders' fund and Family Takaful fund do not equate the amount in Company due to elimination of inter-fund balances.

Movement in allowance for impairment

	Shareholders' fund <u>RM'000</u>	Family Takaful fund <u>RM'000</u>	Company <u>RM'000</u>
<u>30.06.2022</u>			
At 1 January	(2,075)	-	(2,075)
Allowance for impairment during the financial period	(438)	-	(438)
At 30 June	<u>(2,513)</u>	<u>-</u>	<u>(2,513)</u>
<u>31.12.2021</u>			
At 1 January	(1,100)	-	(1,100)
Allowance for impairment during the financial year	(975)	-	(975)
At 31 December	<u>(2,075)</u>	<u>-</u>	<u>(2,075)</u>

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12 TAKAFUL CERTIFICATES RECEIVABLES

Family Takaful fund/Company

	<u>30.06.2022</u>	<u>31.12.2021</u>
	RM'000	RM'000
Outstanding contribution including from agents/brokers and co-takaful	24,862	17,693
Allowance for impairment	(5,257)	(5,673)
	<u>19,605</u>	<u>12,020</u>
Net amount of financial assets presented in the statement of financial position	<u>19,605</u>	<u>12,020</u>
Receivable within 12 months	<u>19,605</u>	<u>12,020</u>

The following table shows the assets and liabilities that are subject to offsetting, enforceable master netting agreements and similar arrangements at the end of the financial period 30 June 2022 and financial year ended 31 December 2021:

Offsetting financial assets and financial liabilities

	<u>30.06.2022</u>	<u>31.12.2021</u>
	RM'000	RM'000
Gross amount of recognised financial assets	25,803	18,177
<u>Less:</u>		
Gross amount of recognised financial liabilities set off in the statement of financial position	(941)	(484)
	<u>24,862</u>	<u>17,693</u>
Net amount of financial assets presented in the statement of financial position	<u>24,862</u>	<u>17,693</u>

Movement in allowance for impairment

At 1 January	(5,673)	(4,886)
Reversal/ (Allowance) during the financial period/year		
- borne by Shareholders' fund	111	(199)
- borne by Family Takaful fund	305	(588)
	<u>(5,257)</u>	<u>(5,673)</u>
At 30 June/31 December	<u>(5,257)</u>	<u>(5,673)</u>

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13 TAKAFUL CONTRACT LIABILITIES

Family Takaful fund

	<u>Gross</u> RM'000	<u>Retakaful</u> RM'000	<u>Net</u> RM'000
<u>30.06.2022</u>			
Participants' Risk Fund			
Claims liabilities	142,841	(31,753)	111,088
Actuarial liabilities	326,661	(305)	326,356
Net asset value attributable to certificate holders	1,740,120	-	1,740,120
AFS fair value adjustment	(15)	-	(15)
Unallocated surplus	364,749	-	364,749
	<u>2,574,356</u>	<u>(32,058)</u>	<u>2,542,298</u>
<u>31.12.2021</u>			
Participants' Risk Fund			
Claims liabilities	131,208	(32,627)	98,581
Actuarial liabilities	316,580	(363)	316,217
Net asset value attributable to certificate holders	1,622,479	-	1,622,479
AFS fair value adjustment	46	-	46
Underwriting profit attributable to participants	34,975	-	34,975
Unallocated surplus	230,880	-	230,880
	<u>2,336,168</u>	<u>(32,990)</u>	<u>2,303,178</u>



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13 TAKAFUL CONTRACT LIABILITIES (CONTINUED)

Company

	<u>Gross</u> RM'000	<u>Retakaful</u> RM'000	<u>Net</u> RM'000
<u>30.06.2022</u>			
Participants' Risk Fund			
Claims liabilities	142,841	(31,753)	111,088
Actuarial liabilities	326,661	(305)	326,356
Net asset value attributable to certificate holders	1,732,120	-	1,732,120
AFS fair value adjustment	(15)	-	(15)
Unallocated surplus	364,749	-	364,749
	<u>2,566,356</u>	<u>(32,058)</u>	<u>2,534,298</u>
<u>31.12.2021</u>			
Participants' Risk Fund			
Claims liabilities	131,208	(32,627)	98,581
Actuarial liabilities	316,580	(363)	316,217
Net asset value attributable to certificate holders	1,622,479	-	1,622,479
AFS fair value adjustment	46	-	46
Underwriting profit attributable to participants	34,975	-	34,975
Unallocated surplus	230,880	-	230,880
	<u>2,336,168</u>	<u>(32,990)</u>	<u>2,303,178</u>

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13 TAKAFUL CONTRACT LIABILITIES (CONTINUED)

Family Takaful fund

	<u>Gross</u> RM'000	<u>Retakaful</u> RM'000	<u>Net</u> RM'000
Movement of Takaful contract liabilities:			
<u>30.06.2022</u>			
At 1 January 2022	2,336,168	(32,990)	2,303,178
Increase in claims liabilities	11,633	874	12,507
Certificate movement	10,081	58	10,139
Increase in net asset value attributable to certificate holders	117,641	-	117,641
Decrease in AFS fair value adjustment	(61)	-	(61)
Decrease in underwriting profit distributable to participants	(34,975)	-	(34,975)
Increase in unallocated surplus	133,869	-	133,869
At 30 June 2022	<u>2,574,356</u>	<u>(32,058)</u>	<u>2,542,298</u>
<u>31.12.2021</u>			
At 1 January 2021	1,801,576	(20,891)	1,780,685
Increase in claims liabilities	43,660	(12,231)	31,429
Certificate movement	68,681	132	68,813
Increase in net asset value attributable to certificate holders	350,366	-	350,366
Decrease in AFS fair value adjustment	(104)	-	(104)
Increase in underwriting profit distributable to participants	19,979	-	19,979
Increase in unallocated surplus	52,010	-	52,010
At 31 December 2021	<u>2,336,168</u>	<u>(32,990)</u>	<u>2,303,178</u>

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13 TAKAFUL CONTRACT LIABILITIES (CONTINUED)

Company

	<u>Gross</u> RM'000	<u>Retakaful</u> RM'000	<u>Net</u> RM'000
Movement of Takaful contract liabilities:			
<u>30.06.2022</u>			
At 1 January 2022	2,336,168	(32,990)	2,303,178
Increase in claims liabilities	11,633	874	12,507
Certificate movement	10,081	58	10,139
Increase in net asset value attributable to certificate holders	109,641	-	109,641
Decrease in AFS fair value adjustment	(61)	-	(61)
Decrease in underwriting profit distributable to participants	(34,975)	-	(34,975)
Increase in unallocated surplus	133,869	-	133,869
At 30 June 2022	<u>2,566,356</u>	<u>(32,058)</u>	<u>2,534,298</u>
<u>31.12.2021</u>			
At 1 January 2021	1,801,576	(20,891)	1,780,685
Increase in claims liabilities	43,660	(12,231)	31,429
Certificate movement	68,681	132	68,813
Increase in net asset value attributable to certificate holders	350,366	-	350,366
Decrease in AFS fair value adjustment	(104)	-	(104)
Increase in underwriting profit distributable to participants	19,979	-	19,979
Increase in unallocated surplus	52,010	-	52,010
At 31 December 2021	<u>2,336,168</u>	<u>(32,990)</u>	<u>2,303,178</u>

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14 OTHER PAYABLES

	Shareholders' fund	Family Takaful fund	Company
	RM'000	RM'000	RM'000
<u>30.06.2022</u>			
Sundry payables	8,325	26,509	34,834
Accruals and provisions	74,022	714	74,736
Due to shareholders' fund * (Note 11)	-	48,959	-
Due to related company	14,240	69	14,309
	<u>96,587</u>	<u>76,251</u>	<u>123,879</u>
<u>31.12.2021</u>			
Sundry payables	8,720	18,235	26,955
Accruals and provisions	93,300	36,360	129,660
Due to shareholders' fund * (Note 11)	-	88,116	-
Due to related company	8,137	83	8,220
	<u>110,157</u>	<u>142,794</u>	<u>164,835</u>

\* Total amounts in Shareholders' fund and Family Takaful fund do not equate the amount in Company due to elimination of inter-fund balances.

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15 REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 30 June 2022 and 31 December 2021, as prescribed under Risk-Based Capital Framework for Takaful Operators ("RBCT Framework") are as follows:

<u>Company</u>	<u>30.06.2022</u> RM'000	<u>31.12.2021</u> RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital	450,000	450,000
Accumulated losses	(33,611)	(27,932)
Valuation surplus maintained in the Family Takaful funds	334,335	185,801
	<u>750,724</u>	<u>607,869</u>
<u>Tier 2 Capital</u>		
General reserves	(33,333)	(33,333)
Available for sale reserves	(8,603)	230
<i>Qard</i>	62,673	62,673
	<u>20,737</u>	<u>29,570</u>
Total capital available	<u>771,461</u>	<u>637,439</u>
Amount deducted from capital in accordance with paragraph 9.9 of RBCT Framework	31,060	23,885
Total Capital Available	<u>740,401</u>	<u>613,595</u>

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16 INVESTMENT-LINKED TAKAFUL FUNDS

Included in the unaudited condensed Income Statement for financial period ended 30 June 2022 and 30 June 2021, and unaudited condensed Statement of Financial Position as at 30 June 2022 and 31 December 2021 of the Family Takaful fund are the segmental information for the investment-linked Takaful funds.

(a) Statement of Income and Expenditure

	<u>30.06.2022</u> RM'000	<u>30.06.2021</u> RM'000
Investment income	13,883	13,370
Net fair value losses	(106,109)	(39,397)
	<u>(92,226)</u>	<u>(26,027)</u>
Other operating expenses	(5,921)	(4,933)
Loss before taxation	(98,147)	(30,960)
Taxation	8,390	2,897
Loss after taxation	<u>(89,757)</u>	<u>(28,063)</u>

(b) Statement of Financial Position

	<u>30.06.2022</u> RM'000	<u>31.12.2021</u> RM'000
<b>ASSETS</b>		
Financial assets at FVTPL:		
Government investment issues	4,023	16,643
Unquoted corporate sukuks	134,287	111,578
Quoted shariah approved shares	551,349	594,800
Unquoted shariah approved equities	20,139	28,661
Shariah approved unit trust fund	32,721	37,303
REITs	6,696	6,720
Income due and accrued	1,941	2,663
Other receivables	12,011	1,582
Tax recoverable	885	-
Deferred tax assets	3,721	-
Cash and cash equivalents	186,438	126,780
Total assets	<u>954,211</u>	<u>926,730</u>

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16 INVESTMENT-LINKED TAKAFUL FUNDS (CONTINUED)

(b) Statement of Financial Position (continued)

	<u>30.06.2022</u>	<u>31.12.2021</u>
	RM'000	RM'000
<b>LIABILITIES</b>		
Other payables	11,142	4,923
Deferred tax liabilities	-	3,743
Tax payable	-	1,340
Total liabilities	<u>11,142</u>	<u>10,006</u>
Net asset value of funds	<u>943,069</u>	<u>916,724</u>