



MCIS INSURANCE BERHAD

Registration No: 199701019821 (435318-U)

(Incorporated in Malaysia)

**Unaudited Condensed Interim Financial Statements
For the six-month period ended 30 June 2022**

MCIS Insurance Berhad
Registration No: 199701019821 (435318-U)
(Incorporated in Malaysia)

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MCIS Insurance Berhad
Registration No: 199701019821 (435318-U)
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Unaudited condensed statement of financial position
As at 30 June 2022

	Note	30.06.2022	31.12.2021
		RM'000	RM'000
Assets			
Property and equipment		59,493	54,151
Investment properties		300	300
Right-of-use assets		19,930	22,007
Intangible assets		3,027	4,036
Investments	3	4,458,933	4,652,601
Reinsurance assets	4	15,990	18,954
Insurance receivables		143,594	147,155
Other receivables		57,858	44,470
Tax recoverable		3,261	-
Cash and bank balances		38,078	38,820
		<u>4,800,464</u>	<u>4,982,494</u>
Non-current assets held for sale		2,202	4,002
Total assets		<u>4,802,666</u>	<u>4,986,496</u>
Equity			
Share capital		125,024	125,024
Retained profits		195,531	212,255
		<u>320,555</u>	<u>337,279</u>
Revaluation reserves associated with non-current assets held for sale		-	148
Total equity		<u>320,555</u>	<u>337,427</u>
Liabilities			
Insurance contract liabilities	5	3,827,137	3,961,294
Deferred tax liabilities		19,679	38,336
Lease liabilities		20,663	22,511
Insurance payables		262,485	284,999
Other payables		153,159	141,689
Provision for taxation		-	1,205
Subordinated notes		198,988	199,035
Total liabilities		<u>4,482,111</u>	<u>4,649,069</u>
Total equity and liabilities		<u>4,802,666</u>	<u>4,986,496</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2021 and the accompanying explanatory notes on pages 6 to 28 attached to the unaudited condensed interim financial statements.

MCIS Insurance Berhad
Registration No: 199701019821 (435318-U)
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Unaudited condensed income statement
For the six-month period ended 30 June 2022

	01.01.2022 to 30.06.2022 RM'000	01.01.2021 to 30.06.2021 RM'000
Gross earned premiums	420,140	353,083
Premiums ceded to reinsurers	<u>(36,227)</u>	<u>(30,818)</u>
Net earned premiums	383,913	322,265
Investment income	89,231	89,535
Realised gains/(losses)	(3,601)	4,062
Fair value (losses)/gains	(211,768)	(154,601)
Fee and commission income	369	-
Other operating revenue	89	853
Other revenue	<u>(125,680)</u>	<u>(60,151)</u>
Gross benefits and claims paid	(314,218)	(276,437)
Claims ceded to reinsurers	25,983	20,074
Gross change in insurance contract liabilities	134,157	105,993
Change in insurance contract liabilities ceded to reinsurers	<u>(2,964)</u>	<u>269</u>
Net benefits and claims	<u>(157,042)</u>	<u>(150,101)</u>
Fee and commission expenses	(46,975)	(50,590)
Other operating expenses	(4,295)	(2,717)
Management expenses	(74,949)	(55,401)
Finance cost	(5,801)	(206)
Taxation of life insurance business	10,939	3,960
Other expenses	<u>(121,081)</u>	<u>(104,954)</u>
(Loss)/Profit before taxation	(19,890)	7,059
Taxation	<u>3,018</u>	<u>(2,562)</u>
Net (loss)/profit for the period /		
Total comprehensive (loss)/income for the period	<u>(16,872)</u>	<u>4,497</u>
Earnings per share (sen)		
Basic and diluted	6 <u>(16.82)</u>	<u>4.48</u>

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Unaudited condensed statement of changes in equity
 For the six-month period ended 30 June 2022

	Non-distributable			Distributable			Total equity RM'000
	Share capital RM'000	Merger reserve RM'000	Revaluation reserves associated with non-current assets held for sale RM'000	Unallocated surplus of non-participating funds RM'000	Retained profits of shareholders' fund RM'000	Sub-total RM'000	
At 1 January 2021	125,024	40,672	148	67,714	97,832	165,546	331,390
Net profit for the period	-	-	-	10,760	(6,263)	4,497	4,497
At 30 June 2021	<u>125,024</u>	<u>40,672</u>	<u>148</u>	<u>78,474</u>	<u>91,569</u>	<u>170,043</u>	<u>335,887</u>
At 1 January 2022	125,024	-	148	81,535	130,720	212,255	337,427
Net loss for the period	-	-	-	(10,571)	(6,301)	(16,872)	(16,872)
Realisation of revaluation reserves	-	-	(148)	148	-	148	-
At 30 June 2022	<u>125,024</u>	<u>-</u>	<u>-</u>	<u>71,112</u>	<u>124,419</u>	<u>195,531</u>	<u>320,555</u>

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Unaudited condensed statement of cash flows
For the six-month period ended 30 June 2022

	01.01.2022 to 30.06.2022 RM'000	01.01.2021 to 30.06.2021 RM'000
(Loss)/Profit before taxation	(19,890)	7,059
<i>Adjustments for:</i>		
Taxation of life insurance business	(10,939)	(3,960)
Investment income	(89,231)	(89,535)
Interest expense on lease liabilities	506	206
Interest expense on subordinated notes	5,256	-
Realised losses/(gains)	3,601	(4,062)
Fair value losses	211,768	154,601
Purchases of FVTPL financial instruments	(989,270)	(780,381)
Proceeds from sale of FVTPL financial instruments	524,716	917,215
Decrease in financial instruments at amortised cost	9,530	12,997
Investment income received	85,452	92,427
Gain on termination of lease	-	(467)
Loss on disposal of non-current assets held for sale	209	98
Non-cash items:		
Depreciation of property and equipment	2,435	2,344
Amortisation of intangible assets	1,009	1,063
Amortisation of right-of-use assets	2,523	2,512
Amortisation of subordinated notes issuance cost	39	-
Net amortisation of investments	858	1,431
(Write back)/Impairment loss on premium receivables	(128)	1,021
(Write back)/Impairment loss on loans receivables	-	59
Changes in working capital:		
Decrease/(Increase) in assets:		
Reinsurance assets	2,964	(269)
Insurance receivables	3,689	(56,767)
Other receivables	(9,609)	(3,408)

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Unaudited condensed statement of cash flows
For the six-month period ended 30 June 2022 (cont'd.)

	01.01.2022 to 30.06.2022 RM'000	01.01.2021 to 30.06.2021 RM'000
Changes in working capital: (cont'd.)		
(Decrease)/Increase in liabilities:		
Insurance contract liabilities	(134,157)	(105,989)
Insurance payables	(22,514)	54,907
Other payables	11,470	(14,802)
Cash (used in)/generated from operating activities	<u>(409,713)</u>	<u>188,300</u>
Interest paid	(506)	(206)
Income tax paid	(9,165)	(6,271)
Net cash flows (used in)/generated from operating activities	<u>(419,384)</u>	<u>181,823</u>
Investing activities		
Net proceeds from disposal of non-current assets held for sale	1,591	1,252
Uplift of monies and interest thereof in relation to the proceeds from disposal of general insurance business	100	-
Purchase of property and equipment	(7,778)	(4,558)
Net cash flows used in investing activities	<u>(6,087)</u>	<u>(3,306)</u>
Financing activities		
Payment of principal portion of lease liabilities	(2,294)	(2,394)
Interest paid on subordinated notes	(5,303)	-
Related expenses paid on subordinated notes	(39)	-
Net cash flows used in financing activities	<u>(7,636)</u>	<u>(2,394)</u>
Cash and cash equivalents		
Net (decrease)/increase in cash and cash equivalents	(433,107)	176,123
Cash and cash equivalents at beginning of period	867,955	411,872
Cash and cash equivalents at end of period	<u>434,848</u>	<u>587,995</u>
Cash and cash equivalents comprise of:		
Cash and bank balances	38,078	32,316
Short term deposits with original maturity periods of less than 3 months	396,770	555,679
	<u>434,848</u>	<u>587,995</u>

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Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2022

1. Basis of preparation

The unaudited condensed interim financial statements of MCIS Insurance Berhad ("the Company") have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 - Interim Financial Reporting as issued by the Malaysian Accounting Standards Board ("MASB") and International Accounting Standard ("IAS") 34 - Interim Financial Reporting as issued by International Accounting Standards Board ("IASB").

The unaudited condensed interim financial statements of the Company have been prepared under the historical cost convention, unless otherwise stated in the accounting policies.

As at the reporting date, the Company has met the minimum capital adequacy requirements as prescribed under the Risk-Based Capital ("RBC") Framework 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 year ended 31 December 2021.

The unaudited condensed interim financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when

2. Accounting policies

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

On 1 January 2022, the Company adopted the following MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16 <i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 2021
Amendments to MFRS 1: <i>Annual Improvements to MFRS Standards 2018-2020 Cycle</i>	1 January 2022
Amendments to MFRS 9: <i>Annual Improvements to MFRS Standards 2018-2020 Cycle</i>	1 January 2022

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2022

2. Accounting policies (cont'd.)

On 1 January 2022, the Company adopted the following MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022 (cont'd.):

Description	Effective for annual periods beginning on or after
Amendments to MFRS 141: <i>Annual Improvements to MFRS Standards 2018-2020 Cycle</i>	1 January 2022

The initial application of the amendments do not have any material impacts to the current and prior period's financial statements upon their first adoption.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116: <i>Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137: <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022

Standards issued but not yet effective

The following are standards, amendments to standards and interpretation to standards issued by MASB, but not yet effective, up to the date of this report.

Description	Effective for annual periods beginning on or after
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17: <i>Initial Application of MFRS 17 and MFRS 9—Comparative Information</i>	1 January 2023

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2022

2. Accounting policies (cont'd.)

Standards issued but not yet effective (cont'd.)

The following are standards, amendments to standards and interpretation to standards issued by MASB, but not yet effective, up to the date of this report. (cont'd.)

Description	Effective for annual periods beginning on or after
Amendments to MFRS 101: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 101: <i>Disclosures of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108: <i>Disclosures of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Company has not early adopted any standards, interpretations or amendments that has been issued but is not yet effective.

3. Investments

	30.06.2022	31.12.2021
	RM'000	RM'000
Malaysian Government securities	960,569	820,186
Government investment issues	212,691	230,282
Malaysian Government guaranteed bonds	481,125	511,480
Unquoted debts securities	1,496,287	1,439,326
Quoted equity securities	343,887	267,867
Quoted exchange traded funds	190,239	149,335
Quoted unit and property trust funds	48,577	48,657
Unquoted equity securities	47,950	46,950
Unquoted unit trust funds	90,500	109,415
Deposits with financial institutions	396,770	829,235
Loans receivables	190,338	199,868
Total	4,458,933	4,652,601

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3. Investments (cont'd.)

The Company's financial investments are summarised by categories as follows:

	30.06.2022	31.12.2021
	RM'000	RM'000
Fair value through profit or loss ("FVTPL")	4,268,595	4,452,733
Amortised cost	190,338	199,868
	<u>4,458,933</u>	<u>4,652,601</u>

(a) FVTPL

	30.06.2022	31.12.2021
	RM'000	RM'000
Mandatorily measured:		
Quoted equity securities	343,887	267,867
Quoted exchange traded funds	190,239	149,335
Quoted unit and property trust funds	48,577	48,657
Unquoted equity securities	47,950	46,950
Unquoted unit trust funds	90,500	109,415
	<u>721,153</u>	<u>622,224</u>

Designated upon initial recognition:

Malaysian Government securities	960,569	820,186
Government investment issues	212,691	230,282
Malaysian Government guaranteed bonds	481,125	511,480
Unquoted debt securities	1,496,287	1,439,326
Deposits with financial institutions	396,770	829,235
	<u>3,547,442</u>	<u>3,830,509</u>
	<u>4,268,595</u>	<u>4,452,733</u>

Included in deposits with financial institutions of the Company are short term deposits with original maturity periods of less than 3 months amounting to RM396,770,000 (31.12.2021: RM829,235,000), which have been classified as cash and cash equivalents for the purpose of the statement of cash flows.

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Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2022

3. Investments (cont'd.)

(b) Amortised cost

	30.06.2022	31.12.2021
	RM'000	RM'000
Loans receivables:		
Policy loans	189,052	198,657
Mortgage loans	2,703	2,756
Other loans	100	100
	191,855	201,513
Loss allowances	(1,517)	(1,645)
	<u>190,338</u>	<u>199,868</u>

The carrying value of the policy loans and other loans are reasonable approximations of fair value due to the insignificant impact of discounting.

The fair values of the mortgage loans have been established by comparing current market interest rates for similar financial instruments to the rates offered when the mortgage loans were first recognised together with appropriate market credit adjustments. As there are no significant differences between these rates, the carrying value of mortgage loans approximates fair value as at 30 June 2022 and 31 December 2021.

4. Reinsurance assets

	30.06.2022	31.12.2021
	RM'000	RM'000
Reinsurance of insurance contracts (Note 5)	<u>15,990</u>	<u>18,954</u>

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Notes to the unaudited condensed interim financial statements
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5. Insurance contract liabilities

The life insurance contract liabilities and its movements are further analysed as follows:

	←----- 30.06.2022 ----->			←----- 31.12.2021 ----->		
	Reinsurance		Net RM'000	Reinsurance		Net RM'000
Gross RM'000	(Note 4) RM'000	Gross RM'000		(Note 4) RM'000		
Provision for benefits and claims	140,858	(7,159)	133,699	126,240	(5,854)	120,386
Actuarial liabilities - Participating fund	2,786,820	(486)	2,786,334	2,868,433	(509)	2,867,924
Actuarial liabilities - Non participating fund	423,571	(8,345)	415,226	384,200	(12,591)	371,609
	3,210,391	(8,831)	3,201,560	3,252,633	(13,100)	3,239,533
Participating fund unallocated surplus	74,101	-	74,101	183,967	-	183,967
Participating fund asset revaluation reserves	8,668	-	8,668	8,669	-	8,669
Net asset value ("NAV") attributable to unitholders	393,119	-	393,119	389,785	-	389,785
	<u>3,827,137</u>	<u>(15,990)</u>	<u>3,811,147</u>	<u>3,961,294</u>	<u>(18,954)</u>	<u>3,942,340</u>

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Notes to the unaudited condensed interim financial statements
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5. Insurance contract liabilities (cont'd.)

Movements of life insurance contract liabilities

	Provision for benefits and claims RM'000	Actuarial liabilities RM'000	Participating fund unallocated surplus RM'000	Non Participating fund unallocated surplus RM'000	Participating fund asset revaluation reserves RM'000	NAV attributable to unitholders RM'000	Gross liabilities RM'000	Reinsurance RM'000	Net liabilities RM'000
30 June 2022									
As at 1 January 2022	126,240	3,252,633	183,967	-	8,669	389,785	3,961,294	(18,954)	3,942,340
Net earned premiums	-	-	135,756	179,355	-	68,802	383,913	-	383,913
Other revenue	-	-	(77,716)	(7,677)	-	(42,354)	(127,747)	-	(127,747)
Net benefits and claims	14,618	-	(202,981)	(71,987)	-	(26,417)	(286,767)	(1,305)	(288,072)
Other expenses	-	-	(53,298)	(70,574)	-	(36)	(123,908)	-	(123,908)
Policy movements	-	24,788	33,402	(58,190)	-	-	-	-	-
Interest rate	-	(12,676)	(3,135)	15,811	-	-	-	-	-
Adjustments due to changes in other assumptions	-	(54,354)	51,323	(1,238)	-	-	(4,269)	4,269	-
Other movements	-	-	-	-	-	-	-	-	-
Changes in asset revaluation reserves - non-current assets held for sale	-	-	-	-	-	-	-	-	-
Taxation on asset revaluation reserves	-	-	-	-	-	-	-	-	-
Taxation on taxable investment income	-	-	6,783	818	-	3,338	10,939	-	10,939
Reclassification of unallocated surplus of non-participating funds to shareholders' fund	-	-	-	13,682	-	-	13,682	-	13,682
As at 30 June 2022	140,858	3,210,391	74,101	0.00	8,669	393,118	3,827,137	(15,990)	3,811,147

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Notes to the unaudited condensed interim financial statements
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5. Insurance contract liabilities (cont'd.)

Movements of life insurance contract liabilities (cont'd.)

31 December 2021	Provision for benefits and claims RM'000	Actuarial liabilities RM'000	Participating fund unallocated surplus RM'000	Non participating fund unallocated surplus RM'000	Participating fund asset revaluation reserves RM'000	NAV attributable to unitholders RM'000	Gross liabilities RM'000	Reinsurance RM'000	Net liabilities RM'000
As at 1 January 2021	106,207	3,293,652	382,636	-	10,518	253,496	4,046,509	(20,213)	4,026,296
Net earned premiums	-	-	287,912	267,166	-	140,896	695,974	-	695,974
Other revenue	-	-	(15,702)	6,717	-	30,474	21,489	-	21,489
Net benefits and claims	20,033	-	(407,273)	(115,071)	-	(32,547)	(534,858)	(2,349)	(537,207)
Other expenses	-	-	(114,517)	(105,891)	-	(45)	(220,453)	-	(220,453)
Policy movements	-	(12,230)	58,601	(46,371)	-	-	-	-	-
Interest rate	-	(16,049)	(4,540)	20,589	-	-	-	-	-
Adjustments due to changes in assumptions	-	(12,740)	6,318	2,814	-	-	(3,608)	3,608	-
Changes in asset revaluation reserves									
- property and equipment	-	-	-	-	(95)	-	(95)	-	(95)
- non-current assets held for sale	-	-	1,914	-	(1,914)	-	-	-	-
Taxation on asset revaluation reserves	-	-	-	-	160	-	160	-	160
Taxation on taxable investment income	-	-	1,995	(133)	-	(2,489)	(627)	-	(627)
Transferred to shareholders' fund	-	-	(13,377)	(11,700)	-	-	(25,077)	-	(25,077)
- Participating fund	-	-	(13,377)	-	-	-	(13,377)	-	(13,377)
- Non-participating fund	-	-	-	(11,700)	-	-	(11,700)	-	(11,700)
Reclassification of unallocated surplus of non-participating funds to shareholders' fund	-	-	-	(18,120)	-	-	(18,120)	-	(18,120)
As at 31 December 2021	126,240	3,252,633	183,967	-	8,669	389,785	3,961,294	(18,954)	3,942,340

Notes to the unaudited condensed interim financial statements
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6. Earnings per share

Earnings per share is calculated by dividing profit for the financial period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial period.

	01.01.2022	01.01.2021
	to	to
	30.06.2022	30.06.2021
Profit attributable to ordinary equity holders (RM'000)	(16,872)	4,497
Weighted average number of shares in issue ('000)	100,284	100,284
Basic and diluted earnings per share (sen)	<u>(16.82)</u>	<u>4.48</u>

There were no potential dilutive ordinary shares as at the reporting date.

There have been no other transactions involving ordinary shares between the reporting date and the date of issuance of these unaudited condensed interim financial statements.

7. Capital commitments

	30.06.2022	31.12.2021
	RM'000	RM'000
Approved and contracted for:		
Intangible assets	<u>1,053</u>	<u>2,359</u>
Approved but not contracted for:		
Property and equipment	50,948	56,239
Intangible assets	12	5,427
	<u>50,960</u>	<u>61,666</u>

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8. Significant related party disclosures

(a) Related parties

The related parties and their relationship with the Company as at 30 June 2022 are as follows:

Name	Relationship
SEM	Immediate holding company
Koperasi MCIS Berhad	Corporate shareholder
Sanlam Emerging Markets Proprietary Limited	Corporate shareholder
Sanlam Life Insurance Limited	Holding company of SEM
Pacific & Orient Insurance Co. Berhad	Associate of SEM
SEM South East Asia Sdn Bhd	Associate of SEM

The Directors are of the opinion that the related party transactions were carried out on terms and conditions no more favourable than those available on similar transactions with unrelated parties, unless otherwise stated.

01.01.2022	01.01.2021
to	to
30.06.2022	30.06.2021
RM'000	RM'000

Transactions with related parties:

(i) Rental and utility expenses payable to:		
Koperasi MCIS Berhad	<u>(1,962)</u>	<u>(1,947)</u>
(ii) Premium for insurance cover paid to:		
Pacific & Orient Insurance Co. Berhad	<u>(45)</u>	<u>(41)</u>
(iii) Recovery from/(Reimbursable cost payable to):		
SEM South East Asia Sdn Bhd	14	-
Sanlam Emerging Markets Proprietary Limited	(21)	-
Sanlam Life Insurance Limited	-	(42)
	<u>(7)</u>	<u>(42)</u>

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Notes to the unaudited condensed interim financial statements
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8. Significant related party disclosures (cont'd.)

(a) Related parties (cont'd.)

	01.01.2022	01.01.2021
	to	to
	30.06.2022	30.06.2021
	RM'000	RM'000
Transactions with related parties (cont'd.)		
(iv) Technical/Management support and actuarial audit		
Sanlam Life Insurance Limited	(163)	(169)
Balances with related party:		
(i) Recovery from:		
SEM South East Asia Sdn Bhd	14	-

9. Regulatory capital requirement

The capital structure of the Company as prescribed under the RBC Framework is provided below:

	30.06.2022	31.12.2021
	RM'000	RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital (paid-up)	125,024	125,024
Reserves, including retained earnings	792,116	888,431
	917,140	1,013,455
<u>Tier 2 Capital</u>		
Eligible reserves	207,657	207,883
Deductions	(8,625)	(5,529)
Total capital available	1,116,172	1,215,809

Notes to the unaudited condensed interim financial statements
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10. Fair value measurement

The following table provides the fair value measurement hierarchy of the Company's assets:

30 June 2022	Fair value measurement using			
	Level 1 - Quoted market price in active market RM'000	Level 2 - Significant observable inputs RM'000	Level 3 - Significant unobservable inputs RM'000	Total fair value RM'000
Assets measured at fair value:				
Investment properties	-	-	300	300
FVTPL:				
Malaysian Government securities	-	960,569	-	960,569
Government investment issues	-	212,691	-	212,691
Malaysian Government guaranteed bonds	-	481,125	-	481,125
Unquoted debt securities	-	1,496,287	-	1,496,287
Quoted equity securities	343,887	-	-	343,887
Quoted exchange traded funds	190,239	-	-	190,239
Quoted unit and property trust funds	48,577	-	-	48,577
Unquoted equity securities	-	-	47,950	47,950
Unquoted unit trust funds	-	90,500	-	90,500
Deposits with financial institutions	-	396,770	-	396,770
	582,703	3,637,942	47,950	4,268,595
Assets measured at revalued amounts:				
- Property and equipment	-	-	10,172	10,172
	582,703	3,637,942	58,422	4,279,067

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10. Fair value measurement (cont'd.)

The following table provides the fair value measurement hierarchy of the Company's assets:
(cont'd.)

	Fair value measurement using			
	Level 1 - Quoted market price in active market RM'000	Level 2 - Significant observable inputs RM'000	Level 3 - Significant unobservable inputs RM'000	Total fair value RM'000
31 December 2021				
Assets measured at fair value:				
Investment properties	-	-	300	300
FVTPL:				
Malaysian Government securities	-	820,186	-	820,186
Government investment issues	-	230,282	-	230,282
Malaysian Government guaranteed bonds	-	511,480	-	511,480
Unquoted debt securities	-	1,439,326	-	1,439,326
Quoted equity securities	267,867	-	-	267,867
Quoted exchange traded funds	149,335	-	-	149,335
Quoted unit and property trust funds	48,657	-	-	48,657
Unquoted equity securities	-	-	46,950	46,950
Unquoted unit trust funds	-	109,415	-	109,415
Deposits with financial institutions	-	829,235	-	829,235
	465,859	3,939,924	46,950	4,452,733
Assets measured at revalued amounts:				
- Property and equipment	-	-	10,253	10,253
	465,859	3,939,924	57,503	4,463,286

The Company categorises its fair value measurements in accordance to the fair value hierarchy which is based on the priority of inputs to the valuation. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets, a lower priority to valuation techniques based on observable inputs and the lowest priority to valuation techniques based on unobservable inputs. An active market for the asset is a market in which transactions for the asset occur with sufficient frequency and volume to provide reliable pricing information on an on-going basis.

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10. Fair value measurement (cont'd.)

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

Level 1 - Quoted prices in active markets

Fair value measurements that reflect unadjusted, quoted prices in active markets for identical assets that the Company has the ability to access at the measurement date. Valuations are based on quoted prices reflecting market transactions involving assets or liabilities identical to those being measured.

Included in the quoted category are financial instruments that are measured in whole or in part by reference to quoted market bid prices. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange.

Level 2 - Valuation technique supported by observable inputs

Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the financial assets or financial liabilities, either directly or indirectly. These include quoted prices for similar financial assets and financial liabilities in active markets, quoted prices for identical or similar financial assets and financial liabilities in inactive markets, inputs that are observable that are no prices (such as interest rates, credit risks, etc.) and inputs that are derived from or corroborated by observable market

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 but where prices have not been determined in an 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 whereby the majority of assumptions are market observable.

Level 3 - Valuation technique supported by unobservable inputs

Fair value measurements using significant non market observable inputs. These include valuations for financial assets and financial liabilities that are derived using data, some or all of which is not market observable, including assumptions about risks.

There has been no transfers of financial assets between Level 1 and Level 2 during the six-month period/year ended 30 June 2022 and 31 December 2021.

Reconciliation from opening to closing balances of Level 3 fair value hierarchy is provided as follows:

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10. Fair value measurement (cont'd.)

Valuation methods and assumptions for properties and investment properties

Revalued properties

The revalued land and buildings consist of office buildings, shop offices and an apartment, which are located in various states in Malaysia.

The fair value of the properties was determined by using the cost method, other than fair value of an apartment which was determined by using the sales comparison method. Under the cost method, the apportionment value attributable to the land is adopted whilst making due allowances for factors such as location, plot, size, accessibility and other relevant factors in determining the value of the land, while current estimates on construction costs to erect equivalent buildings. Appropriate adjustments are then made for factors of obsolescence and existing physical condition of the building in determining the cost of the building. The comparison method entails comparing and adopting recent sales evidences involving other similar properties in the vicinity, adjusted for differences in location, size and shapes, accessibility, infrastructure available, improvements made on the site and other value considerations.

The properties' fair values are based on valuations performed by Raine & Horne International Zaki + Partners Sdn. Bhd., a registered independent valuer.

The Company has determined that the highest and best use of the properties is their current use.

Reconciliation of Level 3 fair value measurement:

	<u>Apartment</u>	<u>Shop office/ shop house</u>	<u>Office building</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
As at 1 January 2021	300	6,249	3,961	10,510
Revaluation deficit	-	-	(95)	(95)
Depreciation recognised in profit or loss under management expenses	(11)	(67)	(84)	(162)
As at 31 December 2021 / 1 January 2022	289	6,182	3,782	10,253
Depreciation recognised in profit or loss under management expenses	(5)	(35)	(41)	(81)
As at 30 June 2022	<u>284</u>	<u>6,147</u>	<u>3,741</u>	<u>10,172</u>

Notes to the unaudited condensed interim financial statements
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10. Fair value measurement (cont'd.)

Valuation methods and assumptions for properties and investment properties (cont'd.)

Revalued properties (cont'd.)

Description of valuation techniques used and key inputs to valuation of the properties are stated below:

Type of property	Valuation techniques	Key inputs		per sq. ft.
Apartment	Comparison method	Price per square foot	Building	RM198
Multi-storey shop office /shop house	Cost method	Price per square foot	Land Building	RM2,476 RM123
7 ½-storey office building	Cost method	Price per square foot	Land Building	RM350 RM76

Significant increases/(decreases) in unobservable inputs in isolation would result in a significantly higher/(lower) fair value of the properties.

Investment properties

The fair value of investment properties was determined by using cost method. Under the cost method, the apportionment value attributable to the land is adopted and making due allowances to factors of location, plot, size, accessibility and other relevant factor in determining the value of the land, while current estimates on constructional costs to erect equivalent buildings with appropriate adjustments are then made for factors of obsolescence and existing physical condition of the building are adopted in determining the cost of the building.

The properties' fair values are based on valuations performed by Raine & Horne International Zaki + Partners Sdn. Bhd., a registered independent valuer.

The Company has determined that the highest and best use of the properties is their current use.

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2022

10. Fair value measurement (cont'd.)

Valuation methods and assumptions for properties and investment properties (cont'd.)

Investment properties (cont'd.)

Reconciliation of Level 3 fair value measurement:

Shop office/shop houses	RM'000
As at 1 January 2021	945
Transfer to non-current assets held for sale	(650)
Fair value losses	5
As at 31 December 2021/1 January 2022	<u>300</u>
Transfer to non-current assets held for sale	-
As at 30 June 2022	<u>300</u>

Description of valuation techniques used and key inputs to valuation on investment properties are stated below:

Type of property	Valuation technique	Key inputs	per sq. ft.
Multi-storey shop office / shop house	Cost method	Price per square foot	Land RM100 Building RM42

Significant increases/(decreases) in unobservable inputs in isolation would result in a significantly higher/(lower) fair value of the properties.

Unquoted equity securities

Reconciliation of Level 3 fair value measurement:

	30.06.2022	31.12.2021
	RM'000	RM'000
As at 1 January 2022 / 1 January 2021	46,950	17,890
Additions*	-	26,260
Fair value gains	1,000	2,800
As at 30 June 2022 / 31 December 2021	<u>47,950</u>	<u>46,950</u>

* On 18 November 2021, the Company acquired 4.99% of ordinary shares in Merchantrade Asia Sdn. Bhd., a money services business operator, for a cash consideration of RM26,260,000. As the acquisition occurred close to the end of financial year ended 31 December 2021, the carrying amount disclosed above is a reasonable approximation of fair value at the reporting date.

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11. Insurance funds

The Company's activities are organised by fund and segregated into the Shareholders' and Life funds in accordance with the Financial Services Act, 2013. The condensed statement of financial position, income statement and statement of cash flows by fund are presented as follows:

Statements of financial position by fund
As at 30 June 2022

	Shareholders' fund		Life funds		Total	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021	30.06.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets						
Property and equipment	22	25	59,471	54,126	59,493	54,151
Investment properties	-	-	300	300	300	300
Right-of-use assets	-	-	19,930	22,007	19,930	22,007
Intangible assets	-	-	3,027	4,036	3,027	4,036
Investments*	445,534	439,033	4,023,249	4,224,290	4,458,933	4,652,601
Reinsurance assets	-	-	15,990	18,954	15,990	18,954
Insurance receivables	86	455	143,508	146,700	143,594	147,155
Other receivables*	99,487	128,378	41,926	42,476	57,858	44,470
Tax recoverable	-	-	3,261	-	3,261	-
Cash and bank balances	722	168	37,356	38,652	38,078	38,820
Non-current assets held for sale	-	-	2,202	4,002	2,202	4,002
Total assets	545,851	568,059	4,350,220	4,555,543	4,802,666	4,986,496

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Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2022

11. Insurance funds (cont'd.)

The Company's activities are organised by fund and segregated into the Shareholders' and Life funds in accordance with the Financial Services Act, 2013. The condensed statement of financial position, income statement and statement of cash flows by fund are presented as follows (cont'd.):

Statements of financial position by fund
As at 30 June 2022

	Shareholders' fund		Life funds		Total	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021	30.06.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total equity*	323,443	340,978	-	-	320,555	337,427
Liabilities						
Insurance contract liabilities*	-	-	3,832,968	3,967,125	3,827,137	3,961,294
Deferred tax liabilities*	23,257	27,968	(2,446)	11,708	19,679	38,336
Lease liabilities	-	-	20,663	22,511	20,663	22,511
Insurance payables	-	-	262,485	284,999	262,485	284,999
Other payables*	163	118	236,550	267,955	153,159	141,689
Provision for taxation	-	(40)	-	1,245	-	1,205
Subordinated notes	198,988	199,035	-	-	198,988	199,035
Total liabilities	222,408	227,081	4,350,220	4,555,543	4,482,111	4,649,069
Total equity and liabilities	545,851	568,059	4,350,220	4,555,543	4,802,666	4,986,496

* Included herein are inter-fund transactions and balances which are eliminated in presenting the Company's total results.

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11. Insurance funds (cont'd.)

Income statement by fund
For the six-month period ended 30 June 2022

	Shareholders' Fund		Life Funds		Total	
	01.01.2022 to 30.06.2022 RM'000	01.01.2021 to 30.06.2021 RM'000	01.01.2022 to 30.06.2022 RM'000	01.01.2021 to 30.06.2021 RM'000	01.01.2022 to 30.06.2022 RM'000	01.01.2021 to 30.06.2021 RM'000
Gross earned premiums	-	-	420,140	353,083	420,140	353,083
Premiums ceded to reinsurers	-	-	(36,227)	(30,818)	(36,227)	(30,818)
Net earned premiums	-	-	383,913	322,265	383,913	322,265
Investment income	7,787	5,037	81,444	84,498	89,231	89,535
Realised gains/(losses)	53	331	(3,654)	3,731	(3,601)	4,062
Fair value (losses)/gains*	(6,645)	(5,959)	(205,995)	(147,935)	(211,768)	(154,601)
Fee and commission income	-	-	369	-	369	-
Other operating revenue	-	-	89	853	89	853
Other revenue	1,195	(591)	(127,747)	(58,853)	(125,680)	(60,151)
Gross benefits and claims paid	(163)	(15)	(314,055)	(276,422)	(314,218)	(276,437)
Claims ceded to reinsurers	-	-	25,983	20,074	25,983	20,074
Gross change in contract liabilities	-	-	134,157	105,993	134,157	105,993
Change in contract liabilities ceded to reinsurers	-	-	(2,964)	269	(2,964)	269
Net benefits and claims	(163)	(15)	(156,879)	(150,086)	(157,042)	(150,101)

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11. Insurance funds (cont'd.)

Income statement by fund
For the six-month period ended 30 June 2022

	Shareholders' Fund		Life Funds		Total	
	01.01.2022 to 30.06.2022 RM'000	01.01.2021 to 30.06.2021 RM'000	01.01.2022 to 30.06.2022 RM'000	01.01.2021 to 30.06.2021 RM'000	01.01.2022 to 30.06.2022 RM'000	01.01.2021 to 30.06.2021 RM'000
Fee and commission expenses	(891)	(1,623)	(46,084)	(48,967)	(46,975)	(50,590)
Other operating expenses	(213)	(1,525)	(4,082)	(1,192)	(4,295)	(2,717)
Management expenses	(1,713)	(2,589)	(73,236)	(52,812)	(74,949)	(55,401)
Finance cost	(5,295)	-	(506)	(206)	(5,801)	(206)
Taxation of life insurance business	-	-	10,939	3,960	10,939	3,960
Other expenses	(8,112)	(5,737)	(112,969)	(99,217)	(121,081)	(104,954)
(Loss)/Profit from operations	(7,080)	(6,343)	(13,682)	14,109	(19,890)	7,059
Reclassification of unallocated surplus of non-participating funds to shareholders' fund	(13,682)	14,109	13,682	(14,109)	-	-
(Loss)/Profit before taxation	(20,762)	7,766	-	-	(19,890)	7,059
Taxation*	3,227	(2,732)	-	-	3,018	(2,562)
Net (loss)/profit for the period	(17,535)	5,034	-	-	(16,872)	4,497

* Included herein are inter-fund transactions which are eliminated in presenting the Company's total results.

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11. Insurance funds (cont'd.)

Statements of cash flows by fund
For the six-month period ended 30 June 2022

	Shareholders' Fund		Life Funds		Total	
	01.01.2022 to 30.06.2022 RM'000	01.01.2021 to 30.06.2021 RM'000	01.01.2022 to 30.06.2022 RM'000	01.01.2021 to 30.06.2021 RM'000	01.01.2022 to 30.06.2022 RM'000	01.01.2021 to 30.06.2021 RM'000
Cash flows from:						
Operating activities	(129,441)	23,248	(289,943)	158,575	(419,384)	181,823
Investing activities	100	-	(6,187)	(3,306)	(6,087)	(3,306)
Financing activities	(5,342)	-	(2,294)	(2,394)	(7,636)	(2,394)
Net (decrease)/increase in cash and cash equivalents	(134,683)	23,248	(298,424)	152,875	(433,107)	176,123
At beginning of period	227,232	18,548	640,723	393,324	867,955	411,872
At end of period	92,549	41,796	342,299	546,199	434,848	587,995
Cash and cash equivalents comprise of:						
Cash and bank balances	722	79	37,356	32,237	38,078	32,316
Short term deposits with original maturity periods of less than 3 months	91,827	41,717	304,943	513,962	396,770	555,679
	92,549	41,796	342,299	546,199	434,848	587,995

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12. Seasonal or cyclical factors

The operations of the Company were not materially affected by any seasonal or cyclical fluctuations during the interim financial period.

13. 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.

14. Change in estimates

There were no changes in the basis used for accounting estimates in respect of amounts reported in prior financial periods that would have a material effect on the unaudited

15. Issues, repurchases, and repayments of debts and equity securities

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the interim financial period.

16. Significant event during the period

During the current financial period ended 30 June 2022, the Company had completed the disposal of a property for a total cash consideration of RM1,800,000, recognising losses thereon of RM209,000.

17. Material events subsequent to the end of the period

There were no material events subsequent to the end of the interim reporting period that have not been reported in the unaudited condensed interim financial statements.

18. Contingent liabilities

There were no contingent liabilities as at the date of this report.

19. Effect of changes in composition of the Company

There were no changes in the composition of the Company during the interim period.