



**Family Takaful**

**ETIQA FAMILY TAKAFUL BERHAD**  
**199301011506 (266243-D)**  
**(Incorporated in Malaysia)**

**Unaudited Interim Condensed Financial Statements**  
**for the six months period ended 30 June 2023**

**ETIQA FAMILY TAKAFUL BERHAD**  
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**(Incorporated in Malaysia)**

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**ETIQA FAMILY TAKAFUL BERHAD**  
**199301011506 (266243-D)**  
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**UNAUDITED INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2023**

		<b>30.6.2023</b>		<b>31.12.2022 (Restated)</b>	
		<b>Family</b>	<b>Company</b>	<b>Family</b>	<b>Company</b>
	<b>Note</b>	<b>Takaful Fund</b>	<b>RM'000</b>	<b>Takaful Fund</b>	<b>Company</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>					
Property, plant and equipment		-	183	-	200
Right-of-use assets ("ROU assets")		-	28	-	112
Intangible assets		-	9,093	-	7,969
Investments	13	12,554,004	15,070,884	12,132,819	14,590,834
Financing receivables		-	10,669	-	11,201
Retakaful certificate assets	14	337,309	337,309	282,538	282,538
Takaful certificate assets	14	150,522	564,324	29,083	500,509
Other assets	15	201,380	196,276	136,819	171,382
Deferred tax assets		-	41,594	13,458	59,832
Current tax assets	16	200	79,495	200	79,875
Cash and bank balances		16,016	16,295	58,806	59,972
<b>Total Assets</b>		<b>13,259,431</b>	<b>16,326,150</b>	<b>12,653,723</b>	<b>15,764,424</b>
<b>Equity and Liabilities:</b>					
Share capital		-	100,000	-	100,000
Reserves	17	-	2,461,345	-	2,485,558
<b>Total Equity</b>		<b>-</b>	<b>2,561,345</b>	<b>-</b>	<b>2,585,558</b>
<b>Liabilities</b>					
Retakaful certificate liabilities	14	42,719	42,719	2,394	2,394
Takaful certificate liabilities	14	12,939,262	13,330,269	12,305,504	12,710,857
Deferred tax liabilities		15,292	15,292	-	-
Other liabilities	18	262,115	355,734	345,825	436,433
Current tax liabilities		43	20,791	-	29,182
<b>Total Liabilities</b>		<b>13,259,431</b>	<b>13,764,805</b>	<b>12,653,723</b>	<b>13,178,866</b>
<b>Total Equity and Liabilities</b>		<b>13,259,431</b>	<b>16,326,150</b>	<b>12,653,723</b>	<b>15,764,424</b>

The accompanying notes form an integrated part of these interim financial statements.

UNAUDITED INTERIM CONDENSED STATEMENTS INCOME STATEMENT  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

		1.1.2023 to 30.6.2023		1.1.2022 to 30.6.2022 (Restated)	
		Family Takaful Fund	Company	Family Takaful Fund	Company
	Note	RM'000	RM'000	RM'000	RM'000
Takaful revenue	19	692,821	826,968	658,602	786,825
Takaful service expenses	20	(785,379)	(840,709)	(669,482)	(716,702)
Net (expenses)/income from retakaful certificate held	21	(396)	(396)	32,707	32,707
<b>Takaful service result</b>		<b>(92,954)</b>	<b>(14,137)</b>	<b>21,827</b>	<b>102,830</b>
Profit revenue from financial assets not measured at FVTPL	22	143,931	180,196	119,840	151,271
Net fair value gain/(loss) on financial assets measured at FVTPL	23	165,992	189,274	(358,656)	(413,670)
Net fair value gains/(loss) on derecognition of financial assets measured at FVOCI	24	894	1,357	(69)	(102)
Other investment income	25	133,058	150,744	131,650	152,681
Net impairment loss on financial assets	26	156	193	(102)	(160)
Net foreign exchange income		3,213	3,263	396	364
<b>Net investment income</b>		<b>447,244</b>	<b>525,027</b>	<b>(106,941)</b>	<b>(109,616)</b>
Finance (expenses)/income from takaful certificate issued	27	(331,968)	(331,968)	112,698	112,715
Finance expenses from retakaful certificate held	28	-	-	(39,645)	(39,645)
<b>Net Takaful financial result</b>		<b>(331,968)</b>	<b>(331,968)</b>	<b>73,053</b>	<b>73,070</b>
Other income	29	-	673	27	1,526
Other expenses	30	-	(2,401)	(8)	(3,541)
Tax incurred on behalf of participants	33	(22,322)	(22,322)	12,042	12,042
<b>Other (expenses)/income</b>		<b>(22,322)</b>	<b>(24,050)</b>	<b>12,061</b>	<b>10,027</b>
<b>Profit before taxation and zakat</b>		-	154,872	-	76,311
Taxation	34	-	(36,676)	-	(34,684)
Zakat		-	(2,689)	-	(1,990)
<b>Net profit for the financial period</b>		-	115,507	-	39,637
<b>Basic Earnings per share (sen)</b>	35		115.51		39.64

The accompanying notes form an integrated part of these interim financial statements.

UNAUDITED INTERIM CONDENSED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

	1.1.2023 to 30.6.2023		1.1.2022 to 30.6.2022 (Restated)	
	Family Takaful Fund RM'000	Company RM'000	Family Takaful Fund RM'000	Company RM'000
Net profit for the financial period	-	115,507	-	39,637
Other comprehensive income/(loss):				
Items that may be subsequently reclassified to income statement:	-	36,555	-	(51,641)
Net fair value gains/(losses) on investments in debt securities measured at FVOCI	208,050	256,280	(312,363)	(386,103)
Net fair value losses on derecognition of financial assets measured at FVOCI	(690)	(821)	(69)	(102)
Tax effect relating to these items	(15,019)	(26,563)	22,409	44,541
Other comprehensive losses attributable to the participants	(192,341)	(192,341)	290,023	290,023
Items that will not be subsequently reclassified to income statements:	-	(615)	-	(1,085)
Change in fair value of equity securities at FVOCI	(3,252)	(4,061)	(3,566)	(4,910)
Tax effect relating to these items	260	454	140	399
Other comprehensive income attributable to the participants	2,992	2,992	3,426	3,426
	-	35,940	-	(52,726)
Other comprehensive income/(loss) for the period, net of tax	-	35,940	-	(52,726)
Total comprehensive income/(loss) for the financial period attributable to equity holders of the Company	-	151,447	-	(13,089)

The accompanying notes form an integrated part of these interim financial statements.

UNAUDITED INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

Note	Share Capital RM'000	Non-Distributable	Distributable	Total Equity RM'000
		FVOCI Reserve RM'000	Retained Profits RM'000	
<b>At 1 January 2023, as previously stated</b>	<b>100,000</b>	<b>(43,357)</b>	<b>2,316,144</b>	<b>2,372,787</b>
- Effects of adopting MFRS 17 (Note 3.1(b))	-	-	212,771	212,771
<b>At 1 January 2023, as restated</b>	<b>100,000</b>	<b>(43,357)</b>	<b>2,528,915</b>	<b>2,585,558</b>
Net profit for the financial period	-	-	115,507	115,507
Other comprehensive income for the financial period	-	35,940	-	35,940
Total comprehensive income	-	35,940	115,507	151,447
Dividend on ordinary shares	-	-	(175,660)	(175,660)
<b>At 30 June 2023</b>	<b>100,000</b>	<b>(7,417)</b>	<b>2,468,762</b>	<b>2,561,345</b>
<b>At 1 January 2022, as previously stated</b>	<b>100,000</b>	<b>(12,289)</b>	<b>2,131,385</b>	<b>2,219,096</b>
- Effects of adopting MFRS 17 (Note 3.1(a))	-	-	361,765	361,765
<b>At 1 January 2022, as restated</b>	<b>100,000</b>	<b>(12,289)</b>	<b>2,493,150</b>	<b>2,580,861</b>
Net profit for the financial period	-	-	39,637	39,637
Other comprehensive loss for the financial period	-	(52,726)	-	(52,726)
Total comprehensive income/(loss)	-	(52,726)	39,637	(13,089)
Reclassification upon disposals of equity securities	-	479	(479)	-
Dividend on ordinary shares	-	-	(69,280)	(69,280)
<b>At 30 June 2022</b>	<b>100,000</b>	<b>(64,536)</b>	<b>2,463,028</b>	<b>2,498,492</b>

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**ETIQA FAMILY TAKAFUL BERHAD**  
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**UNAUDITED INTERIM CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023**

		Company	
		1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 (Restated) RM'000
Note			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
	Profit before taxation and zakat	154,872	76,311
	<i>Adjustments for:</i>		
	Amortisation of intangible assets	31 704	657
	Net amortisation of premiums	26 12,685	11,262
	Depreciation of property, plant and equipment	31 29	60
	Depreciation of right-of-use assets	31 84	84
	Profit on lease liabilities	31 2	5
	Fair value (gain)/losses on investments	23 (212,032)	408,441
	Losses on disposal of investments	22,758	5,330
	Dividend income	26 (12,094)	(9,272)
	Profit income	(333,507)	(307,695)
	(Reversal of)/allowance for impairment losses on:		
	impairment losses on:		
	- financing receivables	29 266	240
	- other assets	29 30	11
	- investments	26 (193)	160
	Taxation borne by participants	43	12,042
	(Gains)/losses on foreign exchange:		
	- realised	(3,638)	919
	- unrealised	374	(1,283)
	<i>Operating cash flows before changes in assets and liabilities</i>	<u>(369,617)</u>	<u>197,272</u>
	(Purchase of)/proceeds from disposal of investments		
	(Increase)/decrease in:		
	- Fixed and call deposits	(153,521)	896,082
	- Retakaful certificate assets	(54,771)	24,603
	- Financing receivables	532	806
	- Other assets	(7,748)	11,275
	(Decrease)/increase in:		
	- Takaful certificate liabilities	595,922	(81,042)
	- Other liabilities	(75,206)	(42,501)
	<i>Net cash (used in)/generated from operating activities</i>	<u>(64,409)</u>	<u>1,006,495</u>

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**UNAUDITED INTERIM CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023**

	<b>Company</b>	
	<b>1.1.2023</b>	<b>1.1.2022</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2023</b>	<b>30.6.2022</b>
		<b>(Restated)</b>
<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Carried forward	(64,409)	1,006,495
Investment income received	18,070	314,507
Dividends received	946	10,229
Tax paid	(52,342)	(23,805)
Tax refund	1,044	2,378
Zakat paid	(8,094)	(7,443)
<i>Net cash (used in)/generated from operating activities</i>	<u>(104,785)</u>	<u>1,302,361</u>
(Purchase) of:		
- property, plant and equipment	(12)	(164)
- intangible assets	(1,828)	(390)
- investment	(747,189)	(1,839,701)
Proceed from disposal of:		
- intangible assets	-	5
- investment	985,887	611,087
<i>Net cash generated from/(used in) investing activities</i>	<u>236,858</u>	<u>(1,229,163)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of dividends	10 (175,660)	(69,280)
Payment of lease liabilities	(90)	(90)
<i>Net cash used in financing activities</i>	<u>(175,750)</u>	<u>(69,370)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(43,677)</b>	<b>3,828</b>
<b>Effects of exchange rate changes</b>		
<b>Cash and cash equivalents at beginning of financial year</b>	<u>59,972</u>	<u>58,808</u>
<b>Cash and cash equivalents at end of financial period</b>	<u>16,295</u>	<u>62,636</u>
<b>Cash and cash equivalents comprise:</b>		
<b>Cash and bank balances:</b>		
Shareholders fund	279	793
Family Takaful fund	16,016	61,860
	<u>16,295</u>	<u>62,653</u>

The accompanying notes form an integrated part of these interim financial statements.



**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023**

**1. CORPORATE INFORMATION**

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 19, Tower C, Dataran Maybank, No. 1, Jalan Maarof, 59000 Kuala Lumpur, Malaysia.

The immediate, penultimate and ultimate holding companies of the Company are Maybank Ageas Holdings Berhad ("MAHB"), Etiqa International Holdings Sdn Bhd ("EIHSB") and Malayan Banking Berhad ("Maybank") respectively, all of which are incorporated in Malaysia. Maybank is a licensed commercial bank listed on the Main Market of Bursa Malaysia Securities Berhad.

**2. BASIS OF PREPARATION**

The unaudited interim condensed financial statements of the Company for the financial period ended 30 June 2023 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") and Guidelines/Circulars issued by Bank Negara Malaysia ("BNM").

The unaudited interim condensed financial statements of the Company have been prepared on a historical cost basis except for certain financial assets and financial liabilities that are stated at fair value.

The unaudited interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the audited annual consolidated financial statements of the Company for the financial year ended 31 December 2022.

The explanatory notes attached to the unaudited interim condensed financial statements provide an explanation of events and transactions that are significant to gain an understanding of the changes in the financial position and performance of the Company since the financial year ended 31 December 2022.

The Company has met the minimum capital requirements as prescribed by the Risk-Based Capital Framework for Takaful Operators ("RBCT Framework") issued by BNM as at the reporting date.

The unaudited interim condensed financial statements are presented in Ringgit Malaysia ("RM") and rounded to the nearest thousand ("RM'000") unless otherwise stated.

## **2. BASIS OF PREPARATION (CONTD.)**

The unaudited interim condensed financial statements were approved for issue by the Board of Directors on 17 August 2023.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies and methods of computation adopted in the unaudited condensed interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2022 except for the adoption of the following accounting amendments to Malaysian Financial Reporting Standards ("MFRSs") issued by the Malaysian Accounting Standards Board ("MASB") that are effective for the Company's financial year beginning 1 January 2023:

MFRS 17 *Insurance Contracts*

(Amendments to MFRS 17) *Initial Application*  
of MFRS 17 and MFRS 9 - *Comparative Information*

MFRS 101 *Presentation of Financial Statements*

(Amendments to MFRS 101) *Classification of Liabilities as*  
*Current or Non-current*  
(Amendments to MFRS 101) *Disclosure of Accounting Policies*

MFRS 108 *Accounting Policies, Changes in Accounting Estimates*  
*and Errors*

(Amendments to MFRS 108) *Definition of Accounting Estimates*

MFRS 112 *Income Taxes*

(Amendments to MFRS 112) *Deferred Tax related to Assets and*  
*Liabilities arising from a Single Transaction*

The adoption of the above pronouncements are not expected to have a significant impact on the Company, except MFRS 17 *Insurance Contract*.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

#### **3.1 Changes in accounting policies and disclosure**

##### ***MFRS 17 Insurance Contracts***

The Company initially applied MFRS 17, including any consequential amendments to the other standards, from 1 January 2023. This standard has brought significant changes to the accounting for takaful and retakaful certificates. As a result, the Company have restated certain comparative amounts.

The nature and effects of the key changes in the Company's accounting policies resulting from its adoption of MFRS 17 are summarised below:

##### **(a) Separating components from Takaful and retakaful certificates**

The Company assesses its Family Takaful and retakaful products to determine whether they contain distinct components which must be accounted for under another MFRS rather than MFRS 17. After separating any distinct components, an entity must apply MFRS 17 to all remaining components of the (host) Takaful certificates. Currently, the Company's products do not include distinct components that require separation.

Some term Family certificates issued by the Company include a surrender option under which the surrender value is paid to the participants on maturity or earlier lapse of the certificates. These surrender options have been assessed to meet the definition of a non-distinct investment component in MFRS 17.

MFRS 17 defines investment components as the amounts that a Takaful certificate requires a takaful operator to repay to a participant even if a covered event does not occur. Investment components which are highly interrelated with the Takaful certificate of which they form a part are considered non-distinct and are not separately accounted for. Receipts and payments of the investment components (including non-distinct investment components) are recorded outside of profit or loss.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

#### **3.1 Changes in accounting policies and disclosure (contd.)**

##### **MFRS 17 *Insurance Contracts* (contd.)**

###### **(a) Separating components from Takaful and retakaful certificates (contd.)**

Some certificates issued contain profit or ceding commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the participant will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the covered event happening. Ceding commission in the form of contribution discount is not deemed as a non-distinct investment component. The minimum guaranteed amount and profit commission may or may not be deemed as a non-distinct investment component, depending on whether there is a loss-carry forward mechanism.

###### **(b) Level of aggregation**

The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of certificates with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous certificates, certificates with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Company identifies a certificates as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of certificates can be treated together in making the profitability assessment based on reasonable and supportable information, or whether a single certificate contains components that need to be separated and treated as if they were stand-alone certificates. As such, what is treated as a certificates for accounting purposes may differ from what is considered as a certificates for other purposes (i.e., legal or management). For retakaful certificates held, the basis depends on the type of retakaful arrangement. The minimum unit of account is at Treaty level.

The groups of certificates for which the fully retrospective approach, modified retrospective and the fair value approach have been adopted on transition include certificates issued more than one year apart. The portfolio are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue portfolios of certificates are divided into three groups, as follows:

- A group of certificates that are onerous at initial recognition.
- A group of certificates that at initial recognition have no significant possibility of becoming onerous subsequently.
- A group of the remaining certificates in the portfolio.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

#### **3.1 Changes in accounting policies and disclosure (contd.)**

##### **MFRS 17 *Insurance Contracts* (contd.)**

##### **(b) Level of aggregation (contd.)**

The retakaful certificates held portfolios are divided into:

- A group of certificates on which there is a net gain on initial recognition.
- A group of certificates that have no significant possibility of a net gain arising subsequent to initial recognition.
- A group of the remaining certificates in the portfolio.

##### **(c) Recognition**

The Company recognises groups of Takaful certificates that it issues from the earliest of the following:

- The beginning of the coverage period of the group of certificates.
- The date when the first payment from a participants is due, or when the first payment is received if there is no due date.
- For a group of onerous certificates, as soon as facts and circumstances indicate that the group of certificate is onerous.

The Company recognises a group of retakaful certificates held it has entered into from the earliest of the following:

- The beginning of the coverage period of the group of retakaful certificates held. However, the Company delays the recognition of a group of retakaful certificates held that provide proportionate coverage until the date when any underlying Takaful certificate is initially recognised, if that date is later than beginning of the coverage period of the group of retakaful certificates held; and
- The date the Company recognises an onerous group of underlying Takaful certificates if the Company entered into the related retakaful certificates held in the group of retakaful certificates held at or before that date.

The retakaful certificates held by the Company provide proportionate cover. Therefore the Company does not recognise a proportional retakaful certificates held until at least one underlying direct Takaful certificates has been recognised.

The Company adds new certificates in the reporting period in which the certificate meets one of the criteria set out above.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

#### **3.1 Changes in accounting policies and disclosure (contd.)**

##### **MFRS 17 *Insurance Contracts* (contd.)**

##### **(d) Onerous groups of certificates**

For Family Takaful, the profitability of group of certificates is assessed by actuarial valuation models that take into consideration existing and new business. The Company assumes that no certificates in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For certificates that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood changes in applicable facts and circumstances.

The Company looks at facts and circumstances to identify if a group of certificates for Family Takaful are onerous based on:

- Pricing information
- Results of similar certificates it has recognised
- Environmental factors, e.g., a change in market experience or regulations

If the facts and circumstances indicate that a group is expected to be onerous, a loss component should be recognised in the statement of financial position and the corresponding loss should be recognised in profit or loss accordingly.

##### **(e) Certificate boundary**

The Company includes in the measurement of a group of Takaful certificates all the future cash flows within the boundary of each certificate in the Company. Cash flows are within the boundary of an Takaful certificate if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the participant to pay the contribution, or in which the Company has a substantive obligation to provide the participant with services. A substantive obligation to provide services ends when:

- The Company has the practical ability to reassess the risks of the particular participant and, as a result, can set a price or level of benefits that fully reflects those risks; or
- The Company has the practical ability to reassess the risks of the portfolio that contains the certificate and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the contributions up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.1 Changes in accounting policies and disclosure (contd.)

##### **MFRS 17 Insurance Contracts (contd.)**

##### **(f) Measurement**

The Company's Takaful certificates issued and retakaful certificates held are eligible for the measurement models as below:

##### **(i) General Measurement Model ("GMM")**

This is the default measurement model for Takaful certificates which measures a group of Takaful certificates as the total of:

- Fulfilment cash flows
- A Contractual Service Margin ("CSM") represents the unearned profit as the Company will recognise as it provides service under the Takaful certificates in the Company.

Fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk. The CSM represents the unearned profit from in-force certificates that the Company will recognise as it provides services over the coverage period.

At inception, the CSM cannot be negative. If the fulfillment cash flows lead to a negative CSM at inception, it will be set to zero and the negative amount will be recorded immediately in the profit or loss. At the end of a reporting period, the carrying amount of a group of Takaful certificates is the sum of the liability for remaining coverage and the liability of incurred claims. The liability for remaining coverage consists of the fulfillment cash flows related to future services and the CSM, while the liability for incurred claims consists of the fulfillment cash flows related to past services. The CSM gets adjusted for changes in cash flows related to future services and for the profit accretion at profit rates locked-in at initial recognition of the group of certificates. A release from the CSM is recognised in profit or loss each period to reflect the services provided in that period based on coverage units. MFRS 17 only provides principle based guidance on how to determine these coverage units. The Company has computed based on the coverage units by benefit types.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.1 Changes in accounting policies and disclosure (contd.)

##### MFRS 17 *Insurance Contracts* (contd.)

##### (f) Measurement (contd.)

##### (ii) Variable Fee Approach ("VFA")

This is a mandatory modification of the GMM regarding the treatment of the CSM in order to accommodate direct participating certificates wherein payments on investment returns to participants are based on contractual terms which substantially vary with the underlying items.

A Takaful certificate with direct participation features is defined by the Company as one which, at inception, meets the following criteria:

- the contractual terms specify that the participants participate in a share of a clearly identified pool of underlying items;
- the Company expects to pay to the participant an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Company expects a substantial proportion of any change in the amounts to be paid to the participant to vary with the change in fair value of the underlying items.

The assessment of whether an Takaful certificate meets these three criteria is made at inception of the certificate and not revised subsequently, except in case of a substantial modification of the certificate. For certificates with direct participation features, the CSM is adjusted for changes in the amount of the entity's share of the fair value of the underlying items. No explicit profit accretion is required since the CSM is effectively measured when it is adjusted for changes in financial risks.

##### (iii) Premium Allocation Approach ("PAA")

This model will be applied for certificates which have certificate boundaries (i.e. coverage periods) of less than 1 year as well as for certificates with certificate boundaries of more than 1 year but which are able to pass the PAA eligibility test.



### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.1 Changes in accounting policies and disclosure (contd.)

##### **MFRS 17 *Insurance Contracts* (contd.)**

##### **(f) Measurement (contd.)**

##### **(iii) Premium Allocation Approach ("PAA") (contd.)**

Under the PAA, the liability for remaining coverage is measured as the amount of contribution received net of acquisition cash flows paid, less the net amount of contribution and acquisition cash flows that have been recognised in profit or loss over the expired portion of the coverage period based on the passage of time. The measurement of the liability for incurred claims is identical under all three measurement models, apart from the determination of locked-in profit rates used for discounting.

The Company is to apply both the PAA or GMM models for all retakaful certificates held, depending on the specific certificate boundaries for each retakaful certificates.

##### **(g) Presentation and disclosure**

There are significant changes to presentation and disclosure of the financial statements upon the adoption of MFRS17. The following outlines some of the key presentation and disclosure changes:

##### **Statement of financial position**

- (i) The Company presents portfolios of Takaful certificate separately from portfolios of retakaful certificate held, and portfolios of asset position are further presented separately from portfolios of liability position. Groups of Takaful certificates issued will include any assets for Takaful acquisition cash flows. Takaful receivables and payables will be assessed on net portfolio position and reported within Takaful Certificates Liabilities or Assets as these are Takaful certificate related balances. Retakaful receivables and payables, retakaful assets and liabilities will be assessed on a net portfolio position and reported within Retakaful Certificates Liabilities or Assets as these are retakaful certificates related. Under MFRS 4, certificates were not split and presented by asset and liability position.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

#### **3.1 Changes in accounting policies and disclosure (contd.)**

##### **MFRS 17 *Insurance Contracts* (contd.)**

##### **(g) Presentation and disclosure (contd.)**

###### Statement of Comprehensive Income

Upon the adoption of MFRS 17, with clear delineation of underwriting and investment results. There will no longer be items such as gross, net or earned contributions or net claims incurred shown on the profit or loss. Under MFRS 17, the Company separately presents Takaful service results which consisting of Takaful revenue, Takaful service expense and Takaful finance income and expenses. Income or expenses from retakaful certificates held need to be presented separately from the expenses or income from Takaful certificates issued. Under MFRS 4, the Company reported contribution income, gross claims and benefits, changes in Takaful certificate liabilities, benefits and expenses ceded to retakaful and changes in retakaful assets.

###### **(i) Takaful Service Results**

Takaful revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of contribution that relate to recovering Takaful acquisition cash flows.

Expenses that relate directly to the fulfilment of certificates are recognised in profit or loss as Takaful service expenses when incurred. Expenses that do not relate directly to the fulfilment of certificates are presented in other expenses in profit or loss.

Amount recovered from retakaful and retakaful expenses are no longer presented separately as the Company presents on a net basis as net expenses from retakaful certificates as part of Takaful service results.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

#### **3.1 Changes in accounting policies and disclosure (contd.)**

##### **MFRS 17 *Insurance Contracts* (contd.)**

##### **(g) Presentation and disclosure (contd.)**

###### Statement of Comprehensive Income (contd.)

###### **(i) Takaful finance income or expenses**

It comprises the change in the carrying amount of the group of Takaful certificates arising from the effect of the time value of money and the effect of financial risk and changes in financial risk.

The Company disaggregates Takaful finance income or expenses on Takaful certificates issued for each different portfolios between profit or loss and Other Comprehensive Income. The impact of changes in market profit rates on the value of the Family Takaful and related retakaful assets and liabilities are reflected at fair value in order to minimise accounting mismatches between the accounting for financial assets and Takaful liabilities. The Company's financial assets not backing the Takaful issued portfolios are predominantly measured at FVOCI.

###### **(h) Takaful acquisition cash flows**

Takaful acquisition cash flows arise from the costs of selling, underwriting and starting a group of Takaful certificates (issued or expected to be issued) that are directly attributable to the portfolio of Takaful certificates to which the group belongs.

Where Takaful acquisition cash flows have been paid or incurred before the related group of Takaful certificates is recognised in the statement of financial position, a separate asset for Takaful acquisition cash flows is recognised for each related group.

The asset for Takaful acquisition cash flow is derecognised from the statement of financial position when the Takaful acquisition cash flows are included in the initial measurement of the related group of takaful certificates. The Company expects to derecognise all assets for Takaful acquisition cash flows within the Takaful covered period.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

#### **3.1 Changes in accounting policies and disclosure (contd.)**

##### **MFRS 17 *Insurance Contracts* (contd.)**

##### **(h) Takaful acquisition cash flows (contd.)**

At the end of each reporting period, the Company revises amounts of Takaful acquisition cash flows allocated to groups of Takaful certificates not yet recognised, to reflect changes in assumptions related to the method of allocation used.

After any re-allocation, the Company assesses the recoverability of the asset for Takaful acquisition cash flows, if facts and circumstances indicate the asset may be impaired. When assessing the recoverability, the Company applies:

- An impairment test at the level of an existing or future group of Takaful certificates; and
- An additional impairment test specifically covering the Takaful acquisition cash flows allocated to expected future certificate renewals.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss.

The Company recognises in profit or loss a reversal of some or all of an impairment loss previously recognised and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

##### **(i) Loss components**

The Company has grouped certificates that are onerous at initial recognition separately from certificates in the same portfolio that are not onerous at initial recognition. Groups that were not onerous at initial recognition can also subsequently become onerous if assumptions and experience changes. The Company has established a loss component of the liability for remaining coverage for any onerous group depicting the future losses recognised.

Where a loss-recovery component has been set up at initial recognition or subsequently, the Company adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying Takaful certificates.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

#### **3.1 Changes in accounting policies and disclosure (contd.)**

##### **MFRS 17 *Insurance Contracts* (contd.)**

##### **(i) Loss components (contd.)**

The carrying amount of the loss-recovery component must not exceed the portion of the carrying amount of the loss component of the onerous group of underlying Takaful certificates that the Company expects to recover from the group of retakaful certificates held. On this basis, the loss-recovery component recognised at initial recognition is reduced to zero in line with reductions in the onerous group of underlying Takaful certificates and is nil when loss component of the onerous group of underlying Takaful certificates is nil.

##### **(j) Transition**

On the transition date of 1 January 2022, the Company has:

- Identified, recognised and measured each group of Takaful and retakaful certificates as if MFRS 17 had always applied (unless impracticable), using the full retrospective approach;
- Identified, recognised and measured assets for Takaful acquisition cash flows as if MFRS 17 had always applied;
- Derecognised any existing balances that would not exist had MFRS 17 always applied; and
- Recognised any resulting net difference in equity.

Where the Full Retrospective Approach ("FRA") has been determined to be impracticable to apply during the implementation period, due to constraints on data or other relevant inputs, the Company has applied the Modified Retrospective Approach ("MRA") and Fair Value Approach ("FVA"). These are described in further detail below.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.1 Changes in accounting policies and disclosure (contd.)

##### **MFRS 17 *Insurance Contracts* (contd.)**

##### **(j) Transition (contd.)**

##### **(a) Full retrospective approach ("FRA")**

The determination of whether it is impracticable to adopt the FRA for group of certificates as at the transition date was made after considering the cost or effort required to collect the required information or create information where the required data is unavailable (either due to system migrations in the past, data retention policies, and changes in requirements introduced by MFRS 17) and if hindsight is needed to determine the estimates at prior periods.

##### **(b) Modified retrospective approach ("MRA")**

The MRA is applied based on reasonable and supportable information available without undue cost or effort to the Company. Certain modifications will be applied to the extent the FRA is not possible, but still with the objective to achieve the closest possible outcome to the FRA application.

##### **(c) Fair value approach ("FVA")**

Under the FVA, the CSM is determined as the positive difference between the fair value determined in accordance with MFRS 13 *Fair Value Measurement* and the fulfilment cash flows (any negative difference will be recognised in retained earnings at the transition date).

The Company has ascertained the Takaful certificate portfolios to which the Company will apply the transition approaches above.

##### **Amendment to MFRS 9 as a result of MFRS 17 implementation**

The Company has adopted MFRS 9 from the financial year ended 31 December 2018. In doing so, the Company has also applied the overlay approach, which allows it to adjust profit or loss for eligible financial assets by removing any accounting volatility to other comprehensive income that may arise from the adoption of MFRS 17. As MFRS 17 allows an election for the effect of changes in discount rates to be recognised through profit or loss ("FVTPL") or through other comprehensive income ("FVOCI"), the Company is in the midst of assessing the reclassification require for eligible financial assets to match against the Takaful certificate liabilities.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.1 Changes in accounting policies and disclosure (contd.)

##### Financial Effect arising from the adoption of MFRS 17 *Insurance Contract*

The Company's primary objectives are to finalize the transition balance sheet, preparing the 2022 comparatives for 2023 reporting, and implementing the end state control environment. The actual impact of adopting MFRS 17 on 1 January 2023, with a transition date of 1 January 2022, may change as the Company continues to embed and refine the new systems, processes, and controls required, including the audit validations. This impact assessment is based on an interim control environment and models that are still undergoing validation. The implementation of the end state control environment will continue as the Company introduces business-as-usual controls throughout 2023.

The comparative figures have been restated to conform with current year's presentation in accordance with MFRS 17 *Insurance Contracts*. The effects of the adjustments on the assets, liabilities and equity on the statement of financial position of the Company as at 31 December 2022 and on the components of profit or loss for the period ended 30 June 2022 are presented below:

#### (a) Statement of financial position as at 31 December 2022

Family Takaful Fund	As previously stated as at 31 December 2022 RM'000	Remapping / Removal of MFRS 4 RM'000	Remeasurement effect of MFRS 17 RM'000	Tax effect RM'000	As restated as at 31 December 2022 RM'000
<b><u>Assets:</u></b>					
Takaful certificate assets	-	-	29,083	-	29,083
Retakaful certificate assets	255,590	(255,590)	282,538	-	282,538
Takaful receivables	142,577	(142,577)	-	-	-
Other assets	135,902	917	-	-	136,819
<b><u>Liabilities:</u></b>					
Takaful certificate liabilities	12,093,785	(999,150)	1,210,869	-	12,305,504
Retakaful certificate liabilities	-	-	2,394	-	2,394
Takaful payables	46,806	(46,806)	-	-	-
Other liabilities	598,761	(252,936)	-	-	345,825

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.1 Changes in accounting policies and disclosure (contd.)

##### Financial Effect arising from the adoption of MFRS 17 *Insurance Contract* (contd.)

##### (a) Statement of financial position as at 31 December 2022 (contd.)

Total Company	As previously stated as at 31 December 2022 RM'000	Remapping / Removal of MFRS 4 RM'000	Remeasurement effect of MFRS 17 RM'000	Tax effect RM'000	As restated as at 31 December 2022 RM'000
<b><u>Assets:</u></b>					
Takaful certificate assets	-	-	500,509	-	500,509
Retakaful certificate assets	255,590	(255,590)	282,538	-	282,538
Takaful receivables	142,577	(142,577)	-	-	-
Other assets	170,964	418	-	-	171,382
Deferred tax assets	127,024	(93,703)	-	26,511	59,832
<b><u>Equities:</u></b>					
Retained Profits	2,316,144	(110,226)	296,486	26,511	2,528,915
<b><u>Liabilities:</u></b>					
Takaful certificate liabilities	12,073,785	(999,150)	1,636,222	-	12,710,857
Retakaful certificate liabilities	-	-	2,394	-	2,394
Expense liabilities	390,424	(390,424)	-	-	-
Takaful payables	49,137	(49,137)	-	-	-
Other liabilities	531,003	(94,570)	-	-	436,433



### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.1 Changes in accounting policies and disclosure (contd.)

#### Financial Effect arising from the adoption of MFRS 17 *Insurance Contract* (CONTD.)

##### (b) Financial impact from adoption of MFRS 17

The following table shows the nature of the measurement adjustments made to the statement of financial position:

Nature of the measurement adjustments	Description
Remapping/ Removal of MFRS 4	Takaful receivables, Takaful payables, retakaful certificate assets, takaful certificate liabilities and other payables were removed on transition and to be replaced within MFRS 17 equivalents.
Remeasurement effect of MFRS 17	<p><u>a) Transition CSM</u> CSM is a component of the takaful certificate liabilities and represents the future unearned profit associated with takaful certificate which will be released to profit or loss over the takaful coverage period.</p> <p><u>b) Fulfilment Cash Flows</u> The measurement of the Takaful certificate assets/liabilities under MFRS17 is based on groups of Takaful certificate and includes a liabilities for fulfilling the contractual obligations associated with the Takaful certificate, such as contributions, expenses, and Takaful benefits and claims. These are recorded within the fulfilment cash flows component of the Takaful certificate liabilities, together with the risk adjustment.</p>
Tax effect	Deferred tax were reported, where appropriate, on temporary differences between the new MFRS 17 accounting balances and associated tax bases.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.1 Changes in accounting policies and disclosure (contd.)

##### Financial Effect arising from the adoption of MFRS 17 *Insurance Contract* (CONTD.)

##### (c) Income statement for the financial period ended 30 June 2022

Total Company	As previously stated for the period ended 30 June 2022 RM'000	Classification and measurement* RM'000	As restated for the period ended 30 June 2022 RM'000
Profit before taxation and zakat	54,742	21,569	76,311
Net profit for the financial period	17,150	22,487	39,637
Other comprehensive loss for the period, net of tax	(52,726)	-	(52,726)

\* *Derecognition of MFRS 4 and recognition of MFRS 17*

#### **4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of unaudited interim condensed financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of income, expenses, assets, liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Although these estimates and judgements are based on management's best knowledge of current events and actions, actual results may differ.

In preparing these unaudited interim condensed financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements for the financial year ended 31 December 2022 except for the measurements related to MFRS 17 *Insurance Contracts*:

##### **i) Estimates of future cash flows**

In estimating the future cash flows, the Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the the Company's view of current conditions at the reporting date and current expectations of future events that might affect those cash flows.

Cash flows within the boundary of a certificate are those that relate directly to the fulfilment of the certificate, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) participants, takaful acquisition cash flows and other costs that are incurred in fulfilling certificates. Takaful acquisition cash flows and other costs that are incurred in fulfilling certificates comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows are attributed to acquisition activities and other fulfilment activities either directly or estimated based on the type of activities performed by the respective business function. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of certificates using methods that are systematic and rational and will be consistently applied to all costs that have similar characteristics, such as based on total contributions, number of certificates or number of claims.

#### **4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTD.)**

##### **ii) Discount rates**

The Company generally determines risk-free discount rates using the observed yield curves of government securities. The yield curve will be interpolated between the last available market data point and an ultimate forward rate, which reflects long-term real interest rate and inflation expectations. Although the ultimate forward rate will be subject to revision, it is expected to be updated only on significant changes on long-term expectations. No adjustment for illiquidity contribution is required given the relatively liquid nature of takaful payout on certificate cancellation or takaful claim.

The requirement to measure liabilities for takaful certificates using risk-free discount rates is a significant change from the Company's previous practice, where liabilities for family takaful certificates were not discounted.

##### **iii) Risk adjustments for non-financial risk**

Risk adjustments for non-financial risk are determined to reflect the compensation that the Company would require for bearing non-financial risk and its degree of risk aversion. The Company applies a confidence level technique to determine the risk adjustments for non-financial risk of both its takaful and retakaful certificates.

Under a confidence level technique, the Company estimates the probability distribution of the expected value of the future cash flows at each reporting date and calculate the risk adjustment for non-financial risk as the excess of the value at risk at the target confidence level over the expected present value of the future cash flows allowing for the associated risks over all future years. The target confidence level is 75th percentile, in line with the regulatory requirement of Bank Negara Malaysia under the Risk-Based Capital Framework for Takaful Operator.

##### **iv) Contractual service margin**

The CSM of a group of certificates is recognised in profit or loss to reflect services provided in each year, by identifying the coverage units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is the quantity of services provided by the certificates in the group, determined by considering for each certificate the quantity of the benefits provided and its expected coverage period. The coverage units will be reviewed and updated at each reporting date.

**5. AUDITOR'S REPORT ON PRECEDING AUDITED ANNUAL FINANCIAL STATEMENTS**

The auditor's report on the audited annual financial statements for the financial year ended 31 December 2022 was not qualified.

**6. SEASONALITY OR CYCLICALITY OF OPERATIONS**

The business of the Company was not materially affected by any seasonal or cyclical fluctuations during the interim financial period ended 30 June 2023.

**7. UNUSUAL ITEMS**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim financial period ended 30 June 2023.

**8. CHANGES IN ESTIMATES**

The preparation of these condensed consolidated interim financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the annual consolidated audited financial statements except the change in accounting estimates and judgements upon adoption of MFRS 17 as disclosed in Note 4.

**9. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES**

There were no issuance or repayment of debt and equity securities for the interim financial period ended 30 June 2023.

**10. DIVIDENDS PAID**

A final single tier dividend of 175.66sen per ordinary share on 100,000,000 ordinary shares amounting to RM175,660,000.00 for the financial year ended 31 December 2022 was approved by the shareholder in Annual General Meeting held on 20 April 2023.

**11. MATERIAL EVENTS SUBSEQUENT TO END OF REPORTING PERIOD**

There were no material events subsequent to the end of the reporting period that require disclosure or adjustments to the unaudited interim condensed financial statements.

**12. CHANGES IN THE COMPOSITION OF THE COMPANY**

There were no changes in the composition of the Company during the interim financial period ended 30 June 2023.

**13. INVESTMENTS**

	<b>Family Takaful fund RM'000</b>	<b>Company RM'000</b>
<b>30.6.2023</b>		
Malaysian government papers	294,676	425,923
Equity securities	478,746	538,617
Debt securities	10,496,558	12,625,849
Unit and property trust funds	58,468	58,468
Structured products	93,954	93,954
Deposits with financial institutions	1,131,602	1,328,073
	<u>12,554,004</u>	<u>15,070,884</u>

<b>31.12.2022</b>		
Malaysian government papers	438,493	574,877
Equity securities	464,448	523,364
Debt securities	10,158,317	12,282,164
Unit and property trust funds	35,878	35,878
Deposits with financial institutions	1,035,683	1,174,551
	<u>12,132,819</u>	<u>14,590,834</u>

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

<b>30.6.2023</b>		
Fair value through profit or loss ("FVTPL"):		
- Designated upon initial recognition	5,437,268	6,202,562
- Held for trading ("HFT")	598,511	629,508
Fair value through other comprehensive income ("FVOCI")	5,386,623	6,910,741
Amortised cost ("AC")	1,131,602	1,328,073
	<u>12,554,004</u>	<u>15,070,884</u>

<b>31.12.2022</b>		
Fair value through profit or loss ("FVTPL"):		
- Designated upon initial recognition	5,340,175	6,117,751
- Held for trading ("HFT")	586,489	618,511
Fair value through other comprehensive income ("FVOCI")	5,170,472	6,680,021
Amortised cost ("AC")	1,035,683	1,174,551
	<u>12,132,819</u>	<u>14,590,834</u>

### 13. INVESTMENTS (CONTD.)

The following investments will mature after 12 months:

	Family Takaful fund RM'000	Company RM'000
<b>30.6.2023</b>		
FVTPL		
- Designated upon initial recognition	5,183,931	5,949,225
FVOCI	5,231,013	6,716,283
	<u>10,414,944</u>	<u>12,665,509</u>

<b>31.12.2022</b>		
FVTPL		
- Designated upon initial recognition	5,150,863	5,928,439
- HFT	139,280	139,280
FVOCI	5,039,697	6,514,250
	<u>10,329,840</u>	<u>12,581,969</u>

#### (i) FVTPL

##### - Designated upon initial recognition

**30.6.2023**

##### At fair value:

Malaysian government papers	84,299	84,299
Debt securities:		
Unquoted in Malaysia	5,259,015	6,024,309
Structured products	93,954	93,954
<b>Total financial assets designated as FVTPL upon initial recognition</b>	<u>5,437,268</u>	<u>6,202,562</u>

**31.12.2022**

##### At fair value:

Malaysian government papers	187,973	187,973
Debt securities:		
Unquoted in Malaysia	5,152,202	5,929,778
<b>Total financial assets designated as FVTPL upon initial recognition</b>	<u>5,340,175</u>	<u>6,117,751</u>

13. INVESTMENTS (CONTD.)

	Family Takaful fund RM'000	Company RM'000
(i) FVTPL (contd.)		
- HFT		
<b>30.6.2023</b>		
<b><u>At fair value:</u></b>		
Malaysian government papers	5,881	5,881
Equity securities:		
Quoted in Malaysia	357,653	377,382
Quoted outside Malaysia	27,346	38,614
Debt securities:		
Unquoted in Malaysia	149,163	149,163
Unit and property trust funds:		
Quoted in Malaysia	3,306	3,306
Quoted outside Malaysia	55,162	55,162
<b>Total HFT financial assets</b>	<b>598,511</b>	<b>629,508</b>
<b>31.12.2022</b>		
<b><u>At fair value:</u></b>		
Malaysian government papers	5,459	5,459
Equity securities:		
Quoted in Malaysia	386,410	408,629
Quoted outside Malaysia	23,618	33,421
Debt securities:		
Unquoted in Malaysia	135,124	135,124
Unit and property trust funds:		
Quoted in Malaysia	3,543	3,543
Quoted outside Malaysia	32,335	32,335
<b>Total HFT financial assets</b>	<b>586,489</b>	<b>618,511</b>



13. INVESTMENTS (CONTD.)

	Family Takaful fund RM'000	Company RM'000
<b>(ii) FVOCI</b>		
<b>30.6.2023</b>		
<u>At fair value:</u>		
Malaysian government papers	204,496	335,743
Debt securities:		
Unquoted in Malaysia	5,088,380	6,452,377
Equity securities:		
Quoted in Malaysia	93,747	122,621
<b>Total FVOCI financial assets</b>	<b>5,386,623</b>	<b>6,910,741</b>
<b>31.12.2022</b>		
<u>At fair value:</u>		
Malaysian government papers	245,061	381,445
Debt securities:		
Unquoted in Malaysia	4,870,991	6,217,262
Equity securities:		
Quoted in Malaysia	54,420	81,314
<b>Total FVOCI financial assets</b>	<b>5,170,472</b>	<b>6,680,021</b>

**13. INVESTMENTS (CONTD.)**

**(ii) FVOCI (contd.)**

Movements in the allowances for impairment losses on financial assets at FVOCI are as follows:

**Family Takaful fund**

	<b>Stage 1</b>	<b>Stage 2</b>	
	<b>12 months ECL RM'000</b>	<b>Lifetime ECL not credit impaired RM'000</b>	<b>Total ECL RM'000</b>
<b>30.6.2023</b>			
At 1 January 2023	243	1,152	1,395
Net adjustment of loss allowance	81	(244)	(163)
New financial assets originated or purchased	7	-	7
Allowance for impairment loss (Note 26)	88	(244)	(156)
At 30 June 2023	331	908	1,239
<b>31.12.2022</b>			
At 1 January 2022	287	728	1,015
Net adjustment of loss allowance	(79)	115	36
New financial assets originated or purchased	53	299	352
Financial assets that have been derecognised	(8)	-	(8)
Changes due to change in risk parameters	(10)	10	-
Allowance for impairment loss	(44)	424	380
At 31 December 2022	243	1,152	1,395

**13. INVESTMENTS (CONTD.)**

**(ii) FVOCI (contd.)**

Movements in the allowances for impairment losses on financial assets at FVOCI are as follows: (contd.)

Company	Stage 1	Stage 2	Total ECL RM'000
	12 months ECL RM'000	Lifetime ECL not credit impaired RM'000	

**30.6.2023**

At 1 January 2023	334	1,471	1,805
Net adjustment of loss allowance	111	(312)	(201)
New financial assets originated or purchased	8	-	8
Allowance for impairment loss (Note 26)	119	(312)	(193)
At 30 June 2023	453	1,159	1,612

**31.12.2022**

At 1 January 2022	351	940	1,291
Net adjustment of loss allowance	(76)	155	79
New financial assets originated or purchased	79	366	445
Financial assets that have been derecognised	(10)	-	(10)
Changes due to change in risk parameters	(10)	10	-
Allowance for impairment loss	(17)	531	514
At 31 December 2022	334	1,471	1,805

**13. INVESTMENTS (CONTD.)**

**(ii) FVOCI (contd.)**

The Company has elected to recognise these equity investments at fair value through other comprehensive income as these investments are held as long term strategic investments that are not expected to be sold in the short term to medium term. Gains or losses on the derecognition of these equity investments are not transferred to profit or loss.

**(iii) AC**

	<b>Family Takaful fund RM'000</b>	<b>Company RM'000</b>
<b>30.6.2023</b>		
<b>Deposits and placements with financial institutions</b>		
Islamic investment accounts with:		
Licensed financial institutions	871,412	989,129
Other licensed financial institutions	260,190	338,944
<b>Total AC financial assets</b>	<u>1,131,602</u>	<u>1,328,073</u>
<b>31.12.2022</b>		
<b>Deposits and placements with financial institutions</b>		
Islamic investment accounts with:		
Licensed financial institutions	712,674	816,542
Other licensed financial institutions	323,009	358,009
<b>Total AC financial assets</b>	<u>1,035,683</u>	<u>1,174,551</u>

The carrying amounts of financial assets classified as AC are reasonable approximations of fair values due to the short term maturity of the financial assets.

**Fair Value of Financial Investments**

An analysis of the different fair value measurement bases used in the determination of the fair values of investments are further disclosed in Note 38 to the unaudited interim condensed financial statements.

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**14. TAKAFUL CERTIFICATES AND RETAKAFUL CERTIFICATES ASSETS/(LIABILITIES)**

The breakdown of groups of takaful certificates issued and retakaful certificates held, that are in an asset and those in a liability position is set out in the table below:

**Family Takaful fund**

**30.6.2023**

	Note	Assets			Liabilities			Total Assets RM'000	Total Liabilities RM'000	Total Net RM'000
		Remaining Coverage RM'000	Incurred Claim RM'000	Total RM'000	Remaining Coverage RM'000	Incurred Claim RM'000	Total RM'000			
Takaful certificate issued	(i)	(2,921,959)	3,072,481	150,522	(6,796,874)	(6,142,388)	(12,939,262)	150,522	(12,939,262)	(12,788,740)
Retakaful certificate held	(ii)	169,990	167,319	337,309	309	(43,028)	(42,719)	337,309	(42,719)	294,590

**31.12.2022 (Restated)**

		Assets			Liabilities			Total Assets RM'000	Total Liabilities RM'000	Total Net RM'000
		Remaining Coverage RM'000	Incurred Claim RM'000	Total RM'000	Remaining Coverage RM'000	Incurred Claim RM'000	Total RM'000			
Takaful certificate issued	(i)	(2,912,693)	2,941,776	29,083	(6,351,700)	(5,953,804)	(12,305,504)	29,083	(12,305,504)	(12,276,421)
Retakaful certificate held	(ii)	97,176	185,362	282,538	(1,181)	(1,213)	(2,394)	282,538	(2,394)	280,144

**14. TAKAFUL CERTIFICATES AND RETAKAFUL CERTIFICATES ASSETS/(LIABILITIES) (CONTD.)**

The breakdown of groups of takaful certificates issued and retakaful certificates held, that are in an asset and those in a liability position is set out in the table below (contd.):

**Total Company**

**30.6.2023**

		Assets			Liabilities			Total Assets RM'000	Total Liabilities RM'000	Total Net RM'000
		Remaining Coverage RM'000	Incurred Claim RM'000	Total RM'000	Remaining Coverage RM'000	Incurred Claim RM'000	Total RM'000			
<b>Takaful certificate issued</b>	<b>(i)</b>	(2,510,541)	3,074,865	564,324	(7,185,049)	(6,145,220)	(13,330,269)	564,324	(13,330,269)	(12,765,945)
<b>Retakaful certificate held</b>	<b>(ii)</b>	169,990	167,319	337,309	309	(43,028)	(42,719)	337,309	(42,719)	294,590

**31.12.2022 (Restated)**

		Assets			Liabilities			Total Assets RM'000	Total Liabilities RM'000	Total Net RM'000
		Remaining Coverage RM'000	Incurred Claim RM'000	Total RM'000	Remaining Coverage RM'000	Incurred Claim RM'000	Total RM'000			
<b>Takaful certificate issued</b>	<b>(i)</b>	(2,443,625)	2,944,134	500,509	(6,754,051)	(5,956,806)	(12,710,857)	500,509	(12,710,857)	(12,210,348)
<b>Retakaful certificate held</b>	<b>(ii)</b>	97,176	185,362	282,538	(1,181)	(1,213)	(2,394)	282,538	(2,394)	284,932

**Notes:**

The Family Takaful Fund/Company disaggregates information to provide disclosure in respect of family takaful certificates issued separately. This is disaggregation has been determined based on how the Family Takaful Fund/Company are managed.

Wakalah fees receivable and surplus receivable are due from Family Takaful Fund and were estimated to arrive at the Company-level balances. These balances are trade in nature, unsecured, not subject to profit elements and is repayable in accordance with the term of the takaful certificates.

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**14. TAKAFUL CERTIFICATE AND RETAKAFUL CERTIFICATE LIABILITIES/(ASSETS) (CONTD.)**

**(i) TAKAFUL CERTIFICATES ISSUED**

The overview of the movement for net asset or liability for takaful certificates issued, showing the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC") is presented in the table below:

<b>Family Takaful fund</b>	<b>30.6.2023</b>			<b>31.12.2022 (Restated)</b>		
	<b>LRC</b>	<b>LIC</b>	<b>Total</b>	<b>LRC</b>	<b>LIC</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Opening takaful certificate liabilities	6,351,700	5,953,804	12,305,504	8,838,049	3,055,139	11,893,188
Opening takaful certificate liabilities/(assets)	2,912,693	(2,941,776)	(29,083)	-	-	-
<b>Net opening takaful certificate liabilities</b>	<b>9,264,393</b>	<b>3,012,028</b>	<b>12,276,421</b>	<b>8,838,049</b>	<b>3,055,139</b>	<b>11,893,188</b>
<u>Changes in the statement of profit or loss and OCI</u>						
Takaful revenue	(235,840)	(456,981)	(692,821)	(484,966)	(850,053)	(1,335,019)
Takaful service expenses	433,346	352,033	785,379	561,633	978,334	1,539,967
Takaful service result	197,506	(104,948)	92,558	76,667	128,281	204,948
Finance expenses from takaful certificate issued	321,461	10,507	331,968	33,251	190	33,441
Investment components	107,316	-	107,316	70,503	-	70,503
<b>Total amount recognised in profit or loss and OCI</b>	<b>626,283</b>	<b>(94,441)</b>	<b>531,842</b>	<b>180,421</b>	<b>128,471</b>	<b>308,892</b>
<b>Net Cash Flows</b>	<b>(171,843)</b>	<b>152,320</b>	<b>(19,523)</b>	<b>245,923</b>	<b>(171,582)</b>	<b>74,341</b>
<b>Net closing Takaful certificate liabilities</b>	<b>9,718,833</b>	<b>3,069,907</b>	<b>12,788,740</b>	<b>9,264,393</b>	<b>3,012,028</b>	<b>12,276,421</b>
Closing Takaful certificate liabilities	6,796,874	6,142,388	12,939,262	6,351,700	5,953,804	12,305,504
Closing Takaful certificate assets	2,921,959	(3,072,481)	(150,522)	2,912,693	(2,941,776)	(29,083)
<b>Net closing Takaful certificate liabilities</b>	<b>9,718,833</b>	<b>3,069,907</b>	<b>12,788,740</b>	<b>9,264,393</b>	<b>3,012,028</b>	<b>12,276,421</b>

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**14. TAKAFUL CERTIFICATE AND RETAKAFUL CERTIFICATE LIABILITIES/(ASSETS) (CONTD.)**

**(i) TAKAFUL CERTIFICATES ISSUED**

The overview of the movement for net asset or liability for takaful certificates issued, showing the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC") is presented in the table below (contd.):

<b>Total Company</b>	<b>30.6.2023</b>			<b>31.12.2022 (Restated)</b>		
	<b>LRC</b>	<b>LIC</b>	<b>Total</b>	<b>LRC</b>	<b>LIC</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Opening Takaful certificate liabilities	6,754,051	5,956,806	12,710,857	8,818,456	3,059,235	11,877,691
Opening takaful certificate liabilities/(assets)	2,443,625	(2,944,134)	(500,509)	(42,125)	-	(42,125)
<b>Net opening Takaful certificate liabilities</b>	<b>9,197,676</b>	<b>3,012,672</b>	<b>12,210,348</b>	<b>8,776,331</b>	<b>3,059,235</b>	<b>11,835,566</b>
<u>Changes in the statement of profit or loss and OCI</u>						
Takaful revenue	(310,184)	(516,784)	(826,968)	(618,143)	(758,841)	(1,376,984)
Takaful service expenses	413,181	427,528	840,709	353,860	1,078,830	1,432,690
Takaful service result	102,997	(89,256)	13,741	(264,283)	319,989	55,706
Finance expenses from takaful certificate issued	321,461	10,507	331,968	32,736	190	32,926
Investment components	107,316	-	107,316	70,503	-	70,503
<b>Total amount recognised in profit or loss and OCI</b>	<b>428,777</b>	<b>10,507</b>	<b>439,284</b>	<b>103,239</b>	<b>190</b>	<b>103,429</b>
<b>Net Cash Flows</b>	<b>69,137</b>	<b>47,176</b>	<b>116,313</b>	<b>318,106</b>	<b>(46,753)</b>	<b>271,353</b>
<b>Net closing Takaful certificate liabilities</b>	<b>9,695,590</b>	<b>3,070,355</b>	<b>12,765,945</b>	<b>9,197,676</b>	<b>3,012,672</b>	<b>12,210,348</b>
Closing Takaful certificate liabilities	7,185,049	6,145,220	13,330,269	6,754,051	5,956,806	12,710,857
Closing Takaful certificate assets	2,510,541	(3,074,865)	(564,324)	2,443,625	(2,944,134)	(500,509)
<b>Net closing Takaful certificate liabilities</b>	<b>9,695,590</b>	<b>3,070,355</b>	<b>12,765,945</b>	<b>9,197,676</b>	<b>3,012,672</b>	<b>12,210,348</b>



14. TAKAFUL CERTIFICATE AND RETAKAFUL CERTIFICATE LIABILITIES/(ASSETS) (CONTD.)

(ii) RETAKAFUL CERTIFICATES HELD

The overview of the movement for net asset or liability for retakaful certificates held, showing the assets for remaining coverage ("ARC") and the amounts recoverable on incurred claims ("AIC") is presented in the table below:

Family Takaful fund/Total Company	30.6.2023			31.12.2022 (Restated)		
	ARC RM'000	AIC RM'000	Total RM'000	ARC RM'000	AIC RM'000	Total RM'000
Opening retakaful operators' takaful certificate assets	97,176	185,362	282,538	124,562	133,221	257,783
Opening retakaful operators' takaful certificate liabilities	(1,181)	(1,213)	(2,394)	-	-	-
<b>Net opening retakaful certificate assets</b>	<b>95,995</b>	<b>184,149</b>	<b>280,144</b>	<b>124,562</b>	<b>133,221</b>	<b>257,783</b>
<u>Changes in the statement of profit or loss and OCI</u>						
Net income/(expense) from retakaful certificate held	(4,905)	4,509	(396)	(93,380)	103,271	9,891
Finance expense from retakaful certificate held	-	-	-	(17,519)	-	(17,519)
<b>Total amount recognised in profit or loss and OCI</b>	<b>91,090</b>	<b>188,658</b>	<b>279,748</b>	<b>13,663</b>	<b>236,492</b>	<b>250,155</b>
<b>Net Cash flows</b>	<b>79,209</b>	<b>(64,367)</b>	<b>14,842</b>	<b>82,332</b>	<b>(52,343)</b>	<b>29,989</b>
<b>Net closing retakaful certificate assets</b>	<b>170,299</b>	<b>124,291</b>	<b>294,590</b>	<b>95,995</b>	<b>184,149</b>	<b>280,144</b>
Closing retakaful certificate assets	169,990	167,319	337,309	97,176	185,362	282,538
Closing retakaful certificate liabilities	309	(43,028)	(42,719)	(1,181)	(1,213)	(2,394)
<b>Net closing retakaful certificate assets</b>	<b>170,299</b>	<b>124,291</b>	<b>294,590</b>	<b>95,995</b>	<b>184,149</b>	<b>280,144</b>

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**15. OTHER ASSETS**

	<b>Family Takaful fund RM'000</b>	<b>Company RM'000</b>
<b>30.6.2023</b>		
Sundry receivables, deposits and prepayments	8,135	20,126
Allowance for impairment losses	(507)	(2,997)
	<u>7,628</u>	<u>17,129</u>
Income and profits due and accrued	146,997	176,165
Amount due from other related companies*(Note 37)	-	307
Amounts due from Shareholder's fund*	44,864	-
Amount due from stockbrokers	1,891	2,675
	<u>193,752</u>	<u>179,147</u>
<b>Total other assets</b>	<u>201,380</u>	<u>196,276</u>
<b>31.12.2022 (Restated)</b>		
Sundry receivables, deposits and prepayments	1,685	10,559
Allowance for impairment losses	(507)	(3,027)
	<u>1,178</u>	<u>7,532</u>
Income and profits due and accrued	131,993	159,501
Amount due from related companies*(Note 37)	-	42
Amounts due from stockbrokers	3,648	4,307
	<u>135,641</u>	<u>163,850</u>
<b>Total other assets</b>	<u>136,819</u>	<u>171,382</u>

**15. OTHER ASSETS (CONTD.)**

Movements in the allowances for impairment losses on other assets are as follows:

<b>Family Takaful fund</b>	<b>Not credit impaired RM'000</b>	<b>Credit impaired RM'000</b>	<b>Total ** RM'000</b>
<u>Gross carrying amount</u>			
At 1 January 2022	152,842	507	153,349
Decrease	(17,431)	-	(17,431)
At 31 December 2022	135,411	507	135,918
Increase	62,937	-	62,937
At 30 June 2023	198,348	507	198,855
<u>Lifetime ECL</u>			
At 1 January 2022/30 June 2023	-	507	507
<b>Company</b>			
<u>Gross carrying amount</u>			
At 1 January 2022	189,753	4,839	194,592
Decrease	(18,628)	(2,963)	(21,591)
At 31 December 2022	171,125	1,876	173,001
Increase	23,174	66	23,240
At 30 June 2023	194,299	1,942	196,241
<u>Lifetime ECL</u>			
At 1 January 2022	-	2,997	2,997
Increase	10	19	30
At 31 December 2022	10	3,016	3,027
Decrease	(2)	(27)	(30)
At 30 June 2023	8	2,989	2,997

\* Amount due from other related companies and amount due from Shareholder fund are non-trade in nature, unsecured, not subject to any profit elements and are repayable in the short-term.

\*\* Movement for impairment losses for other assets is net of prepayments, deposits and service tax recoverable.

The carrying amounts (other than prepayments) are reasonable approximations of fair values due to the relatively short-term maturity of these balances.

**16. CURRENT TAX ASSETS**

	<b>Family Takaful fund RM'000</b>	<b>Company RM'000</b>
<b>30.6.2023</b>		
At 1 January 2023	200	79,875
Reversal during the period		
YA2016 (offset YA2023 instalment)	-	(380)
At 30 June 2023	<u>200</u>	<u>79,495</u>
<b>31.12.2022</b>		
At 1 January 2022	-	82,053
Additional assessment during the year		
YA2022	200	200
YA2020 (offset YA2022 instalment)	-	(2,378)
At 31 December 2022	<u>200</u>	<u>79,875</u>

The Inland Revenue Board of Malaysia ("IRBM") has raised additional assessments to the Company for Years of Assessment ("YA") 2008 to 2015, totalling RM79,294,000, of which additional assessment for YA2015 of RM1,479,000 was raised on 31 December 2020 and for YA2014 of RM2,120,000 was raised on 30 December 2019. These additional assessments were in respect of the businesses of the Company prior to the conversion of the composite takaful licence to a family takaful licence, which was effected on 28 December 2017.

**16. CURRENT TAX ASSETS (CONTD.)**

The Company has made full settlement of the additional assessments raised by the IRBM as and when they arose, and subsequently, submitted Notices of Appeal by filing the required Forms Q with the Special Commissioner of Income Tax ("SCIT"). The Company had decided to pursue these appeals after obtaining the relevant opinions from its legal counsel, which was premised on the fact that the bases used to raise the additional assessments are not equitable. The specific issues raised and corresponding additional tax assessments issued are as summarised below:

- (a) Deductibility of commission expenses incurred by the Shareholder's fund ("SHF") in connection with General Takaful fund ("GTF") for YA2008 to YA2013 amounting to RM72,858,000.

The SCIT had heard witnesses' evidence from both parties on 27 July 2020, 11 August 2020 and 14 September 2020. The parties have filed in their respective written submissions and the oral submission was heard on 5 February 2021. The SCIT had on 19 February 2021 rejected the Company's appeal. The case is scheduled to be heard at the Court of Appeal on 30 November 2023.

- (b) Deeming of surplus earned on retakaful ceded for Family Takaful fund's business as incidental income of the Company under Section 60AA(13) of the Income Tax Act, 1967 (YA2014 to YA2015), amounting to RM3,186,000.

The Ministry of Finance ("MOF") has issued pronouncement on 25 February 2022 in response to letter of application submitted by Persatuan Insurans Hayat Malaysia ("LIAM") dated 7 December 2020, concluded that the profit commission earned on retakaful ceded for family takaful business should not be treated under incidental income of the Company under Section 60AA(13) of the Income Tax Act, 1967, hence not subject to tax. The same letter was copied to Malaysia Takaful Association ("MTA"). The court fixed the matter for mention on 11 September 2023 to update the settlement status by IRBM.

- (c) The SCIT has on 19 February 2021, conceded on the appeals for exemption of wakalah fees and on the deductibility of the interest paid on judgment. These, together with other minor issues, amounted to RM3,250,000.

Based on legal advice, the Company is of the view that it has strong justifications for the appeals and continues to treat the additional assessments paid as current tax assets in the financial statements.

## 17. RESERVES

Total Company		30.6.2023	31.12.2022 (Restated)
	Note	RM'000	RM'000
<b>Reserves:</b>			
FVOCI Reserve	(i)	(7,417)	(43,357)
		<u>(7,417)</u>	<u>(43,357)</u>
<b>Retained profits:</b>			
Distributable	(ii)	2,468,762	2,528,915
		<u>2,468,762</u>	<u>2,528,915</u>
<b>Total reserves</b>		<u>2,461,345</u>	<u>2,485,558</u>

(i) The FVOCI reserve arose from changes in the fair values of the financial assets which are measured at fair value through other comprehensive income.

(ii) The entire distributable profits of the Company may be distributed to the shareholders under the single-tier system.

## 18. OTHER LIABILITIES

	Family Takaful fund RM'000	Company RM'000
<b>30.6.2023</b>		
Contribution deposits	26,310	26,310
Lease liabilities	-	6
Provision for restoration/dismantling costs	-	76
Amount due to stockbrokers	21,303	31,312
Unclaimed monies	94,973	94,973
Service tax payable	13,060	13,060
Withholding tax payable	28,684	28,684
Amount due to related companies* (Note 37):		
- ultimate holding company	-	4,665
- immediate and penultimate holding companies	-	1,597
- other related companies	9	2,253
Zakat payable	-	5,812
Provisions for expenses	-	34,419
Commission payables from contribution	42,391	42,391
Sundry payables and accrued liabilities	35,385	70,176
<b>Total other liabilities</b>	<u>262,115</u>	<u>355,734</u>

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**18. OTHER LIABILITIES (CONTD.)**

	<b>Family Takaful fund RM'000</b>	<b>Company RM'000</b>
<b>31.12.2022 (Restated)</b>		
Contribution deposits	7,715	7,715
Lease liabilities	-	96
Provision for restoration/dismantling costs	-	76
Amounts due to Shareholder's fund	12,027	-
Unclaimed monies	153,631	153,631
Service tax payable	10,646	10,646
Withholding tax payable	20,388	20,388
Amount due to related companies* (Note 37):		
- ultimate holding company*	-	8,672
- immediate and penultimate holding companies*	-	1,228
- other related companies*	230	3,551
Zakat payable	-	11,216
Provisions for expenses	-	32,289
Commission payables from contribution	34,433	34,433
Sundry payables and accrued liabilities	106,755	152,492
<b>Total other liabilities</b>	<b>345,825</b>	<b>436,433</b>

\* Amount due to ultimate holding company, immediate holding company and other related companies are non-trade in nature, unsecured, not subject to any profit elements and are repayable in the short-term.

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**19. TAKAFUL REVENUE**

The table below presents an analysis of the total takaful revenue recognised in the period:

	<b>1.1.2023 to 30.6.2023</b>		<b>1.1.2022 to 30.6.2022</b> <b>(Restated)</b>	
	<b>Family Takaful Fund RM'000</b>	<b>Company RM'000</b>	<b>Family Takaful Fund RM'000</b>	<b>Company RM'000</b>
<b>Takaful revenue from certificates not measure under the PAA</b>				
Amounts relating to changes in liabilities for remaining coverage				
- Amount of CSM recognised in profit or loss	-	65,144	-	66,917
- Change in risk adjustment for non financial risk	-	26,771	-	17,187
- Expected incurred claims and other takaful service expenses	456,981	516,784	418,845	476,814
Allocation of the portion of contributions that relate to the recovery of takaful acquisition	48,287	30,715	37,769	23,920
	<u>505,268</u>	<u>639,414</u>	<u>456,614</u>	<u>584,838</u>
<b>Takaful revenue from certificates measure under the PAA</b>				
Release of contributions for current period (PAA)	187,553	187,554	201,988	201,987
<b>Total Takaful Revenue</b>	<u>692,821</u>	<u>826,968</u>	<u>658,602</u>	<u>786,825</u>



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**20. TAKAFUL SERVICE EXPENSES**

The table below presents an analysis of the total takaful service expenses recognised in the period:

	Note	1.1.2023 to 30.6.2023		1.1.2022 to 30.6.2022 (Restated)	
		Family Takaful Fund RM'000	Company RM'000	Family Takaful Fund RM'000	Company RM'000
Incurring claims and other directly attributable expenses		(420,205)	(495,700)	(432,231)	(496,417)
Changes that relate to the past service - adjustment to the Liabilities Incurred Claim ("LIC")		68,172	68,172	12,754	12,754
Losses on onerous certificates and reversal of those losses		-	(3,485)	-	978
Takaful acquisition cash flow amortisation	(i)	(73,086)	(47,621)	(59,898)	(42,637)
Others		(360,260)	(362,075)	(190,107)	(191,380)
<b>Total takaful service expenses</b>		<b>(785,379)</b>	<b>(840,709)</b>	<b>(669,482)</b>	<b>(716,702)</b>

**Notes:**

- (i) Acquisition cash flows are allocated on a straight-line basis over the coverage period of the group of certificates. Refer to Note 3.1 for details of accounting policy.

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**20. TAKAFUL SERVICE EXPENSES (CONTD.)**

	<b>1.1.2023 to 30.6.2023  RM'000</b>	<b>1.1.2022 to 30.6.2022 (Restated) RM'000</b>
The breakdown of expenses incurred by the Shareholder's Fund:		
Commission expenses	22,717	15,829
Employee benefits expenses	28,767	26,038
Depreciation expenses	849	787
Amortisation expenses	568	536
Other expenses	22,595	20,995
	<u>75,496</u>	<u>64,185</u>
Add: Amortisation of acquisition cash flows	47,621	42,637
	<u>123,117</u>	<u>106,822</u>
<b>Represented by:</b>		
Takaful service expenses:	75,496	64,185
Maintenance expenses	<u>75,496</u>	<u>64,185</u>
Other expenses	<u>47,621</u>	<u>42,637</u>
	<u>123,117</u>	<u>106,822</u>

## 21. NET (EXPENSES)/INCOME FROM RETAKAFUL CERTIFICATE HELD

The Company has voluntarily disclosed an analysis of the net expenses from retakaful certificates held recognised in the period in the table below:

		1.1.2023 to 30.6.2023		1.1.2022 to 30.6.2022 (Restated)	
		Family Takaful Fund RM'000	Company RM'000	Family Takaful Fund RM'000	Company RM'000
	Note				
<b>Retakaful expenses from certificates not measured under PAA</b>					
Amount relating to the changes in the asset for remaining coverage					
- expected claims/recovery and other expenses recovery incurred in the period		-	-	(25,308)	(25,308)
		-	-	(25,308)	(25,308)
<b>Retakaful (expenses)/income from certificates measured under PAA</b>					
Other incurred directly attributable expenses	(a)	(4,905)	(4,905)	15,320	15,320
Claims recovered	(b)	32,588	32,588	41,041	41,041
Changes that relate to the future service - changes in the FCF that do not adjust the CSM for the group of underlying takaful certificates		-	-	129	129
Changes that relate to the past service - adjustment to incurred claims.		(28,079)	(28,079)	1,525	1,525
		(396)	(396)	58,015	58,015
<b>Total net (expenses)/income from retakaful certificates held</b>		(396)	(396)	32,707	32,707

### Notes:

- Net cost/gain recognised in profit or loss during the coverage period of the corresponding group of retakaful certificates held based on coverage units. Refer to Note 3.1.
- Expected recovery for takaful service expenses incurred in the period comprise recovery for claims and other expenses which the Family Takaful Fund expects to receive from retakaful operators on covered events occurred during the period.

**22. PROFIT REVENUE FROM FINANCIAL ASSETS NOT MEASURED AT FVTPL**

	<b>Family Takaful Fund RM'000</b>	<b>Company RM'000</b>
<b>1.1.2023 to 30.6.2023</b>		
<b>Profit income</b>		
<b>(i) Financial Assets at FVOCI</b>		
Investment		
-Malaysian government papers	4,451	7,221
-Debt securities	116,983	147,943
<b>(ii) Financial Assets at AC</b>		
Investment		
-Deposits with financial institutions	22,465	24,799
Financing receivables		
-Staff loans	-	100
-Non-staff loans	-	101
-Other	32	32
<b>Total profit revenue from financial assets not measured at FVTPL</b>	<b>143,931</b>	<b>180,196</b>
<b>1.1.2022 to 30.6.2022 (Restated)</b>		
<b>Profit income</b>		
<b>(i) Financial Assets at FVOCI</b>		
Investment		
-Malaysian government papers	6,677	9,423
-Debt securities	102,979	129,810
<b>(ii) Financial Assets at AC</b>		
Investment		
-Deposits with financial institutions	10,167	11,910
Financing receivables		
-Staff loans	-	106
-Non-staff loans	-	4
-Other	17	18
<b>Total profit revenue from financial assets not measured at FVTPL</b>	<b>119,840</b>	<b>151,271</b>

**23. NET FAIR VALUE GAIN/(LOSS) ON FINANCIAL ASSETS MEASURED AT FVTPL**

	<b>Family Takaful Fund RM'000</b>	<b>Company RM'000</b>
<b>1.1.2023 to 30.6.2023</b>		
<b>Realised losses on disposal on financial assets</b>		
Investment	(21,267)	(22,758)
<b>Fair value gains/(losses) on:</b>		
Investment		
-Malaysian government papers	9,615	9,615
-Equity securities	4,219	5,198
-Debt securities	170,381	194,175
-Unit and property trust funds	9,090	9,090
-Structured products	(6,046)	(6,046)
<b>Total net fair value gain on financial assets measured at FVTPL</b>	<b>165,992</b>	<b>189,274</b>
<b>1.1.2022 to 30.6.2022 (Restated)</b>		
<b>Realised losses on disposal on financial assets</b>		
Investment	(4,318)	(5,229)
<b>Fair value (losses)/gains on:</b>		
Investment		
-Malaysian government papers	(9,695)	(9,695)
-Equity securities	(50,286)	(53,034)
-Debt securities	(290,747)	(342,070)
-Unit and property trust funds	(4,097)	(4,129)
-Derivative Liabilities	487	487
<b>Total net fair value loss on financial assets measured at FVTPL</b>	<b>(358,656)</b>	<b>(413,670)</b>

**24. NET FAIR VALUE GAINS/(LOSSES) ON DERECOGNITION OF FINANCIAL ASSETS MEASURED AT FVOCI**

	<b>Family Takaful Fund RM'000</b>	<b>Company RM'000</b>
<b>1.1.2023 to 30.6.2023</b>		
<b>Financial Assets at FVOCI</b>		
Investment		
-Malaysian government papers	894	1334
-Debt securities	-	23
<b>Total net fair value gains on derecognition of financial assets measured at FVOCI</b>	<b>894</b>	<b>1,357</b>
<b>1.1.2022 to 30.6.2022 (Restated)</b>		
<b>Financial Assets at FVOCI</b>		
Investment		
-Malaysian government papers	(11)	(11)
-Debt securities	(58)	(91)
<b>Total net fair value losses on derecognition of assets measured at FVOCI</b>	<b>(69)</b>	<b>(102)</b>

**25. OTHER INVESTMENT INCOME**

<b>1.1.2023 to 30.6.2023</b>		
Dividend/distribution income:		
Equity securities	10,222	12,094
Profit income at FVTPL:		
Investment	133,852	153,311
Rental income	-	27
Net amortisation of premiums	(9,872)	(12,685)
Investment related expenses, net	(1,144)	(2,003)
<b>Total other investment income</b>	<b>133,058</b>	<b>150,744</b>
<b>1.1.2022 to 30.6.2022 (Restated)</b>		
Dividend/distribution income:		
Equity securities	7,971	9,271
Profit income at FVTPL:		
Investment	133,705	156,424
Rental income	-	27
Net amortisation of premiums	(8,884)	(11,261)
Investment related expenses, net	(1,142)	(1,780)
<b>Total other investment income</b>	<b>131,650</b>	<b>152,681</b>

**26. NET IMPAIRMENT LOSS ON FINANCIAL ASSETS**

	<b>Family Takaful Fund RM'000</b>	<b>Company RM'000</b>
<b>1.1.2023 to 30.6.2023</b>		
Reversal of impairment losses on:		
- investments	156	193
<b>Total reversal of impairment loss on financial assets</b>	<u>156</u>	<u>193</u>
<b>1.1.2022 to 30.6.2022 (Restated)</b>		
Impairment losses on:		
- investments	(102)	(160)
<b>Total net impairment loss on financial assets</b>	<u>(102)</u>	<u>(160)</u>

**27. FINANCE (EXPENSES)/INCOME FROM TAKAFUL CERTIFICATE ISSUED**

An analysis of net investment income and net takaful finance expenses

	<b>1.1.2023 to 30.6.2023</b>		<b>1.1.2022 to 30.6.2022 (Restated)</b>	
	<b>Direct certificates RM'000</b>	<b>Total RM'000</b>	<b>Direct certificates RM'000</b>	<b>Total RM'000</b>
<b>Family Takaful Fund</b>				
<b>Finance (expenses)/income from takaful certificates issued</b>				
Changes in fair value of underlying assets of certificates measured under the VFA	(153,695)	(153,695)	210,761	210,761
Profit accreted using current financial assumption	(135)	(135)	(75)	(75)
Effect of changes in profit rates and other financial assumptions	(10,371)	(10,371)	4,775	4,775
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates/ Profit accreted using locked-in-rate	(167,767)	(167,767)	(102,763)	(102,763)
<b>Finance expenses from takaful certificates issued</b>	<b>(331,968)</b>	<b>(331,968)</b>	<b>112,698</b>	<b>112,698</b>
<b>Represented by:</b>				
Amount recognised in profit and loss	(331,968)	(331,968)	112,698	112,698
	<b>(331,968)</b>	<b>(331,968)</b>	<b>112,698</b>	<b>112,698</b>



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**27. FINANCE (EXPENSES)/INCOME FROM TAKAFUL CERTIFICATE ISSUED (CONTD.)**

An analysis of net investment income and net takaful finance expenses (contd.).

Company	1.1.2023 to 30.6.2023		1.1.2022 to 30.6.2022 (Restated)	
	Direct certificates RM'000	Total RM'000	Direct certificates RM'000	Total RM'000
<b>Finance (expenses)/income from takaful certificates issued</b>				
Changes in fair value of underlying assets of certificates measured under the VFA	(153,695)	(153,695)	210,761	210,761
Profit accreted using current financial assumption	(135)	(135)	(75)	(75)
Effect of changes in profit rates and other financial assumptions	(10,371)	(10,371)	4,775	4,775
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates/ Profit accreted using locked-in-rate	(167,767)	(167,767)	(102,746)	(102,746)
<b>Finance expenses from takaful certificates issued</b>	<b>(331,968)</b>	<b>(331,968)</b>	<b>112,715</b>	<b>112,715</b>
<b>Represented by:</b>				
Amount recognised in profit and loss	(331,968)	(331,968)	112,715	112,715
	(331,968)	(331,968)	112,715	112,715

## 28. FINANCE EXPENSES FROM RETAKAFUL CERTIFICATE HELD

An analysis of net investment income and net retakaful finance expenses

	1.1.2023 to 30.6.2023		1.1.2022 to 30.6.2022 (Restated)	
	Direct	Total	Direct	Total
	certificates	RM'000	certificates	RM'000
Family Takaful Fund				
<b>Finance expenses from retakaful certificates held</b>				
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates/Profit accreted using locked-in-rate	-	-	-	(39,645)
<b>Finance expenses from retakaful certificates held</b>	-	-	-	(39,645)
<b>Represented by:</b>				
Amount recognised in profit and loss	-	-	-	(39,645)
	-	-	-	(39,645)
<b>Company</b>				
<b>Finance expenses from retakaful certificates held</b>				
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates/Profit accreted using locked-in-rate	-	-	-	(39,645)
<b>Finance expenses from retakaful certificates held</b>	-	-	-	(39,645)
<b>Represented by:</b>				
Amount recognised in profit and loss	-	-	-	(39,645)
	-	-	-	(39,645)

**29. OTHER INCOME**

	<b>Family Takaful Fund RM'000</b>	<b>Company RM'000</b>
<b>1.1.2023 to 30.6.2023</b>		
<b>Other revenues</b>		
Reversal losses on:		
- financing receivables	-	266
- other assets	-	30
Sundry income	-	377
<b>Total other revenues</b>	<b>-</b>	<b>673</b>
<b>Total other income</b>	<b>-</b>	<b>673</b>
<b>1.1.2022 to 30.6.2022 (Restated)</b>		
<b>Other revenues</b>		
Sundry income	27	1,526
<b>Total other revenues</b>	<b>27</b>	<b>1,526</b>
<b>Total other income</b>	<b>27</b>	<b>1,526</b>

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**30. OTHER EXPENSES**

An analysis of the expenses incurred by the Company in the reporting period is included in the table below:-

	1.1.2023 to 30.6.2023				1.1.2022 to 30.6.2022 (Restated)			
	Expenses attributed to takaful acquisition cash flows RM'000	Other directly attributable expenses RM'000	Other expenses RM'000	Total RM'000	Expenses attributed to takaful acquisition cash flows RM'000	Other directly attributable expenses RM'000	Other expenses RM'000	Total RM'000
Commission	51,834	23,043	-	74,877	74,876	16,174	-	91,050
Employee benefits expense (a)	20,502	37,025	1,860	59,387	14,978	35,052	1,178	51,208
Directors' fees and remuneration (Note 31)	-	-	500	500	-	-	490	490
Shariah Committee's remuneration (Note 32)	-	162	-	162	-	-	176	176
Auditors' remuneration:								
- statutory audits	-	181	-	181	-	166	-	166
- other services	-	118	-	118	-	120	-	120
Amortisation of intangible assets	-	704	-	704	-	657	-	657
Other finance cost	-	1,822	2	1,824	-	1,844	-	1,844
Depreciation of property, plant and equipment	-	29	-	29	-	60	-	60
Right-of-use expenses:								
-Depreciation	-	84	-	84	-	84	-	84
-Lease liabilities profit	-	2	-	2	-	5	-	5
Other management fees	38	1,862	38	1,938	-	786	945	1,731
Professional fees	-	2	-	2	-	280	-	280
Rental of offices/premises	996	1,772	26	2,794	782	2,194	2	2,978
Office facilities expenses	-	784	-	784	-	126	-	126
Electronic data processing expenses	303	3,668	-	3,971	301	3,901	-	4,202
Information technology outsourcing	1,562	4,687	-	6,249	1,124	4,245	-	5,369
Postage and stamp duties	150	251	10	411	128	459	2	589
Printing and stationery	-	238	-	238	-	611	-	611
Promotional and marketing cost	29,691	-	92	29,783	30,134	-	240	30,374
Carried forward	53,242	52,915	2,528	108,685	47,447	50,338	3,033	100,818

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**30. OTHER EXPENSES (CONTD.)**

An analysis of the expenses incurred by the Company in the reporting period is included in the table below (contd.):-

	1.1.2023 to 30.6.2023				1.1.2022 to 30.6.2022 (Restated)			
	Expenses attributed to takaful acquisition cash flows RM'000	Other directly attributable expenses RM'000	Other expenses RM'000	Total RM'000	Expenses attributed to takaful acquisition cash flows RM'000	Other directly attributable expenses RM'000	Other expenses RM'000	Total RM'000
Brought forward	53,242	52,915	2,528	108,685	47,447	50,338	3,033	100,818
Training expenses	370	491	1	862	12	283	-	295
Utilities, assessment and maintenance	430	2,120	3	2,553	643	2,857	-	3,500
Entertainment	-	-	123	123	-	-	69	69
Travelling expenses	225	145	22	392	74	49	5	128
Legal fees	-	19	-	19	-	46	-	46
Licence, Subscription and Levies	-	2,918	-	2,918	-	3,084	-	3,084
Contract staff services	235	925	2	1,162	165	1,093	1	1,259
Others	2,144	5,216	197	7,557	1,666	3,376	340	5,382
<b>Total</b>	<b>56,646</b>	<b>64,749</b>	<b>2,876</b>	<b>124,271</b>	<b>50,007</b>	<b>61,126</b>	<b>3,448</b>	<b>114,581</b>
<b><u>Other operating expenses</u></b>								
Assets impairment								
-other impairments	-	-	-	-	-	-	250	250
Sundry expenditure	-	-	(475)	(475)	-	-	(157)	(157)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(475)</b>	<b>(475)</b>	<b>-</b>	<b>-</b>	<b>93</b>	<b>93</b>
<b>Total other expenses</b>	<b>108,480</b>	<b>87,792</b>	<b>2,401</b>	<b>198,673</b>	<b>124,883</b>	<b>77,300</b>	<b>3,541</b>	<b>205,724</b>

**30. OTHER EXPENSES (CONTD.)**

	<b>Family Takaful Fund RM'000</b>	<b>Company RM'000</b>
<b>(a) Employee Benefits Expense:</b>		
<b>1.1.2023 to 30.6.2023</b>		
Wages, salaries and bonuses	6,436	45,540
Employees Provident Fund ("EPF")	1,008	7,099
Social Security Contributions ("SOCSO")	33	346
Employees' Share Grant Plan ("ESGP")	170	1,060
Other benefits	611	5,342
	<u>8,258</u>	<u>59,387</u>
<b>1.1.2022 to 30.6.2022</b>		
Wages, salaries and bonuses	6,892	38,863
EPF	1,085	6,040
SOCISO	35	265
Other benefits	1,002	6,040
	<u>9,014</u>	<u>51,208</u>

**(b) The details of remuneration of CEO during the year are as follows:**

	<b>1.1.2023 to 30.6.2023 RM'000</b>	<b>1.1.2022 to 30.6.2022 RM'000</b>
Salary	435	397
Bonus	350	300
EPF	129	115
Other emoluments	40	41
	<u>954</u>	<u>853</u>

**31. DIRECTORS' FEES AND REMUNERATION**

	<b>1.1.2023 to 30.6.2023 RM'000</b>	<b>1.1.2022 to 30.6.2022 RM'000</b>
<b>Family Takaful Fund/Company</b>		
Non-executive directors:		
Fees	390	390
Other emoluments	110	100
	<u>500</u>	<u>490</u>

**The details of the remuneration of the directors of the Company are as follows:**

	<b>Fees RM'000</b>	<b>Other emoluments RM'000</b>	<b>Total RM'000</b>
<b>1.1.2023 to 30.6.2023</b>			
Non-executive directors:			
Dato' Majid Bin Mohamad (Chairman)	90	24	114
Dato' Johan Bin Ariffin	60	14	74
Mr. Wong Pakshong Kat Jeong			
Colin Stewart	60	14	74
Mr. Andrew King Sun Cheung	60	14	74
Prof. Dr. Azman Bin Mohd Noor	60	18	78
En. Mohd Din Bin Merican	60	26	86
	<u>390</u>	<u>110</u>	<u>500</u>
		-	
<b>1.1.2022 to 30.6.2022</b>			
Non-executive directors:			
Dato' Majid Bin Mohamad (Chairman)	90	23	113
Dato' Johan Bin Ariffin	60	12	72
Mr. Andrew King Sun Cheung	60	14	74
Mr. Wong Pakshong Kat Jeong			
Colin Stewart	60	14	74
Prof. Dr. Azman Bin Mohd Noor	60	16	76
En. Mohd Din Bin Merican	60	21	81
	<u>390</u>	<u>100</u>	<u>490</u>

**32. SHARIAH COMMITTEE'S REMUNERATION**

	<b>1.1.2023 to 30.6.2023 RM'000</b>	<b>1.1.2022 to 30.6.2022 RM'000</b>
<b>Family Takaful Fund/Company</b>		
Fees	83	84
Other emoluments	79	92
	<u>162</u>	<u>176</u>

The total remuneration of the Shariah Committee of the Company are as follows:

	<b>Fees RM'000</b>	<b>Other emoluments RM'000</b>	<b>Total RM'000</b>
<b>1.1.2023 to 30.6.2023</b>			
Shariah committee:			
Prof Dr. Azman Mohd Noor (Chairman)	18	14	32
Prof Dr. Aznan bin Hasan	13	13	26
Prof Datin Dr. Rusni binti Hassan	13	13	26
Prof Dr. Abdul Rahim bin Abdul Rahman	13	13	26
Prof Dato' Dr. Mohd Azmi bin Omar	13	13	26
Sahibus Samahah Dato' Dr. Mohamad Sabri Haron	13	13	26
	<u>83</u>	<u>79</u>	<u>162</u>
<b>1.1.2022 to 30.6.2022</b>			
Shariah committee:			
Prof Dr. Aznan bin Hasan (Chairman)	17	15	32
Prof Dr. Rusni binti Hassan	14	15	29
Prof Dr. Abdul Rahim bin Abdul Rahman	14	15	29
Prof Dato' Dr. Mohd Azmi bin Omar	13	16	29
Prof Dr. Azman Mohd Noor	13	16	29
Sahibus Samahah Dato' Dr. Mohamad Sabri Haron	13	15	28
	<u>84</u>	<u>92</u>	<u>176</u>



### 33. TAX EXPENSE INCURRED ON BEHALF OF PARTICIPANTS

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 (Restated) RM'000
<b>Family Takaful fund</b>		
Income tax:		
Current financial period	43	78
Withholding tax borne by the participants	8,289	15,376
Deferred taxation:		
Relating to origination and reversal of temporary differences	13,990	(27,496)
	<u>22,322</u>	<u>(12,042)</u>

#### Taxation of shareholders' funds

The income tax for Shareholders' fund in relation to the Malaysia operations are calculated at the statutory tax rate of 24% (2022: 24%) of the estimated assessable profit respectively for the financial year.

#### Taxation of family takaful business

The income tax for Family Takaful funds are calculated based on the statutory rate of 8% (2022: 8%) of the estimated assessable investment income net of allowable deductions for the financial year for the Malaysian operations.

### **34. TAXATION**

#### **Major components of income tax expense**

The major components of income tax expense for the period ended 30 June 2023 and 30 June 2022 are:

	<b>1.1.2023 to 30.6.2023 RM'000</b>	<b>1.1.2022 to 30.6.2022 (Restated) RM'000</b>
<b><u>Income Statements</u></b>		
Income tax:		
Tax expense for the financial period	43,907	44,614
Overprovision of taxation in prior financial years	(663)	-
Deferred taxation:		
Relating to origination and reversal of temporary differences	(6,568)	(9,930)
	<u>36,676</u>	<u>34,684</u>

#### **Statement of Comprehensive**

##### **Family Takaful fund**

Deferred income tax related to other  
comprehensive income:

- Fair value changes on debt securities at FVOCI	15,019	(22,409)
- Fair value changes on equities securities at FVOCI	(260)	(140)
	<u>14,759</u>	<u>(22,549)</u>

##### **Total Company**

Deferred income tax related to other  
comprehensive income:

- Fair value changes on debt securities at FVOCI	26,563	(44,541)
- Fair value changes on equities securities at FVOCI	(454)	(399)
	<u>26,109</u>	<u>(44,940)</u>

### 34. TAXATION (CONTD.)

#### Reconciliation between tax expense and accounting profit

The reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company are as follows:

	<b>1.1.2023 to 30.6.2023 RM'000</b>	<b>1.1.2022 to 30.6.2022 (Restated) RM'000</b>
Profit before taxation and zakat	154,872	76,311
Taxation at Malaysian statutory tax rate of 24%	37,169	18,315
Income not subject to tax	(339)	(6,594)
Expenses not deductible for tax purposes	509	24,975
Effect of Prosperity Tax	-	(2,012)
Over provision of taxation in prior years	(663)	-
Tax expense for the financial year	36,676	34,684

### 35. EARNINGS PER SHARE

Basic and diluted earnings per share ("EPS") are calculated by dividing the profit for the financial year attributable to ordinary equity holder of the Company by the weighted average number of ordinary shares in issue during the financial year.

	<b>1.1.2023 to 30.6.2023</b>	<b>1.1.2022 to 30.6.2022 (Restated)</b>
Profit attributable to ordinary shareholder (RM'000)	115,507	39,637
Weighted average number of ordinary shares in issue (units '000)	100,000	100,000
Basic and diluted earnings per share (sen)	115.51	39.64

### 36. OTHER COMMITMENTS AND CONTINGENCIES

<b>Family Takaful Fund/Company</b>	<b>30.6.2023 RM'000</b>	<b>31.12.2022 RM'000</b>
Approved and contracted for:		
Intangible assets	-	446

### **37. SIGNIFICANT RELATED PARTY DISCLOSURES**

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel includes all the directors and the Chief Executive Officer ("CEO") of the Company.

The Company has related party relationships with its holding companies, fellow subsidiary companies, key management personnel and the subsidiaries and associates of a company with significant influence over its shareholders.

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions and balances of the Company are as follows:

- (i) Significant transactions of the Company with related parties during the financial year were as follows:

<b>Income/(expenses):</b>	<b>Family Takaful fund RM'000</b>	<b>Company RM'000</b>
<b>1.1.2023 to 30.6.2023</b>		
Ultimate holding company:		
Gross contribution income	10,803	10,803
Other income	-	330
Commission and fee expenses	-	(4,457)
Bank charges	(13)	(207)
ESGP	-	(793)
Claims paid	(3,738)	(3,738)
	<hr/>	<hr/>
Immediate and penultimate holding companies:		
Gross contribution income	349	349
Shared services costs	(1)	(8,922)
Claims paid	(638)	(638)
Remuneration of a seconded employee	-	(181)
Other expenses	-	(343)
Dividend paid	-	(175,660)
	<hr/>	<hr/>

**37. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)**

- (i) Significant transactions of the Company with related parties during the financial year were as follows (contd.):

<b>Income/(expenses):</b>	<b>Family Takaful fund RM'000</b>	<b>Company RM'000</b>
<b>1.1.2023 to 30.6.2023</b>		
Fellow subsidiaries within the MAHB Group:		
Gross contribution income	887	887
Rental income	-	27
Rental expenses	-	(2,551)
Claims paid	(1,315)	(1,315)
Shared services costs	-	(15,010)
	<hr/>	<hr/>
Fellow subsidiaries within the EIHSB Group:		
Gross contribution income	31	31
	<hr/>	<hr/>
Other related companies within the Maybank Group:		
Gross contribution income	7,127	7,127
Profit income	10,854	12,433
Other income	-	16
Information technology outsourcing	(908)	(6,249)
Commission and fee expenses	-	(34,575)
Investment expenses	(1,144)	(1,410)
Claims paid	(2,296)	(2,296)
	<hr/>	<hr/>
Companies related to a company with significant influence over the MBB Group:		
Gross contribution income	11,311	11,311
Claims paid	(1,091)	(1,091)
	<hr/>	<hr/>
<b>1.1.2022 to 30.6.2022</b>		
Ultimate holding company:		
Gross contribution income	7,950	7,950
Other income	-	490
Commission and fee expenses	-	(4,378)
Bank charges	-	(455)
ESGP	-	(692)
	<hr/>	<hr/>

**37. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)**

- (i) Significant transactions of the Company with related parties during the financial year were as follows (contd.):

<b>Income/(expenses):</b>	<b>Family Takaful fund RM'000</b>	<b>Company RM'000</b>
<b>1.1.2022 to 30.6.2022</b>		
Immediate and penultimate holding companies:		
Gross contribution income	332	332
Shared services costs	(5)	(9,911)
Claims paid	-	(277)
Remuneration of a seconded employee	-	(52)
Dividend paid	-	(69,280)
	<hr/>	<hr/>
Fellow subsidiaries within the MAHB Group:		
Gross contribution income	715	715
Rental income	-	27
Rental expenses	-	(3,019)
Shared services costs	-	(15,740)
	<hr/>	<hr/>
Fellow subsidiaries within the EIHSB Group:		
Gross contribution income	10	10
Shared services costs	-	(89)
	<hr/>	<hr/>
Other related companies within the Maybank Group:		
Gross contribution income	4,669	4,669
Profit income	6,013	7,684
Other income	-	23
Information technology outsourcing	(873)	(5,369)
Commission and fee expenses	-	(29,452)
Investment expenses	-	(264)
	<hr/>	<hr/>
Companies with significant influence over the Maybank Group:		
Gross contribution income	9,660	9,660
Claims paid	(2,113)	(2,113)
	<hr/>	<hr/>

**37. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)**

- (ii) Included in the statement of financial position of the Company are investments placed with and amounts due from/(to) related companies represented by the following:

	<b>Family Takaful fund RM'000</b>	<b>Company RM'000</b>
<b>30.06.2023</b>		
Ultimate holding company:		
Bank balances	(2,837)	(2,559)
Outstanding contributions	7,798	7,798
Claim liabilities	(1,266)	(1,266)
Sundry payables and accrued liabilities	-	(2,905)
Amount due to ultimate holding company (Note 18)	-	(4,665)
	<hr/>	<hr/>
Immediate and penultimate holding companies:		
Amount due to immediate holding company (Note 15)	-	(1,369)
Amount due to penultimate holding company (Note 18)	-	(228)
	<hr/>	<hr/>
Fellow subsidiaries within the MAHB Group:		
Outstanding contributions	329	329
Amount due from other related companies (Note 15)	-	306
Amount due to other related companies (Note 18)	-	(2,243)
	<hr/>	<hr/>
Fellow subsidiaries within the EIHSB Group:		
Amount due to other related companies (Note 18)	-	1
	<hr/>	<hr/>

**37. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)**

- (ii) Included in the statement of financial position of the Company are investments placed with and amounts due from/(to) related companies represented by the following (contd.):

	<b>Family Takaful fund RM'000</b>	<b>Company RM'000</b>
<b>30.06.2023</b>		
Other related companies within the Maybank Group:		
Income due and accrued	6,992	7,698
Fixed and call deposits	613,706	706,417
Outstanding contributions	3,918	3,918
Sundry receivables, deposits and prepayments	-	3,295
Sundry payables and accrued liabilities	-	(1,519)
Amount due to other related companies (Note 18)	<u>(9)</u>	<u>(9)</u>
Companies with significant influence over the Maybank Group:		
Outstanding contributions	<u>6,880</u>	<u>6,880</u>
<b>31.12.2022</b>		
Ultimate holding company:		
Bank balances	48,374	49,540
Outstanding contributions	22	22
Claim liabilities	(10)	(10)
Sundry payables and accrued liabilities	-	(21,969)
Amount due to ultimate holding company (Note 18)	<u>-</u>	<u>(8,672)</u>
Immediate holding company:		
Claim liabilities	(419)	(419)
Amount due to immediate holding company (Note 18)	<u>-</u>	<u>(1,228)</u>
Fellow subsidiaries within the MAHB Group:		
Amount due from other related companies (Note 15)	-	42
Amount due to other related companies (Note 18)	<u>-</u>	<u>(3,168)</u>



**37. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)**

- (ii) Included in the statement of financial position of the Company are investments placed with and amounts due from/(to) related companies represented by the following (contd.):

	<b>Family Takaful fund RM'000</b>	<b>Company RM'000</b>
<b>31.12.2022</b>		
Fellow subsidiaries within the EIHSB Group:		
Amount due to other related companies (Note 18)	-	(97)
Other related companies within the Maybank Group:		
Income due and accrued	862	1,050
Fixed and call deposits	365,431	465,939
Outstanding contributions	(23)	(23)
Sundry receivables, deposits and prepayments	-	3,271
Sundry payables and accrued liabilities	-	(2,287)
Amount due to other related companies (Note 18)	(230)	(286)
Companies with significant influence over the Maybank Group:		
Outstanding contributions	17,119	17,119

Trade and investments related balances with related companies are subject to normal trade terms. The terms for non-trade balances with related companies are as disclosed in Notes 15 and 18.

**37. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)**

(iii) Key management personnel compensation

(a) The remuneration of key management personnel during the financial year were as follows:

	<b>1.1.2023</b>	<b>1.1.2022</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2023</b>	<b>30.6.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Short-term employee benefits</b>		
Fees	390	390
Salaries, allowances and bonuses	785	697
Contribution to EPF and pension scheme	129	115
Other emoluments	150	141
	<u>1,454</u>	<u>1,343</u>

### **38. FAIR VALUE MEASUREMENTS**

#### **(a) Valuation principle**

The levels of the Fair Value hierarchy as defined by MFRS are an indication of the observability of prices or valuation input. It can be classified into the following hierarchies/levels:

- Level 1 : Active Market – Quoted price

Refers to financial instruments which are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Such financial instruments include listed derivatives, quoted equities and unit and property trust funds traded on an exchange.

- Level 2 : No Active Market – Valuation techniques using observable inputs

Refers to inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

Examples of level 2 financial instruments include corporate and government bonds, structured products, NCDs/NICDs, and over-the-counter ("OTC") derivatives.

- Level 2: No Active Market – Valuation techniques using observable input

Refers to inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

Examples of level 2 financial instruments include corporate and government bonds, structured products and over-the-counter ("OTC") derivatives.

- Level 3: No Active Market – Valuation techniques using unobservable input

Refers to financial instruments where fair values are measured using unobservable market inputs. The valuation technique is consistent with Level 2. The chosen valuation technique incorporates management's assumptions and data.

Examples of Level 3 instruments include corporate bonds in illiquid markets and private equity investments.

**38. FAIR VALUE MEASUREMENTS (CONTD.)**

**(b) Fair value measurements and classification within the fair value hierarchy**

Family Takaful Fund	Valuation technique using :		Total RM'000
	Level 1	Level 2	
	Quoted market prices RM'000	Using observable inputs RM'000	
<b>30.6.2023</b>			
<b>Financial investments at FVTPL</b>			
<b>(i) Designated upon initial recognition</b>			
Malaysian government papers	-	84,299	84,299
Debt securities	-	5,259,015	5,259,015
Structured products	-	93,954	93,954
<b>(ii) Held-for-trading ("HFT")</b>			
Malaysian government papers	-	5,881	5,881
Equity securities	384,999	-	384,999
Unit and property trust funds	3,306	55,162	58,468
Debt securities	-	149,163	149,163
<b>Financial investments at FVOCI</b>			
Malaysian government papers	-	204,496	204,496
Equity securities	93,747	-	93,747
Debt securities	-	5,088,380	5,088,380
<b>Total assets</b>	<b>482,052</b>	<b>10,940,350</b>	<b>11,422,402</b>

38. FAIR VALUE MEASUREMENTS (CONTD.)

(b) Fair value measurements and classification within the fair value hierarchy (contd.)

Family Takaful Fund	Valuation technique using :		Total RM'000
	Level 1	Level 2	
	Quoted market prices RM'000	Using observable inputs RM'000	
<b>31.12.2022</b>			
<b>Financial investments at FVTPL</b>			
<b>(i) Designated upon initial recognition</b>			
Malaysian government papers	-	187,973	187,973
Debt securities	-	5,152,202	5,152,202
<b>(ii) Held-for-trading ("HFT")</b>			
Malaysian government papers	-	5,459	5,459
Equity securities	410,028	-	410,028
Unit and property trust funds	3,543	32,335	35,878
Debt securities	-	135,124	135,124
<b>Financial investments at FVOCI</b>			
Malaysian government papers	-	245,061	245,061
Equity securities	54,420	-	54,420
Debt securities	-	4,870,991	4,870,991
<b>Total assets</b>	<b>467,991</b>	<b>10,629,145</b>	<b>11,097,136</b>

**38. FAIR VALUE MEASUREMENTS (CONTD.)**

**(b) Fair value measurements and classification within the fair value hierarchy (contd.)**

Company	Valuation technique using :		Total RM'000
	Level 1	Level 2	
	Quoted market prices RM'000	Using observable inputs RM'000	
<b>30.6.2023</b>			
<b>Financial investments at FVTPL</b>			
<b>(i) Designated upon initial recognition</b>			
Malaysian government papers	-	84,299	84,299
Debt securities	-	6,024,309	6,024,309
Structured products	-	93,954	93,954
<b>(ii) Held-for-trading ("HFT")</b>			
Malaysian government papers	-	5,881	5,881
Equity securities	415,996	-	415,996
Unit and property trust funds	3,306	55,162	58,468
Debt securities	-	149,163	149,163
<b>Financial investments at FVOCI</b>			
Malaysian government papers	-	335,743	335,743
Equity securities	122,621	-	122,621
Debt securities	-	6,452,377	6,452,377
<b>Total assets</b>	<b>541,923</b>	<b>13,228,201</b>	<b>13,770,124</b>

38. FAIR VALUE MEASUREMENTS (CONTD.)

(b) Fair value measurements and classification within the fair value hierarchy (contd.)

Company	Valuation technique using :		Total RM'000
	Level 1	Level 2	
	Quoted market prices RM'000	Using observable inputs RM'000	
<b>31.12.2022</b>			
<b>Financial investments at FVTPL</b>			
<b>(i) Designated upon initial recognition</b>			
Malaysian government papers	-	187,973	187,973
Debt securities	-	5,929,778	5,929,778
<b>(ii) Held-for-trading ("HFT")</b>			
Malaysian government papers	-	5,459	5,459
Equity securities	442,050	-	442,050
Unit and property trust funds	3,543	32,335	35,878
Debt securities	-	135,124	135,124
<b>Financial investments at FVOCI</b>			
Malaysian government papers	-	381,445	381,445
Equity securities	81,314	-	81,314
Debt securities	-	6,217,262	6,217,262
<b>Total assets</b>	<b>526,907</b>	<b>12,889,376</b>	<b>13,416,283</b>

### **38. FAIR VALUE MEASUREMENTS (CONTD.)**

#### **(c) Transfer between Level 1 and Level 2 in the fair value hierarchy**

Assets and liabilities of the Company are recognised in the financial statements on a recurring basis. The Company determine whether transfers have occurred between fair value hierarchy levels by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no transfers between Level 1 and Level 2 for the Company during the financial period ended 30 June 2023 and 31 December 2022.

#### **(d) Sensitivity of fair value measurements to changes in unobservable input assumptions**

The Company's exposure to financial investments measured with valuation techniques using significant unobservable inputs comprised a small number of financial investments which constitute an insignificant component of the Group's portfolio of financial investments. Hence, changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

### **39. REGULATORY CAPITAL REQUIREMENT**

The capital structure of the Company as at 30 June 2023 and 31 December 2022, as prescribed under the RBCT Framework, is provided below:

	<b>30.6.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Eligible Tier 1 Capital</b>		
Paid up share capital	100,000	100,000
Valuation surplus in takaful funds	2,248,991	2,050,899
Retained earnings	2,211,875	2,322,455
	<u>4,560,866</u>	<u>4,473,354</u>
<b>Tier 2 Capital</b>		
FVOCI reserve	62,446	(162,843)
Qard from shareholders' fund	2,091	-
	<u>62,446.00</u>	<u>(162,843)</u>
 Amount deducted from capital	 102,992	 (134,095)
 <b>Total Capital Available</b>	 <u>4,522,411</u>	 <u>4,196,227</u>