ETIQA GENERAL INSURANCE BERHAD
197001000276 (9557-T)
(Incorporated in Malaysia)

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

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UNAUDITED INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	30.6.2023 RM'000	31.12.2022 (Restated) RM'000
Assets			
Property, plant and equipment		10,777	10,534
Investment properties		323,892	323,892
Right-of-use assets ("ROU assets")		5,019	4,359
Intangible assets		25,198	28,529
Investment in associate		-	152
Investments	13	1,734,788	1,743,196
Financing receivables		29,384	28,993
Reinsurance contract assets	14	3,499,877	3,427,970
Insurance contract assets	14	158,454	154,518
Other assets	15	64,839	65,040
Derivative assets		21	43
Current tax assets	16	17,685	16,006
Cash and bank balances		28,476	19,260
Total Assets		5,898,410	5,822,492
Equity and Liabilities:			
Share capital		229,879	229,879
Reserves	17	967,322	995,769
Total Equity		1,197,201	1,225,648
Liabilities			
Insurance contract liabilities	14	4,439,306	4,329,014
Reinsurance contract liabilities	14	87,491	85,693
Derivative liabilities		57	-
Deferred tax liabilities, net		41,642	36,183
Other liabilities	18	127,777	137,651
Current tax liabilities		4,936	8,303
Total Liabilities		4,701,209	4,596,844
Total Equity and Liabilities		5,898,410	5,822,492

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

ETIQA GENERAL INSURANCE BERHAD
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UNAUDITED INTERIM CONDENSED STATEMENTS INCOME STATEMENT FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

	Note	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 (Restated) RM'000
Insurance revenue	19	952,853	776,826
Insurance service expenses	20	(651,668)	(39,584)
Net expenses from reinsurance contracts held	21	(286,897)	(679,406)
Insurance service result		**14,288**	**57,836**
Interest revenue from financial assets not measured at Fair Value through Profit or Loss ("FVTPL")	22	33,032	27,665
Net fair value loss on financial assets measured at FVTPL	23	(4,817)	(14,320)
Net fair value gains on derecognition of financial assets measured at Fair Value of Comprehensive Income ("FVOCI")	24	3,212	555
Net fair value loss on derecognition of financial assets measured at Amortised Cost ("AC")	25	(152)	-
Other investment income	26	7,842	7,239
Reversal of impairment loss on financial assets	27	141	335
Net foreign exchange income, net		398	1,492
Net investment income		**39,656**	**22,966**
Finance income from reinsurance contract held	28	366	545
Net Insurance financial result		**366**	**545**
Other income	29	1,882	(1,444)
Other expenses	30	(3,719)	(857)
Other income / (expenses), net		**(1,837)**	**(2,301)**
Profit before taxation		52,473	79,046
Taxation	32	(12,266)	(19,073)
Net profit for the financial period		40,207	59,973
Basic Earnings per share (sen)		0.17	0.26

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

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

	Note	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 (Restated) RM'000
Net profit for the financial period		40,207	59,973
Other comprehensive income/(loss):			
Items that may be subsequently reclassified to income statement:			
Net fair value gains/(losses) on investments in debt securities measured at FVOCI		44,560	(64,212)
Net fair value losses on derecognition of financial assets measured at FVOCI	24	(3,212)	(556)
Tax effect relating to these items	32	(10,052)	18,135
		31,296	(46,633)
Items that will not be subsequently reclassified to income statements:			
Change in fair value of equity securities at FVOCI		(3,206)	(880)
Tax effect relating to these items	**32**	898	246
		(2,308)	(634)
Currency translation		1,624	812
Other comprehensive income/(loss) for the period, net of tax		30,612	(46,455)
Total comprehensive income for the financial period		70,819	13,518

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

	Non-distributable				Non-Distributable	
	Share Capital RM'000	FVOCI Reserve RM'000	Currency Translation Reserve RM'000	Revaluation Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
At 1 January 2023, as previously stated	229,879	(33,114)	16,353	76,391	906,815	1,196,324
- Effects of adopting MFRS 17 (Note 3.2(a))	-	-	(21)	-	29,345	29,324
At 1 January 2023, as restated	229,879	(33,114)	16,332	76,391	936,160	1,225,648
Net profit for the financial period	-	-	-	-	40,207	40,207
Other comprehensive income for the financial period	-	28,988	1,624	-	-	30,612
Total comprehensive income	-	28,988	1,624	-	40,207	70,819
Dividend on ordinary shares	-	-	-	-	(99,266)	(99,266)
At 30 June 2023	229,879	(4,126)	17,956	76,391	877,101	1,197,201
At 1 January 2022, as previously stated	229,879	(5,102)	14,410	76,391	873,801	1,189,379
- Effects of adopting MFRS 17 (Note 3.2(a))	-	-	-	-	20,152	20,152
At 1 January 2022, as restated	229,879	(5,102)	14,410	76,391	893,953	1,209,531
Net profit for the financial period	-	-	-	-	59,973	59,973
Other comprehensive (losses)/income for the financial period		(47,267)	812	-	-	(46,455)
Total comprehensive (losses)/income	-	(47,267)	812	-	59,973	13,518
Reclassification upon disposal of equity securities	-	348	-	-	(348)	-
Dividend on ordinary shares	-	-	-	-	(74,974)	(74,974)
At 30 June 2022, as restated	229,879	(52,021)	15,222	76,391	878,604	1,148,075

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

ETIQA GENERAL INSURANCE BERHAD
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UNAUDITED INTERIM CONDENSED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 (Restated) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	52,473	79,046
Adjustments for:		
Amortisation of Intangible assets	3,552	3,341
Net amortisation of premiums	882	478
Depreciation of property, plant and equipment	1,021	1,057
Depreciation of right-of-use assets	408	710
Interest on lease liabilities	48	47
Fair value losses on investment	2,907	12,000
Losses/(gains) on disposal of investment		
- subsidiaries/associates	152	-
- investments	(1,302)	1,765
Dividend income	(3,592)	(1,649)
Interest and rental income	(40,557)	(35,890)
(Reversal of)/allowance for impairment losses on:		
- investments	(141)	(335)
- financing receivables	(334)	64
- others	(18)	45
Gains on foreign exchange	(398)	(1,492)
Decrease/(increase) in:		
- Fixed and call deposits	94,149	100,271
- Reinsurance contract assets/liabilities	(71,907)	423,660
- Insurance contract assets/liabilities	(3,937)	7,525
- Financing receivables	(57)	(1,165)
- Other assets	815	12,698
Increase/(decrease) in:		
- Insurance contract liabilities	110,293	(395,446)
- Reinsurance contract liabilities	1,798	(4,856)
- Other liabilites	(9,323)	(1,999)
Investment income received	40,269	34,769
Dividends received	3,285	1,625
Tax paid	(21,008)	(5,976)
Foreign exchange fluctuations	1,624	803
Net cash generated from operating activities	161,102	231,096

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UNAUDITED INTERIM CONDENSED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (CONTD.)

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 (Restated) RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) of:		
- property, plant and equipment	(2,076)	(527)
- intangible assets	(271)	(1,788)
- investment properties	-	(29)
- investment	(268,700)	(306,947)
Proceed from disposal of:		
- property, plant and equipment	79	-
- investment	219,314	158,177
Net cash (used in)in investing activities	(51,654)	(151,114)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of dividends	(99,265)	(74,974)
Payment of lease liabilities	(967)	(965)
Net cash (used in) financing activities	(100,232)	(75,939)
Net increase in cash and cash equivalents	9,216	4,043
Cash and cash equivalents at beginning of financial year	19,260	10,724
Cash and cash equivalents at end of financial period	28,476	14,767
Cash and cash equivalents comprise:		
Cash and bank balances:		
Shareholder's fund	8	(83)
General fund	28,468	14,850
	28,476	14,767

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 Insurers ("RBC 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.

The unaudited interim condensed financial statements were approved for issue by the Board of Directors on 21 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.*

3.1 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 insurance and reinsurance contracts. As a result, the Company have restated certain comparative amounts.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.1 Changes in accounting policies and disclosure (contd.)

MFRS 17 Insurance Contracts (contd.)

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 Insurance and reinsurance contracts

The Company assesses its General and reinsurance 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) Insurance contract. Currently, the Company’s products do not include distinct components that require separation.

MFRS 17 defines investment components as the amounts that an Insurance contract requires an insurer to repay to a policyholder even if an insured event does not occur. Investment components which are highly interrelated with the Insurance contract 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.

Some contracts issued contain profit or ceding commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. Ceding commission in the form of premium 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.1 Changes in accounting policies and disclosure (contd.)

MFRS 17 Insurance Contracts (contd.)

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

The groups of contracts for which the fully retrospective approach, modified retrospective and the fair value approach have been adopted on transition include contracts 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 contracts are divided into three groups, as follows:

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

The reinsurance contracts held portfolios are divided into:

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.1 Changes in accounting policies and disclosure (contd.)

MFRS 17 Insurance Contracts (contd.)

(c) Recognition

The Company recognises groups of Insurance contracts that it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts.

- 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 contracts, as soon as facts and circumstances indicate that the group of contract/certificate is onerous.

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

- The beginning of the coverage period of the group of reinsurance contracts held. However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date when any underlying Insurance contract is initially recognised, if that date is later than beginning of the coverage period of the group of reinsurance contracts held; and

- The date the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The reinsurance contracts held by the Company provide proportionate cover. Therefore the Company does not recognise a proportional reinsurance contract held until at least one underlying direct Insurance contract has been recognised.

The Company adds new contracts in the reporting period in which the contracts 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 contracts

For General, the Company issues some contracts before the coverage period starts and the first premium becomes due. Therefore, the Company has determined whether any contracts issued from a group of onerous contracts before the earlier of the beginning of the coverage period and the date when the first payment from a policyholder in the Company is due.

The Company's guidelines to assess the facts and circumstances of onerousness is to leverage on:

(i) the Expected Ultimate Combined Ratio (consists of losses, expenses and risk adjustment) available from the valuation or pricing/underwriting exercise when appropriate.

(ii) information within the Company or Management about contracts known or apparent to be onerous (e.g., based on the intention of the initial product approval process for market entry or marketing purposes)

The Company looks at facts and circumstances to identify if a group of contracts for General are onerous based on:

- Pricing information
- Results of similar contracts 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) Contract boundary

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.1 Changes in accounting policies and disclosure (contd.)

MFRS 17 Insurance Contracts (contd.)

- The Company has the practical ability to reassess the risks of the particular policyholder 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 contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

(f) Measurement

The Company's Insurance contracts issued and reinsurance contracts held are eligible for the measurement models as below:

<u>Premium Allocation Approach ("PAA")</u>
This model will be applied for policies which have contract boundaries (i.e. coverage periods) of less than 1 year as well as for policies with contract boundaries of more than 1 year but which are able to pass the PAA eligibility test.

Under the PAA, the liability for remaining coverage is measured as the amount of premiums received net of acquisition cash flows paid, less the net amount of premiums 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 interest rates used for discounting.

The Company is to apply the PAA model for all reinsurance contracts held, depending on the specific contract boundaries for each reinsurance contracts.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.1 Changes in accounting policies and disclosure (contd.)

MFRS 17 Insurance Contracts (contd.)

(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 Insurance contract separately from portfolios of reinsurance contract held, and portfolios of asset position are further presented separately from portfolios of liability position. Groups of Insurance contracts issued will include any assets for Insurance acquisition cash flows. Insurance receivables and payables will be assessed on net portfolio position and reported within Insurance contracts Liabilities or Assets as these are Insurance contract related balances. Reinsurance receivables and payables, Reinsurance assets and liabilities will be assessed on a net portfolio position and reported within reinsurance contracts Liabilities or Assets as these are reinsurance contracts related. Under MFRS 4, contracts were not split and presented by asset and liability position.

(ii) Under MFRS 17, Insurance/Reinsurance finance reserve created as part of the equity which is to cater the impact of changes in market discount rates on the Insurance contracts and reinsurance contract assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.1 Changes in accounting policies and disclosure (contd.)

MFRS 17 Insurance Contracts (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 premiums or net claims incurred shown on the profit or loss. Under MFRS 17, the Company separately presents Insurance service results which consisting of Insurance revenue, Insurance service expense and Insurance finance income and expenses. Income or expenses from reinsurance contracts held need to be presented separately from the expenses or income from Insurance contracts issued. Under MFRS 4, the Company reported premium income, gross claims and benefits, changes in Insurance contract liabilities, benefits and expenses ceded to reinsurers and changes in Reinsurance assets.

(i) Insurance Service Results

Insurance 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 premiums that relate to recovering Insurance acquisition cash flows.

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

Amount recovered from reinsurer and Reinsurance expenses are no longer presented separately as the Company presents on a net basis as net expenses from reinsurance contracts as part of Insurance service results.

(ii) Insurance finance income or expenses

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.1 Changes in accounting policies and disclosure (contd.)

MFRS 17 Insurance Contracts (contd.)

(h) Insurance acquisition cash flows

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

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

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

At the end of each reporting period, the Company revises amounts of Insurance acquisition cash flows allocated to groups of Insurance contracts 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 Insurance 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 Insurance contracts; and

- An additional impairment test specifically covering the Insurance acquisition cash flows allocated to expected future contract 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.1 Changes in accounting policies and disclosure (contd.)

MFRS 17 Insurance Contracts (contd.)

(i) Loss components

The Company has grouped contracts that are onerous at initial recognition separately from contracts 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 Insurance contracts.

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 Insurance contracts that the Company expects to recover from the group of reinsurance contracts 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 Insurance contracts and is nil when loss component of the onerous group of underlying Insurance contracts is nil.

(j) Transition

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

- Identified, recognised and measured each group of Insurance and reinsurance contracts as if MFRS 17 had always applied (unless impracticable), using the full retrospective approach;

- Identified, recognised and measured assets for Insurance 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.1 Changes in accounting policies and disclosure (contd.)

MFRS 17 Insurance Contracts (contd.)

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"). These are described in further detail below.

(a Full retrospective approach ("FRA")

The determination of whether it is impracticable to adopt the FRA for group of contracts 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.

The Company has ascertained the Insurance contract 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 Insurance contract liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Financial effects arising from adoption of MFRS 17 *Insurance Contracts*

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

	As previously stated as at 31 December 2022 RM'000	Remapping / Removal of MFRS 4 RM'000	Remeasurement effect of MFRS 17 RM'000	As restated as at 31 December 2022 RM'000
Assets:				
Reinsurance contract assets	3,577,345	(979,394)	830,020	3,427,970
Insurance receivables	265,344	(265,344)	-	-
Insurance contract assets			154,518	154,518
Equities:				
Currency Reserves	16,353	-	(21)	16,332
Retained Profits	906,815	305,957	(276,612)	936,160
Liabilities:				
Insurance contract liabilities	4,364,424	(1,298,239)	1,262,828	4,329,014
Reinsurance contract liabilities	-	-	85,693	85,693
Insurance payables	380,019	(380,019)	-	-
Other liabilities	106,707	30,381	-	137,088
Deferred tax liabilities	26,916	96,618	(87,351)	36,183

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.1 Financial effects arising from adoption of MFRS 17 *Insurance Contracts* (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	The items include: Insurance receivables, insurance payables, reinsurance contract assets, insurance contract liabilities and other payables were removed on transition and to be replaced within MFRS 17 equivalents.
Remeasurement effect of MFRS 17	<u>Fulfilment Cash Flows</u> The measurement of the insurance contract/ assets/liabilities under MFRS17 is based on groups of insurance contract and includes a liabilities for fulfilling the contractual obligations associated with the insurance contract/, such as premiums, expenses, and insurance benefits and claims. These are recorded within the fulfilment cash flows component of the insurance contract liabilities, together with the risk adjustment.
Tax effect	Deferred tax were reported, where appropriate, on temporary differences between the MFRS 17 accounting balances and associated tax bases.

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

	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	72,482	6,564	79,046
Net profit for the financial period	53,409	6,564	59,973

* 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 Group'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 contract are those that relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts 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 contracts using methods that are systematic and rational and will be consistently applied to all costs that have similar characteristics, such as based on total premiums, number of policies 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 premium is required given the relatively liquid nature of insurance payout on policy cancellation or insurance claim.

The requirement to measure liabilities for insurance contracts using risk-free discount rates is a significant change from the Company's previous practice, where liabilities for insurance contracts 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 insurance and reinsurance contracts.

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 Insurers.

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 46.79sen per ordinary share on 212,151,399 ordinary shares amounting to RM99,265,639.59 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 GROUP OR THE COMPANY

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

ETIQA GENERAL INSURANCE BERHAD
197001000276 (9557-T)
(Incorporated in Malaysia)

13. INVESTMENTS

	30.6.2023 RM'000	31.12.2022 RM'000
Malaysian government papers	304,461	276,992
Debt securities	1,013,893	1,000,827
Equity securities	193,075	176,115
Unit and property trust funds	31,473	3,227
Deposits with financial institutions	191,886	286,035
	1,734,788	1,743,196

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

	30.6.2023 RM'000	31.12.2022 RM'000
Fair value through profit and loss ("FVTPL")(Note a)		
- Designated upon initial recognition (Note a)(i)	63,386	35,274
- Held for trading ("HFT")(Note a)(ii)	158,343	167,523
Fair value through other comprehensive income ("FVOCI")(Note b)	1,321,172	1,254,364
Amortised Cost ("AC")(Note c)	191,886	286,035
	1,734,787	1,743,196

The following investments mature after 12 months:

	30.6.2023 RM'000	31.12.2022 RM'000
FVTPL		
- Designated upon initial recognition	-	10,063
FVOCI	1,248,969	1,208,326
	1,248,969	1,218,389

(a) FVTPL

(i) Designated upon initial recognition

	30.6.2023 RM'000	31.12.2022 RM'000
At fair value		
Debt securities:		
Unquoted in Malaysia	35,194	35,274
Structured products	28,193	-
Total financial assets designated as FVTPL upon initial recognition	63,387	35,274

(ii) HFT

	30.6.2023 RM'000	31.12.2022 RM'000
At fair value		
Equity securities:		
Quoted in Malaysia	70,416	79,649
Unquoted in Malaysia	84,647	84,647
Unit and property trust funds:		
Quoted in Malaysia	3,280	3,227
Total HFT financial assets	158,343	167,523

13. INVESTMENTS (CONTD.)

(b) FVOCI

	30.6.2023 RM'000	31.12.2022 RM'000
At fair value		
Malaysian government papers	304,461	276,992
Equity securities*		
Quoted in Malaysia	38,012	11,819
Debt securities:		
Unquoted in Malaysia	970,318	957,743
Unquoted outside Malaysia	8,381	7,810
Total FVOCI financial assets	1,321,172	1,254,364

* 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.

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

30.6.2023	Stage 1	Stage 2	Stage 3	
	12 months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total ECL RM'000
At 31 December 2022	67	653	-	720
Net adjustment at loss allowance	26	(174)		(148)
New financial assets originated of purchased	12	-		- 12
Financial assets that have been dercognised	(4)	(1)		- (5)
At 30 June 2023	101	478	-	579

13. INVESTMENTS (CONTD.)

(b) FVOCI (continued)

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

31.12.2022	Stage 1 12 months ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total ECL RM'000
At 1 January 2022	54	699	154	907
Writeback	(2)	(46)	-	(48)
New financial assets originated of purchased	19	-	-	19
Financial assets that have been derecognised	(4)	-	(154)	(158)
At 31 December 2022	67	653	-	720

(c) AC

	30.6.2023 RM'000	31.12.2022 RM'000
At cost		
Fixed and call deposits with:		
Licensed financial institutions	191,886	270,035
Other licensed financial institutions	-	16,000
Total AC financial assets	191,886	286,035

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

14. INSURANCE CONTRACT AND REINSURANCE CONTRACT ASSET/LIABILITIES

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

30.6.2023

	Assets			Liabilities					
	Remaining Coverage RM'000	Incurred Claim RM'000	Total RM'000	Remaining Coverage RM'000	Incurred Claim RM'000	Total RM'000	Total Assets RM'000	Total Liabilities RM'000	Total Net RM'000
Insurance contracts issued	206,098	(47,644)	158,454	(581,789)	(3,857,517)	(4,439,306)	158,454	(4,439,306)	(4,280,852)
Reinsurance contracts held	236,644	3,263,233	3,499,877	(245,702)	158,211	(87,491)	3,499,877	(87,491)	3,412,386

31.12.2022
(Restated)

	Assets			Liabilities					
	Remaining Coverage RM'000	Incurred Claim RM'000	Total RM'000	Remaining Coverage RM'000	Incurred Claim RM'000	Total RM'000	Total Assets RM'000	Total Liabilities RM'000	Total Net RM'000
Insurance contracts issued	200,978	(46,460)	154,518	(567,335)	(3,761,679)	(4,329,014)	154,518	(4,329,014)	(4,174,496)
Reinsurance contracts held	231,782	3,196,188	3,427,970	(240,653)	154,960	(85,693)	3,427,970	(85,693)	3,342,277

14. INSURANCE CONTRACT AND REINSURANCE CONTRACT ASSET/LIABILITIES (CONTD.)

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

	30.6.2023			31.12.2022 (Restated)		
	LRC RM'000	LIC RM'000	Total RM'000	LRC RM'000	LIC RM'000	Total RM'000
Opening Insurance contract liabilities	567,335	3,761,679	4,329,014	584,553	3,875,844	4,460,397
Opening Insurance contract assets	(200,978)	46,460	(154,518)	(110,396)	25,520	(84,876)
Net opening insurance contract liabilities	**366,357**	**3,808,139**	**4,174,496**	**474,157**	**3,901,364**	**4,375,521**
Changes in the statement of profit or loss						
Insurance Revenue	(952,853)	-	(952,853)	(1,622,857)	-	(1,622,857)
Insurance service expenses	104,053	547,615	651,668	157,258	510,669	667,927
Insurance Service Result	(848,800)	547,615	(301,185)	(1,465,599)	510,669	(954,930)
Total amount recognised in profit or loss	(848,800)	547,615	(301,185)	(1,465,599)	510,669	(954,930)
Net Cash Flows	858,134	(450,593)	407,541	1,357,799	(603,894)	753,905
Net closing insurance contract liabilities	375,691	3,905,161	4,280,852	366,357	3,808,139	4,174,496
Closing Insurance contract liabilities	581,789	3,857,517	4,439,306	567,335	3,761,679	4,329,014
Closing Insurance contract assets	(206,098)	47,644	(158,454)	(200,978)	46,460	(154,518)
Net closing insurance contract liabilities	375,691	3,905,161	4,280,852	366,357	3,808,139	4,174,496

14. INSURANCE CONTRACT AND REINSURANCE CONTRACT ASSET/LIABILITIES (CONTD.)

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

	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 reinsurance contract assets	231,782	3,196,188	3,427,970	247,030	3,406,445	3,653,475
Opening reinsurance contract liabilities	(240,653)	154,960	(85,693)	(117,598)	75,723	(41,875)
Net opening reinsurance contract assets/ (liabilities)	(8,871)	3,351,148	3,342,277	129,432	3,482,168	3,611,600
Changes in the statement of profit or loss and OCI						
Net income/(expense) from reinsurance			-			
contract	(619,314)	332,417	(286,897)	(1,009,038)	147,909	(861,129)
Finance income/(expense) from reinsurance contract	-	366	366	-	(3,717)	(3,717)
Total amount recognised in profit or loss	(619,314)	332,783	(286,531)	(1,009,038)	144,192	(864,846)
Net Cash flows	619,127	(262,487)	356,640	870,735	(275,212)	595,523
Net closing reinsurance contract assets/ (liabilities)	(9,058)	3,421,444	3,412,386	(8,871)	3,351,148	3,342,277
Closing reinsurance contract assets	236,644	3,263,233	3,499,877	231,782	3,196,188	3,427,970
Closing reinsurance contract liabilities	(245,702)	158,211	(87,491)	(240,653)	154,960	(85,693)
Net opening reinsurance contract assets/ (liabilities)	(9,058)	3,421,444	3,412,386	(8,871)	3,351,148	3,342,277

15. OTHER ASSETS

	30.6.2023 RM'000	31.12.2022 (Restated) RM'000
Sundry receivables, deposits and prepayments	3,954	3,427
Income and accrued	17,349	16,752
Allowance for impairment losses	(17)	(33)
	17,332	16,719
Amounts due from*:		
- Other related companies within the MAHB Group (Note 36)	1,992	4,186
Share of net assets in the Malaysian Motor Insurance Pool ("MMIP")*	41,561	40,708
	43,553	44,894
Total other assets	64,839	65,040

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

	Not credit-impaired RM'000	Credit impaired RM'000	*Total RM'000
Gross carrying amount			
At 1 January 2021	22,873	-	22,873
Increase	8,680	-	8,680
At 31 December 2021	31,553	-	31,553
Decrease	(9,446)		(9,446)
At 31 December 2022	22,107	-	22,107
Decrease	(2,294)	-	(2,294)
At 30 June 2023	19,813	-	19,813

* Excluding non-financial assets such as prepayments, deposits, share of net assets in MMIP and service tax recoverable

15. OTHER ASSETS (CONTD.)

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

	Not credit-impaired RM'000	Credit impaired RM'000	Total RM'000
Lifetime ECL			
At 31 December 2021	-	-	-
Increase	33	-	33
At 31 December 2022	33	-	33
Decrease	(16)	-	(16)
At 30 June 2023	17	-	17

* Amounts due from related companies are non-trade in nature, unsecured, interest-free and repayable in the short term.

The carrying amounts (other than prepayments and share of net assets in MMIP are reasonable approximations of fair values due to the relatively short-term maturity of these balances.

16. CURRENT TAX ASSETS

	30.6.2023 RM'000	31.12.2022 (Restated) RM'000
At 1 January	16,006	28,239
Additional assessment during the year (b)	1,679	-
Reversals during the period/year (Note c)	-	(12,233)
At 30 June/31 December	17,685	16,006

(a) The current tax assets arise from the appeals made by the Company prior to its Conversion of Composite Licence to Single Licenses (“Licence Split”) on 28 December 2017. The Inland Revenue Board of Malaysia (“IRBM”) had raised additional assessments to the Company for Years of Assessment (“YA”) 2013 to 2016.

(b) On 24 November 2021, IRBM had raised additional assessments for YA2016 amounting RM3,102,000 in respect to the profit commission earned on reinsurance ceded for life business as incidental income of the Company under Section 60(8) of the Income Tax Act, 1967 and disallowing the deduction of expenses directly attributable to rental income of its investment properties.

16. CURRENT TAX ASSETS (CONTD.)

(b) 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, to conclude that the profit commission earned on reinsurance ceded for life business should not be treated under incidental income of the Company under Section 60(8) of the Income Tax Act, 1967, hence not subject to tax. The industry is awaiting decision by IRBM.

In relating to the disallowing the deduction of expenses directly attributable to rental income of its investment properties, the Court has fixed the hearing dates on 11 September 2023.

(c) Reversals relates to the offset of overpayment of tax for previous years of assessments against current year's instalment. In the previous year, IRBM has approved overpayment of tax for YA2019 amounting to RM12,333,000 to be offset with YA2022 instalments.

17. RESERVES

	Note	30.6.2023 RM'000	31.12.2022 (Restated) RM'000
Reserves:			
FVOCI Reserve	(i)	(4,126)	(33,114)
Currency translation reserve	(ii)	17,956	16,332
Revaluation reserve	(iii)	76,391	76,391
		90,221	59,609
Retained profits:			
Distributable	(iv)	877,101	936,160
		877,101	936,160
Total reserves		967,322	995,769

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

(ii) The currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the presentation currency of the Company.

(iii) The revaluation reserve of the Company represents the difference between the carrying amount of properties previously classified as self-occupied properties and subsequently transferred to investment properties upon the end of owner occupation and its fair value at the date of change in use.

(iv) The entire distributable profits of the Company may be distributed to the shareholders under the sigle-tier system

18. OTHER LIABILITIES

	30.6.2023	31.12.2022 (Restated)
	RM'000	RM'000
ROU lease liabilities	5,048	4,367
ROU restoration cost	1,261	1,217
Amount due to**:		
- Ultimate holding company (Note 36)	4,782	4,718
- Holding company (Note 36)	1,313	879
- Penultimate holding company (Note 36)	214	1
- Other related companies within the EIHSB Group (Note 36)	196	-
- Other related companies within the MAHB Group (Note 36)	231	230
- Other related companies within the Maybank Group (Note 36)	-	257
Amounts due to subsidiary (Note 36)	1,609	1,612
Provision for land development costs	160	160
Sundry payables and accrued liabilities	112,963	124,210
	127,777	137,651

** Amounts due to related companies are non-trade in nature, unsecured, interest free and is repayable in the short term.

The carrying amounts of financial liabilities are reasonable approximations of fair values at the reporting date due to the relatively short-term maturity of these balances and the immaterial impact of discounting.

19. INSURANCE REVENUE

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

	1.1.2023 to 30.6.2023	1.1.2022 to 30.6.2022 (Restated)
	RM'000	RM'000
Insurance revenue		
Insurance revenue from contracts measure under the PAA		
Release of premiums for current period (PAA)	952,853	776,826
Total Insurance Revenue	952,853	776,826

20. INSURANCE SERVICE EXPENSES

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

	1.1.2023 to 30.6.2023	1.1.2022 to 30.6.2022 (Restated)
	RM'000	RM'000
Insurance service expenses		
Incurred claims and other directly attributable expenses	(447,015)	(348,002)
Changes that relate to the past service - adjustment to the Liabilities Incurred Claim ("LIC")	(100,600)	383,744
Losses on onerous contracts and reversal of those losses	1,284	4,946
Insurance acquisition cash flow amortisation	(105,337)	(80,272)
Total insurance service expenses	(651,668)	(39,584)

21. NET INCOME/(EXPENSES) FROM REINSURANCE CONTRACT HELD

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

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 (Restated) RM'000
<u>Net income / (expense) from reinsurance contracts held</u>		
Reinsurance expenses - contracts measured under PAA	(618,620)	(479,614)
Other incurred directly attributable expenses	2	-
Claims recovered	257,321	194,038
Changes that relate to the future service - changes in the FCF that do not adjust the CSM for the group of underlying insurance contract	(759)	(11,042)
Changes that relate to the past service - adjustment to incurred claims.	75,159	(382,788)
Total net expenses from reinsurance contracts held	(286,897)	(679,406)

22. INTEREST INCOME FROM FINANCIAL ASSETS NOT MEASURE AT FVTPL

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 RM'000
Interest income		
<u>Financial Assets at FVOCI</u>		
Investment	28,704	24,267
Financing receivables		
<u>Financial Assets at AC</u>		
Investment	4,037	3,147
Financing receivables	291	251
Total interest income from financial assets not measure at FVTPL	33,032	27,665

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

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.20X2 RM'000
Realised losses on disposal on financial investment	(1,910)	(2,320)
Fair value losses on financial investment	(2,907)	(12,000)
Total net fair value gain/(loss) on financial assets measured at FVTPL	(4,817)	(14,320)

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

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 RM'000
Financial Assets at FVOCI		
Debts securities	1,970	287
Malaysian government papers	1,242	268
Total net fair value gains/(losses) on derecognition of financial assets measured at FVOCI	3,212	555

25. NET FAIR VALUE LOSSES ON DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AC

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 RM'000
Financial Assets at AC		
Investment in associates	(152)	-
Total net fair value gains/(losses) on derecognition of financial assets measured at AC	(152)	-

26. OTHER INVESTMENT INCOME

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 RM'000
Dividend/distribution income:		
Equity securities	3,484	1,631
Unit and property trust	108	18
Interest income at FVTPL:		
Investment	885	1,489
		-
Rental income	6,640	6,736
Rental related expenses	(2,125)	(1,902)
Net amortisation of premiums	(882)	(478)
Investment related expenses, net	(268)	(255)
Total other investment income	7,842	7,239

27. NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 RM'000
Reversal on impairment losses on financial investments	141	335

28. FINANCE INCOME FROM REINSURANCE CONTRACT HELD

	1.1.2023 to 30.6.2023			1.1.2022 to 30.6.2022 (Restated)		
	Direct contracts RM'000	Reinsurance contracts issued RM'000	Total RM'000	Direct contracts RM'000	Reinsurance contracts issued RM'000	Total RM'000
Finance income/(expenses) from reinsurance contracts held						
Changes in risk non-performance reinsurer	-	366	366	-	545	545
Finance income from reinsurance contracts held	-	366	366	-	545	545
Represented by:						
Amount recognised in profit and loss	-	366	366	-	545	545
Amount recognised in OCI	-	-	-	-	-	-
	-	366	366	-	545	545

29. OTHER INCOME

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 (Restated) RM'000
Reversal/(impairment) losses on:		
- financing receivables	334	(45)
- other assets	16	(64)
Sundry income	1,532	(1,335)
Total other income	1,882	(1,444)

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 insurance acquisition cash flows RM'000	Other directly attributable expenses RM'000	Other expenses RM'000	Total RM'000	Expenses attributed to insurance acquisition cash flows RM'000	Other directly attributable expenses RM'000	Other expenses RM'000	Total RM'000
Commission	95,742	-	-	95,742	59,393	-	-	59,393
Employee benefits expense (a)	15,817	28,958	913	45,688	13,916	24,559	953	39,428
Directors' remuneration	-	-	535	535	-	-	554	554
Auditors' remuneration:								
- statutory audits	63	120	4	187	60	107	5	172
- regulatory related services	3	5	-	8	3	6	-	9
- other services	10	19	1	30	37	60	-	97
Amortisation of intangible assets	1,331	2,221	-	3,552	1,294	2,047	-	3,341
Auto assist service	-	1,971	-	1,971	-	1,724	-	1,724
Other finance cost	478	1,698	1	2,177	454	1,564	1	2,019
Depreciation of property, plant and equipment	381	636	4	1,021	408	645	4	1,057
Right-of-use expenses:								
-Depreciation	-	408	-	408	-	710	-	710
-Lease liabilities interest	-	48	-	48	-	47	-	47
Other management fees	38	181	-	219	69	189	-	258
Outside Services & Others	26	368	-	394	16	189	-	205
Professional fees	5,605	955	1	6,561	3,724	2,049	56	5,829
Short term leases	864	1,388	17	2,269	743	1,277	20	2,040
Small value assets	6	70	-	76	4	66	-	70

30. OTHER EXPENSES (CONTD.)

	1.1.2023 to 30.6.2023				1.1.2022 to 30.6.2022 (Restated)			
	Expenses attributed to insurance acquisition cash flows RM'000	Other directly attributable expenses RM'000	Other expenses RM'000	Total RM'000	Expenses attributed to insurance acquisition cash flows RM'000	Other directly attributable expenses RM'000	Other expenses RM'000	Total RM'000
Office facilities expenses	142	236	2	380	97	153	3	253
Electronic data processing expense	1,083	1,807	-	2,890	841	1,329	-	2,170
Expensed Assets	1	2	-	3	-	1	-	1
Information technology outsourcing	310	517	-	827	12	19	-	31
Postage and stamp duties	32	353	-	385	31	369	1	401
Printing and stationery	21	156	-	177	37	(57)	-	(20)
Promotional and marketing cost	5,463	280	61	5,804	5,150	208	239	5,597
Training expenses	282	420	-	702	144	225	-	369
Utilities, assessment and maintenar	259	557	4	820	260	503	6	769
Entertainment	-	-	141	141	-	-	58	58
Travelling expenses	98	165	21	284	34	56	-	90
Legal fees	28	47	(2)	73	21	32	-	53
Licence, Subscription and Levies	152	1,427	4	1,583	52	999	2	1,053
Contract staff services	157	741	-	898	136	422	1	559
Policy Related Expenses	159	175	3,311	3,645	290	(8)	37	319
Others	-	-	-	-	60	96	-	156
Total	32,809	45,929	5,018	83,756	27,893	39,586	1,940	69,419
<u>Other operating expenses</u>								
Sundry expenditure	277	789	(1,299)	(233)	420	665	(1,083)	2
Total	277	789	(1,299)	(233)	420	665	- 1,083	2
Total other expenses	128,828	46,718	3,719	179,265	87,706	40,251	857	128,814

30. OTHER EXPENSES (CONTD.)

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 RM'000
(a) Employee Benefits Expense:		
Wages, salaries and bonuses	33,703	28,512
EPF and CPF	5,415	4,544
SOCSO	287	213
ESGP	539	615
Other benefits	5,744	5,544
	45,688	39,428

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

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 RM'000
Salary	435	366
Bonus	350	250
EPF and Pension Scheme	129	102
ESGP	87	78
Other emoluments	54	49
	1,055	845

31. DIRECTORS' FEES AND REMUNERATION

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 RM'000
Executive directors:		
Fees	60	60
Other emoluments	8	12
	68	72
Non-executive directors:		
Fees	390	390
Other emoluments	77	92
	467	482
Total directors' fee and remuneration	535	554

31. DIRECTORS' FEES AND REMUNERATION (CONTD.)

The total remuneration of the directors of the Group are as follows:

	Fees RM'000	Other emoluments RM'000	Total RM'000
1.1.2023 to 30.6.2023			
Executive director (s):			
Datuk Normala binti Abdul Manaf	60	8	68
	60	8	68
Non-executive directors:			
Datuk Mohd Najib Bin Abdullah	90	10	100
(Chairman)			-
Mr. Frank Johan Gerard Van Kempen	60	10	70
Cik Serina Binti Abdul Samad	60	13	73
Ms. Daniela Adaggi	60	10	70
Encik Mohamad Shukor Bin Ibrahim	60	14	74
Mr. John Tan Kwang Kherng	60	20	80
	390	77	467
Total remuneration of the directors	450	85	535
1.1.2022 to 30.6.2022			
Executive director (s):			
			-
Datuk Normala binti Abdul Manaf	60	12	72
	60	12	72
Non-executive directors:			
			-
Datuk Mohd Najib bin Abdullah	90	12	102
(Chairman)			-
Mr. Frank J.G. Van Kempen	60	10	70
Mr. Koh Heng Kong	60	29	89
Ms. Serina binti Abdul Samad	60	14	74
Ms. Daniela Adaggi	60	12	72
Mr. Mohamad Shukor bin Ibrahim	60	15	75
	390	92	482
Total remuneration of the directors	450	104	554

32. 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:

Income Statements

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 (Restated) RM'000
Income tax:		
Current financial period		
- Malaysia	15,961	22,485
Deferred taxation:		
Relating to origination and reversal of temporary differences	(3,695)	(3,412)
	12,266	19,073

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 (Restated) RM'000
Statement of Comprehensive Income:		
Deferred income tax related to other comprehensive income/(losses):		
- Fair value changes on debt securities at FVOCI	10,052	(18,135)
- Fair value changes on equity securities at FVOCI	(898)	(246)
	9,154	(18,381)

32. 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:

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 (Restated) RM'000
Profit before taxation	52,473	79,046
Taxation at 24% statutory tax rate (2022: 24%)	12,594	18,971
Income not subject to tax	(2,295)	(2,826)
Expenses not deductible for tax purposes	1,967	2,928
Effect of weighted average tax rate on deferred tax	-	(664)
Tax expense for the financial period	12,266	19,073

33. EARNINGS PER SHARE

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

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 (Restated) RM'000
Profit attributable to ordinary equity holders	40,207	59,973
Weighted average number of ordinary shares in issue (unit'000)	212,151	212,151
Basic and diluted earnings per share (sen)	18.95	28.27

There have been no other transactions involving ordinary shares between the reporting date and the authorisation date of the financial statements.

34. OPERATING LEASE COMMITMENTS

The Company as a lessor

The Company has entered into operating lease agreements on its portfolio of investment properties. The leases have remaining lease terms of between 1 and 5 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the reporting date but not recognised as receivables, are as follows:

	30.6.2023 RM'000	31.12.2022 RM'000
Not later than one year	11,071	13,356
Between one and five years	42,173	51,460
	53,244	64,816

35. OTHER COMMITMENTS AND CONTINGENCIES

	30.6.2023 RM'000	31.12.2022 RM'000
Approved and contracted for:		
Property, plant and equipment	1,708	1,012
Intangible assets	119	884
	1,827	1,897
Approved but not contracted for:		
Property, plant and equipment	1,435	5,449
	1,435	5,449

36. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES DISCLOSURES

For the purpose of these financial statements, parties are considered to be related to the Company if the Company have 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 corresponding 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 the Directors and Chief Executive Officers of the Company.

The Company have related party relationships with its shareholders, subsidiaries, associates, 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.

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

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 RM'000
Income/(expenses):		
Ultimate Holding company:		
Gross premium/contribution income	5394	6,195
Commission and fee expenses	(9,685)	(11,014)
Claims paid	(345)	(802)
Interest income	574	92
Rental Income	244	244
ESGP	(613)	(662)
Other expenses, net	(411)	(172)
Holding company:		
Gross insurance premium	23	-
Rental income	134	91
Dividend paid	(99,266)	(74,974)
Shared service cost	(7,993)	(9,424)
Remuneration of a seconded employee	(68)	(49)

36. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)

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

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 RM'000
Income/(expenses)(contd.):		
Penultimate holding company:		
Other expenses, net	(529)	(280)
Subsidiaries within MAHB Group:		
Gross premium income	217	3
Premium ceded to reinsurers	(170)	(93)
Commissions and fee expenses	(143)	(1)
Reinsurance commission (expenses)/income	(12)	5
Rental income	4,689	4,939
Rental expenses	(1,102)	(1,034)
Shared service cost	15,690	12,502
Claims paid	(1,847)	(2,402)
Claims recovery from/(paid to) reinsurers	(787)	3,359
Other income/(expenses)	6	(2)
Fellow subsidiaries within the EIHSB Group:		
Consultation fees	(705)	(3,894)
Other related companies within the Maybank Group:		
Gross premium income	1,377	1,898
Interest income	1,624	1,903
Insurance expenses	-	(156)
Information technology outsourcing	-	(2,577)
Ex-gratia payment	(3,300)	-
Companies with significant influence over the Maybank Group:		
Gross premium/contribution income	2,486	1,152
Claims paid	(680)	(1,360)

36. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)

(ii) Included in the statements of financial position of the Company are investment placed with, obligations due to and amounts due from/(to) related companies as follows:

	30.6.2023 RM'000	31.12.2022 RM'000
Ultimate holding company:		
Fixed and call deposits	35,519	105,459
Derivatives	(57)	16
Bank balances	5,599	19,125
Income due and accrued	82	78
Outstanding premiums	7	28
Claim liabilities	(53,045)	(46,101)
Provision for custodian fee	-	(28)
Amount due to ultimate holding company (Note 18)	(4,782)	(4,718)
Immediate holding company:		
Amount due to immediate holding company (Note 18)	(1,313)	(879)

(ii) Included in the statements of financial position of the Company are amounts due from/(to) related companies represented as follows:

	30.6.2023 RM'000	31.12.2022 RM'000
Penultimate holding company:		
Amount due to penultimate holding company	(214)	(1)
Fellow subsidiaries within the MAHB Group:		
Amount due to reinsurers and cedants	(27,066)	(25,970)
Outstanding premiums ceded	(58)	(292)
Outstanding claim recoveries	2,348	1,621
Claims liabilities	(9,758)	(8,013)
Reinsurance liabilities	(198)	(256)
Amount due from other related companies (Note 15)	1,992	4,186
Amount due to other related companies (Note 18)	(231)	(230)
Other related companies within the Maybank Group:		
Fixed and call deposits	116,203	99,533
Income due and accrued	425	267
Claims liabilities	(125)	(50)
Amount due to other related companies	(196)	(257)
Companies with significant influence over Maybank Group:		
Claims liabilities	(25,614)	(20,427)
Subsidiary:		
Amount due to Subsidiary (Note 18)	(1,609)	(1,612)

36. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)

(iii) The remuneration of key management personnel during the period were as follows:

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 RM'000
Short-term employee benefits		
- Fees	450	450
- Salaries, allowances and bonuses	870	729
- Contribution to EPF and pension scheme	129	102
- Share option granted under ESOS	87	78
- Other emoluments	54	49
	1,590	1,408

(iv) The number of shares awarded for ESGP to key management personnel were as follows:

	30.6.2023 RM'000	31.12.2022 RM'000
Award date		
At 1 January	660	528
Awarded	-	132
At 30 June/ 31 December	660	660

37. 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 3 : No Active Market – Valuation techniques using unobservable inputs

  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, private equity investments and investment properties.

37. FAIR VALUE MEASUREMENTS (CONTD.)

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

	Valuation technique using :			
	Level 1	Level 2	Level 3	
	Quoted market prices RM'000	Using observable inputs RM'000	Using significant unobservable inputs RM'000	Total RM'000
30.6.2023				
Assets				
Investment properties	-	-	323,892	323,892
Financial investments at FVTPL				
(i) Designated upon initial recognition				
Debt securities and structured products	-	63,386	-	63,386
(ii) Held-for-trading ("HFT")				
Equity securities	70,416	-	84,647	155,063
Unit and property trust funds	3,280	-	-	3,280
Financial investments at FVOCI				
Malaysian government papers	-	304,461	-	304,461
Equity securities	38,012	-	-	38,012
Debt securities	-	978,699	-	978,699
Derivative assets	-	21	-	21
Total assets	111,708	1,346,567	408,539	1,866,814
Liabilities				
Derivative liabilities	-	(57)	-	(57)
Total liabilities	-	(57)	-	(57)

37. FAIR VALUE MEASUREMENTS (CONTD.)

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

	Valuation technique using :			
	Level 1	Level 2	Level 3	
	Quoted market prices RM'000	Using observable inputs RM'000	Using significant unobservable inputs RM'000	Total RM'000
31.12.2022				
Assets				
Investment properties	-	-	323,892	323,892
Financial investments at FVTPL				
(i) Designated upon initial recognition				
Debt securities	-	35,274	-	35,274
(ii) Held-for-trading ("HFT")				
Equity securities	79,650	-	84,646	164,296
Unit and property trust funds	3,227	-	-	3,227
Financial investments at FVOCI				
Malaysian government papers	-	276,992	-	276,992
Equity securities	11,819	-	-	11,819
Debt securities	-	965,553	-	965,553
Derivative assets	-	43	-	43
Total assets	94,696	1,277,862	408,538	1,781,096

(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 financial year ended 31 December 2022.

37. FAIR VALUE MEASUREMENTS (CONTD.)

(d) Movements of Level 3 assets and financial investments

	Assets and financial investments measured at fair value		
	Investment properties RM'000	Designated at FVTPL RM'000	Total RM'000
30.6.2023			
At 1 January /at 30 June	323,892	84,647	408,539
31.12.2022			
At 1 January	311,866	82,161	394,027
Recognised in income statement:			
Realised gain			
Fair value gains	11,997	2,486	14,483
Addition, at cost	29	-	29
At 31 December	323,892	84,647	408,539
Total gains recognised in income statement for assets and financial instruments measured at fair value at the end of the reporting period	11,997	2,486	14,483

(e) Sensitivity of fair value measurements to changes in unobservable input

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.

37. FAIR VALUE MEASUREMENTS (CONTD.)

(e) Sensitivity of fair value measurements to changes in unobservable input assumptions (contd.)

(i) Investment properties

Recent sale transactions transacted in the real estate market would result in a significant change of estimated fair value for investment properties.

All investment properties of the Group carried at fair values were classified under Level 3. The valuation of investment properties were performed by an accredited independent valuer using a variety of approaches such as the comparison method and the income capitalisation approach.

	Valuation method	Significant unobservable inputs	Range
30.6.2023			
Building	Income capitalisation	Rental per square foot	RM1.98 to RM7.50
Land	Residual method	Gross development value	RM450 million
		Gross development cost	RM258 million
		Discount rate (%)	5.00
Shop lots	Comparison	Sales price per square foot for similar properties	RM1.00 to RM993.68
31.12.2022			
Building	Income capitalisation	Rental per square foot	RM1.98 to RM7.50
Land	Residual method	Gross development value	RM450 million
		Gross development cost	RM258 million
		Discount rate (%)	5.00
Shop lots	Comparison	Sales price per square foot for similar properties	RM1.00 to RM993.68

37. FAIR VALUE MEASUREMENTS (CONTD.)

(e) Sensitivity of fair value measurements to changes in unobservable input assumptions (contd.)

(i) Investment properties (contd.)

Under the comparison method, fair value is estimated by considering the selling price per square foot ("psf") of comparable investment properties sold, adjusted for location, quality and finishes of the building, design and size of the building, title conditions, market trends and time factor. The income capitalisation approach considers the capitalisation of net income of the investment properties such as the gross rental less current maintenance expenses and outgoings. This process also considers the relationships including yield and discount rates. Recent transactions transacted in the market resulting in an increase in these inputs, would result in a significant increase in the estimated fair values of the investment properties.

A significant increase or decrease in the unobservable inputs used in the valuation would result in a correspondingly higher or lower fair value of the investment properties.

(ii) Unquoted equity instruments

All unquoted equity instruments of the Company at fair values were classified under Level 3. The fair value of investments in unquoted equity instruments that do not have quoted market prices in an active market, are measured based on the net asset method by referencing to the annual financial statements of the entities that the Company invested in.

Net asset value	ıanges riables	Impact on carrying value RM'000	pact on profit before tax RM'000	Impact on equity* RM'000
		<---------------- Increase/(Decrease)		------------------>
30.6.2023	+5%	4,232	4,232	3,217
	-5%	(4,232)	(4,232)	(3,217)
31.12.2022	+5%	4,240	4,240	3,222
	-5%	(4,240)	(4,240)	(3,222)

* Impact on equity is computed after tax at the statutory tax rate.

38. REGULATORY CAPITAL REQUIREMENT

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

	30.6.2023	31.12.2022 (Restated)
	RM'000	RM'000
Eligible Tier 1 Capital		
Paid up share capital	229,879	229,879
Valuation surplus in takaful funds		
Retained earnigs	840,809	906,815
	1,070,688	1,136,694
Tier 2 Capital		
Revaluation reserve	76,391	76,391
FVOCI reserve	(5,864)	(33,114)
Subordinated obligation		
Currency translation reserve	17,975	16,353
	88,502	59,630
Amount deducted from capital	(25,198)	(28,529)
Total Capital Available	1,133,992	1,167,795