

Registration No. 198201014849 (94613-X)

HONG LEONG ASSURANCE BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

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**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

| | Note | 31.12.2022 RM'000 | 30.6.2022 RM'000 |
|----------------------------------------------------------|------|----------------------|---------------------|
| Assets | | | |
| Property, plant and equipment | | 78,946 | 79,229 |
| Intangible assets | | 5,632 | 6,153 |
| Right-of-use assets | | 7,374 | 7,300 |
| Investment properties | 3 | 471,610 | 471,610 |
| Financial assets | 4 | 23,444,891 | 21,725,420 |
| - Fair value through profit or loss financial assets | 4 | 23,159,989 | 21,399,776 |
| - Amortised cost financial assets | 4 | 284,902 | 325,644 |
| Derivative assets | | 20,930 | 476 |
| Reinsurance assets | 6 | 50,975 | 27,287 |
| Insurance receivables | | 41,078 | 59,143 |
| Other receivables | | 63,443 | 43,690 |
| Cash and cash equivalents | | 1,191,500 | 1,596,174 |
| Total assets | | 25,376,379 | 24,016,482 |
| Equity, policyholders' fund and liabilities | | | |
| Share capital | | 200,000 | 200,000 |
| Reserves | | 2,278,880 | 2,167,020 |
| Total equity | | 2,478,880 | 2,367,020 |
| Insurance contract liabilities | 6 | 17,673,087 | 16,601,539 |
| Deferred tax liabilities | | 365,659 | 281,575 |
| Tax payables | | 1,304 | 12,065 |
| Insurance payables | | 4,071,825 | 3,930,555 |
| Other payables | | 172,827 | 209,783 |
| Lease Liabilities | | 7,962 | 7,873 |
| Derivative liabilities | | - | 1,362 |
| Subordinated notes | | 604,835 | 604,710 |
| Total policyholders' fund and liabilities | | 22,897,499 | 21,649,462 |
| Total equity, policyholders' fund and liabilities | | 25,376,379 | 24,016,482 |

These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to the unaudited condensed interim financial statements.

**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

| | 6 months ended 31.12.2022 RM'000 | 6 months ended 31.12.2021 RM'000 |
|----------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| Gross earned premiums | 1,551,373 | 1,615,370 |
| Premiums ceded to reinsurers | (81,241) | (74,438) |
| Net earned premiums | 1,470,132 | 1,540,932 |
| Investment income | 533,738 | 461,147 |
| Realised losses | (37,424) | (15,665) |
| Fair value gains/(losses) | 571,570 | (62,471) |
| Fees and commission income | (974) | 256 |
| Other operating income-net | 10,702 | 5,539 |
| Other revenue | 1,077,612 | 388,806 |
| Gross benefits and claims paid | (1,032,888) | (1,005,897) |
| Claims ceded to reinsurers | 79,283 | 65,600 |
| Gross change to contract liabilities | (1,037,849) | (488,848) |
| Change in contract liabilities ceded to reinsurers | 2,215 | (462) |
| Net benefits and claims | (1,989,239) | (1,429,607) |
| Fees and commission expense | (193,684) | (195,432) |
| Management expenses | (104,961) | (92,802) |
| Other expenses | (298,645) | (288,234) |
| Finance cost | (11,340) | (11,229) |
| Surplus before taxation | 248,520 | 200,668 |
| Tax expense attributable to participating fund and unitholders | (54,571) | (18,751) |
| Profit before taxation attributable to shareholders | 193,949 | 181,917 |
| Taxation | (106,660) | (60,179) |
| Tax expense attributable to participating fund and unitholders | 54,571 | 18,751 |
| Taxation attributable to shareholders | (52,089) | (41,428) |
| Net profit for the financial period | 141,860 | 140,489 |
| Earnings per share (sen) | 70.93 | 70.24 |

These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to the unaudited condensed interim financial statements.

**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

| | Issued and fully paid ordinary shares of RM1 each | | Reserves | | | Total RM'000 |
|-------------------------------------------|---------------------------------------------------------|----------------------------|---------------------------------|---------------------------------|--------------------------------|-----------------|
| | | | Non-distributable | | Distributable | |
| | No. of shares '000 | Share capital RM'000 | Fair value reserve RM'000 | *Retained earnings RM'000 | Retained earnings RM'000 | |
| At 1 July 2021 | 200,000 | 200,000 | - | 1,353,839 | 586,411 | 2,140,250 |
| Profit for the financial period | - | - | - | 134,543 | 5,946 | 140,489 |
| Dividend paid during the financial period | - | - | - | - | (30,000) | (30,000) |
| At 31 December 2021 | 200,000 | 200,000 | - | 1,488,382 | 562,357 | 2,250,739 |
| At 1 July 2022 | 200,000 | 200,000 | - | 1,576,582 | 590,438 | 2,367,020 |
| Profit for the financial period | - | - | - | 117,567 | 24,293 | 141,860 |
| Dividend paid during the financial period | - | - | - | - | (30,000) | (30,000) |
| At 31 December 2022 | 200,000 | 200,000 | - | 1,694,149 | 584,731 | 2,478,880 |

* Non-distributable retained earnings comprise surplus of contracts without discretionary participation features, net of deferred tax, which is attributable wholly to the shareholders and the amount and timing of the distribution to the shareholders is subject to the recommendation of the Company's appointed actuary.

These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to the unaudited condensed interim financial statements.

**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

| | 6 months ended 31.12.2022 RM'000 | 6 months ended 31.12.2021 RM'000 |
|-----------------------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| Operating activities | | |
| Net profit for the financial period | 141,860 | 140,489 |
| Adjustments for: | | |
| Investment income | (533,738) | (461,147) |
| Realised losses | 37,424 | 15,665 |
| Fair value (gains)/losses | (571,570) | 62,471 |
| Foreign exchange losses | 808 | 868 |
| Proceeds from sale of fair value through profit or loss financial assets | 688,840 | 690,360 |
| Maturity of fair value through profit or loss financial assets | 703,500 | 335,000 |
| Purchase of fair value through profit or loss financial assets | (2,606,254) | (1,953,887) |
| Decrease/(increase) in amortised cost financial assets | 40,548 | (20,938) |
| (Purchase)/proceeds from realisation of derivatives | (29,590) | 2,671 |
| Interest on subordinated notes | 11,229 | 11,229 |
| Amortisation of incidental cost | 111 | - |
| Interest on lease liabilities | 253 | 294 |
| | <u>(2,258,439)</u> | <u>(1,317,414)</u> |
| Non-cash items: | | |
| Depreciation of property, plant and equipment | 1,790 | 1,966 |
| Depreciation of right-of-use assets | 1,028 | 1,037 |
| Amortisation of intangible assets | 1,255 | 1,445 |
| Tax expense | 106,660 | 60,179 |
| | <u>110,733</u> | <u>64,627</u> |
| Changes in working capital: | | |
| Increase in reinsurance assets | (23,688) | (13,018) |
| Decrease in insurance receivables | 18,065 | 16,799 |
| (Increase)/decrease in other receivables | (16,441) | 1,989 |
| Increase in insurance contract liabilities | 1,071,548 | 503,764 |
| Increase in insurance payables | 141,270 | 156,226 |
| Decrease in other payables | (36,956) | (25,579) |
| | <u>1,153,798</u> | <u>640,181</u> |

**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2022 (CONT'D)**

| | 6 months ended 31.12.2022 RM'000 | 6 months ended 31.12.2021 RM'000 |
|-----------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| Cash used in operating activities | (852,048) | (472,117) |
| Dividend income received | 166,557 | 123,515 |
| Interest income received | 359,449 | 339,847 |
| Rental expenses paid | (1,121) | 681 |
| Income taxes paid | (32,764) | (41,269) |
| Net cash outflow from operating activities | <u>(359,927)</u> | <u>(49,343)</u> |
| Investing activities | | |
| Purchase of property, plant and equipment | (1,539) | (760) |
| Purchase of intangible assets | (734) | (352) |
| Net cash outflow from investing activities | <u>(2,273)</u> | <u>(1,112)</u> |
| Financing activities | | |
| Dividends paid | (30,000) | (30,000) |
| Payment of lease liabilities | (1,006) | (976) |
| Interest paid on lease liabilities | (253) | (294) |
| Interest paid on subordinated notes | (11,104) | (11,104) |
| Related expenses paid on subordinated notes | (111) | - |
| Net cash outflow from financing activities | <u>(42,474)</u> | <u>(42,374)</u> |
| Net decrease in cash and cash equivalents | (404,674) | (92,829) |
| Cash and cash equivalents at beginning of the financial period | 1,596,174 | 1,465,298 |
| Cash and cash equivalents at end of the financial period | <u><u>1,191,500</u></u> | <u><u>1,372,469</u></u> |
| Cash and cash equivalents comprise: | | |
| Cash and bank balances | 59,110 | 60,553 |
| Deposits with maturity of less than 3 months | | |
| - Licensed financial institutions | 1,132,390 | 1,311,916 |
| | <u><u>1,191,500</u></u> | <u><u>1,372,469</u></u> |

**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2022 (CONT'D)**

The Company classifies the cash flows from the acquisition and disposal of financial assets as operating cash flows, as the purchases are mainly funded from the cash flows associated with the origination of insurance contracts, net the cash flows for payments of benefits and claims incurred for insurance contracts, which are treated under operating activities.

(a) Analysis of changes in liabilities arising from financing activities is as follows:

| | 6 months ended 31.12.2022 RM'000 | 6 months ended 31.12.2021 RM'000 |
|--------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| Subordinated note | | |
| Balance at the beginning of the financial period | 604,710 | 604,710 |
| Cash changes: | | |
| - Interest paid | (11,104) | (11,104) |
| - Related expenses | (111) | - |
| Non-cash changes: | | |
| - Accrued interest | 11,229 | 11,229 |
| - Related expenses | 111 | - |
| Balance at the end of the financial period | <u>604,835</u> | <u>604,835</u> |
| Leases | | |
| Balance at the beginning of the financial period | 7,873 | 9,003 |
| Cash changes: | | |
| - Repayments | (1,006) | (976) |
| - Interest paid | (253) | (294) |
| Non-cash changes: | | |
| - Additions | 1,095 | 791 |
| - Accrued interest | 253 | 294 |
| Balance at the end of the financial period | <u>7,962</u> | <u>8,818</u> |

These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to the unaudited condensed interim financial statements.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

1 . BASIS OF PREPARATION

The unaudited condensed interim financial statements for the six months ended 31 December 2022 of Hong Leong Assurance Bhd ("the Company") have been prepared under the historical cost convention, as modified by the revaluation of financial investments at fair value through other comprehensive income and financial assets/financial liabilities at fair value through profit or loss ("FVTPL") (including derivative financial instruments and revaluation of investment properties).

The unaudited condensed interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Guidelines on Financial Reporting issued by Bank Negara Malaysia ("BNM").

The unaudited condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited financial statements for the financial year ended 30 June 2022. The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Company since the financial year ended 30 June 2022.

2 . SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation applied in the unaudited condensed financial statements are consistent with those adopted in the annual audited financial statements for the financial year ended 30 June 2022 and modified for the adoption of the following accounting standards applicable for financial period beginning on or after 1 July 2022:

- Annual improvements to MFRS 9 'Fees in the 10% test for derecognition of financial liabilities'
- Amendments to MFRS 116 'Proceeds before Intended Use'
- Amendments to MFRS 137 'Onerous Contracts - Cost of Fulfilling a Contract'

The adoption of the above amendments is not expected to have significant impact to the financial statements.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

2 . SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

3 . INVESTMENT PROPERTIES

| | 31.12.2022 | 30.6.2022 |
|------------------------------------------------------|-------------------|------------------|
| | RM'000 | RM'000 |
| As at beginning of the financial period/year | 471,610 | 469,610 |
| Fair value losses | - | 2,000 |
| As at end of the financial period/year | <u>471,610</u> | <u>471,610</u> |
| The analysis of investment properties is as follows: | | |
| Freehold land and building | 469,000 | 469,000 |
| Leasehold land and building * | 2,610 | 2,610 |
| | <u>471,610</u> | <u>471,610</u> |

* Leasehold land and building are right-of-use ("ROU") assets within the scope of MFRS 16. The Company applies the fair value model to ROU assets that meet the definition of investment property of MFRS 140.

The fair values of the investment properties as at 30 June 2022 were revalued by an independent professional valuer, Raine & Horne International Zaki + Partners Sdn Bhd who hold recognised relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued. Fair value changes are recorded in statement of comprehensive income.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

3 . INVESTMENT PROPERTIES (CONT'D)

Valuation techniques adopted

Pursuant to MFRS 13 Fair Value Measurement, the Company establishes a fair value hierarchy that categories into three levels of inputs to valuation techniques used to measure fair value as disclosed in Note 5.

| | 31.12.2022 | 30.6.2022 |
|---------|-------------------|------------------|
| | RM'000 | RM'000 |
| Level 2 | 2,610 | 2,610 |
| Level 3 | 469,000 | 469,000 |
| | <u>471,610</u> | <u>471,610</u> |

Description of valuation techniques used and key inputs to valuation on investment properties measured at Level 3:

| Valuation technique | Unobservable input | 31.12.2022 | 30.6.2022 |
|--------------------------------|--------------------------------------|---------------------|---------------------|
| Comparison & Investment Method | Term Yield | 6.00% | 6.00% |
| | Revisionary rate | 6.50% - 6.75% | 6.50% - 6.75% |
| | Average rental per square feet (net) | RM2.11 - RM3.87 | RM2.11 - RM3.87 |
| | Discount rate | 6.50% - 6.75% | 6.50% - 6.75% |
| | Estimated value per square feet | RM521.38 - RM799.11 | RM521.38 - RM799.11 |

The investment properties generated rental income and incurred the following direct expenses:

| | 31.12.2022 | 30.6.2022 |
|---------------------------|-------------------|------------------|
| | RM'000 | RM'000 |
| Rental income generated | 3,761 | 8,789 |
| Direct operating expenses | (4,928) | (8,462) |
| | <u>(1,167)</u> | <u>327</u> |

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

4 . FINANCIAL ASSETS

| | 31.12.2022 | 30.6.2022 |
|---------------------------------------------------------------------------|-------------------|-------------------|
| | RM'000 | RM'000 |
| Malaysian Government Securities and other Government guaranteed assets | 9,034,787 | 8,117,039 |
| Corporate bonds | 6,486,448 | 6,287,424 |
| Equity securities | 4,053,930 | 3,917,414 |
| Unit trusts and real estate investment trusts | 1,922,913 | 1,604,459 |
| Policy loans and premium loans | 279,261 | 295,959 |
| Deposits with financial institutions | 1,667,552 | 1,503,125 |
| | <u>23,444,891</u> | <u>21,725,420</u> |

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

| | | |
|---------------------------------------------------------------|-------------------|-------------------|
| Fair value through profit and loss ("FVTPL") financial assets | 23,159,989 | 21,399,776 |
| Amortised cost ("AC") financial assets | 284,902 | 325,644 |
| | <u>23,444,891</u> | <u>21,725,420</u> |

The following investments mature within 12 months:

| | | |
|------------------------|----------------|------------------|
| FVTPL financial assets | 584,387 | 804,867 |
| AC financial assets | 284,902 | 325,644 |
| | <u>869,289</u> | <u>1,130,511</u> |

The following investments mature after 12 months:

| | | |
|------------------------|-------------------|-------------------|
| FVTPL financial assets | <u>22,575,602</u> | <u>20,594,909</u> |
|------------------------|-------------------|-------------------|

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

4 . FINANCIAL ASSETS (CONT'D)

The Company's financial investments are summarised by categories as follows: (cont'd)

(a) FVTPL financial assets

| | 31.12.2022 | 30.6.2022 |
|------------------------------------------------------------------------|-------------------|-------------------|
| | RM'000 | RM'000 |
| At fair value: | | |
| Malaysian Government Securities and other Government guaranteed assets | 9,034,787 | 8,117,039 |
| Corporate bonds | | |
| - Unquoted in Malaysia | 6,477,836 | 6,278,377 |
| - Unquoted outside Malaysia | 8,612 | 9,047 |
| Equity securities | | |
| - Quoted in Malaysia * | 3,504,346 | 3,327,356 |
| - Quoted outside Malaysia | 437,329 | 478,030 |
| - Unquoted in Malaysia | 112,255 | 112,028 |
| Unit trusts and real estate investment trusts | | |
| - Quoted in Malaysia | 170,573 | 133,381 |
| - Unquoted in Malaysia | 1,752,340 | 1,471,078 |
| Deposits with financial institutions | 1,661,911 | 1,473,440 |
| | <u>23,159,989</u> | <u>21,399,776</u> |

* As at 31.12.2022, includes Hong Leong Financial Group Berhad ("HLFG") ordinary shares held by RHB Trustees Berhad for the Executive Share Scheme.

(b) AC financial assets

| | 31.12.2022 | 30.6.2022 |
|--------------------------------------|-------------------|------------------|
| | RM'000 | RM'000 |
| At cost: | | |
| Deposits with financial institutions | 5,641 | 29,685 |
| Policy loans | 24,979 | 25,168 |
| Premium loans | 254,282 | 270,791 |
| | <u>284,902</u> | <u>325,644</u> |

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

5 . FAIR VALUE HIERARCHY

Recurring fair value measurements

The table below analyses those financial instruments carried at fair value by their valuation method.

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

Financial instruments are classified as Level 1 if their values are observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices are readily available, and the prices represent actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2.

Level 2 valuations are mainly based on indicative fair market prices/index by reference to the quotations provided by financial institutions and brokers. If the market for a financial asset is not active, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models.

Financial instruments are classified as Level 3 if their valuations incorporate significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

5 . FAIR VALUE HIERARCHY (CONT'D)

The table below analyses financial instruments carried at fair value analysed by level within the fair value hierarchy:

| | Fair value | | | |
|-------------------------------------------------|-------------------|-------------------|----------------|-------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Recurring fair value measurements</u> | | | | |
| 31.12.2022 | | | | |
| Financial assets | | | | |
| FVTPL financial assets | 5,864,588 | 17,268,358 | 27,043 | 23,159,989 |
| Derivative assets | - | 20,930 | - | 20,930 |
| Total assets | 5,864,588 | 17,289,288 | 27,043 | 23,180,919 |
| 30.6.2022 | | | | |
| Financial assets | | | | |
| FVTPL financial assets | 5,409,845 | 15,962,888 | 27,043 | 21,399,776 |
| Derivative assets | - | 476 | - | 476 |
| Total assets | 5,409,845 | 15,963,364 | 27,043 | 21,400,252 |
| Financial liabilities | | | | |
| Derivative liabilities | - | 1,362 | - | 1,362 |
| Total liabilities | - | 1,362 | - | 1,362 |

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial period.

Reconciliation of fair value measurements in Level 3 of the fair value hierarchy:

| | 31.12.2022 | 30.6.2022 |
|-----------------------------------------|-------------------|------------------|
| | RM'000 | RM'000 |
| FVTPL financial assets | | |
| At 1 July 2022/1 July 2021 | 27,043 | 25,860 |
| Fair value gains | - | 1,183 |
| At 31 December 2022/30 June 2022 | 27,043 | 27,043 |

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

6 . INSURANCE CONTRACT LIABILITIES

The analysis of life insurance contract liabilities and the movements are as follows:

| | Gross | | Reinsurance | | Net | |
|------------------------------------------------------|-------------------|-------------------|--------------------|------------------|-------------------|-------------------|
| | 31.12.2022 | 30.6.2022 | 31.12.2022 | 30.6.2022 | 31.12.2022 | 30.6.2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Provision for outstanding claims | 283,446 | 249,747 | (111,475) | (90,002) | 171,971 | 159,745 |
| Actuarial liabilities | 11,424,030 | 11,303,433 | 60,500 | 62,715 | 11,484,530 | 11,366,148 |
| Unallocated surplus | 437,417 | 214,642 | - | - | 437,417 | 214,642 |
| Net asset value attributable to unitholders (Note 9) | 5,528,194 | 4,833,717 | - | - | 5,528,194 | 4,833,717 |
| Life insurance contract liabilities | <u>17,673,087</u> | <u>16,601,539</u> | <u>(50,975)</u> | <u>(27,287)</u> | <u>17,622,112</u> | <u>16,574,252</u> |

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

6 . INSURANCE CONTRACT LIABILITIES (CONT'D)

| | Gross | | | Reinsurance | | | Net |
|---------------------------------------------------------------------------------------------------------|-----------------------|--------------------------|-----------------|-----------------------|--------------------------|-----------------|------------|
| | With DPF RM'000 | Without DPF RM'000 | Total RM'000 | With DPF RM'000 | Without DPF RM'000 | Total RM'000 | RM'000 |
| At 1 July 2021 | 10,550,019 | 6,475,195 | 17,025,214 | (985) | (45,915) | (46,900) | 16,978,314 |
| Change in non-economic assumptions and valuation methodology: | | | | | | | |
| Model and methodology | 1,995 | (142) | 1,853 | 9,795 | 2,010 | 11,805 | 13,658 |
| Mortality & total permanent disability assumptions | (67,711) | (48,601) | (116,312) | - | 26,485 | 26,485 | (89,827) |
| Hospitalisation & surgical benefit, hospitalisation income benefit and personal accident assumptions | - | 196 | 196 | - | (1) | (1) | 195 |
| Expense assumption | 5,123 | (3,412) | 1,711 | - | (5) | (5) | 1,706 |
| Lapse assumption | 35,231 | 26,075 | 61,306 | - | 1,279 | 1,279 | 62,585 |
| Other assumptions | (11) | (523) | (534) | - | 1 | 1 | (533) |
| Change in economic assumptions | | | | | | | |
| Malaysian Government Securities rate | - | (186,356) | (186,356) | - | (3,699) | (3,699) | (190,055) |
| Other assumptions | - | (42) | (42) | - | - | - | (42) |
| Projected change for inforce policies at 30 June 2021 | (308,969) | 231,473 | (77,496) | (1,685) | (2,765) | (4,450) | (81,946) |
| Experience variance | (440,834) | 25,180 | (415,654) | 1,320 | (662) | 658 | (414,996) |
| Incurred but not reported reserves | 4 | (181) | (177) | - | - | - | (177) |
| Others - Education Malaysia Global Services inwards reinsurance | - | (565) | (565) | - | - | - | (565) |
| New business | 8,544 | 57,612 | 66,156 | - | 2,086 | 2,086 | 68,242 |
| Change in unprocessed unit reserves | - | (18,330) | (18,330) | - | - | - | (18,330) |
| Change in provision for outstanding claims | 17,162 | 46,590 | 63,752 | 24 | (14,570) | (14,546) | 49,206 |
| Change in net asset value attributable to unitholders | - | 484,871 | 484,871 | - | - | - | 484,871 |
| Change in unallocated surplus | (288,054) | - | (288,054) | - | - | - | (288,054) |
| At 30 June 2022 | 9,512,499 | 7,089,040 | 16,601,539 | 8,469 | (35,756) | (27,287) | 16,574,252 |

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

6 . INSURANCE CONTRACT LIABILITIES (CONT'D)

| | Gross | | | Reinsurance | | | Net |
|--------------------------------------------------------------------|-----------------------|--------------------------|-----------------|-----------------------|--------------------------|-----------------|------------|
| | With DPF RM'000 | Without DPF RM'000 | Total RM'000 | With DPF RM'000 | Without DPF RM'000 | Total RM'000 | RM'000 |
| At 1 July 2022 | 9,512,499 | 7,089,040 | 16,601,539 | 8,469 | (35,756) | (27,287) | 16,574,252 |
| Change in non-economic assumptions and valuation methodology: | | | | | | | |
| Model and Methodology | - | 1,558 | 1,558 | - | (158) | (158) | 1,400 |
| Expense assumptions | - | 1 | 1 | - | - | - | 1 |
| Change in economic assumptions | | | | | | | |
| Malaysian Government Securities rate | - | 80,274 | 80,274 | - | 1,096 | 1,096 | 81,370 |
| Discount rate | (141,712) | - | (141,712) | (858) | - | (858) | (142,570) |
| Projected change for inforce policies at 30 June 2022 | (181,278) | 102,088 | (79,190) | (775) | (960) | (1,735) | (80,925) |
| Experience variance | 180,305 | 14,267 | 194,572 | 148 | (1,228) | (1,080) | 193,492 |
| Incurred but not reported reserves | 135 | 3,965 | 4,100 | - | - | - | 4,100 |
| Others - Education Malaysia Global Services inwards reinsurance | - | (38) | (38) | - | - | - | (38) |
| New business | 4,722 | 30,573 | 35,295 | 1 | 519 | 520 | 35,815 |
| Change in unprocessed unit reserves | - | 25,737 | 25,737 | - | - | - | 25,737 |
| Change in provision for outstanding claims | 17,020 | 16,679 | 33,699 | (81) | (21,392) | (21,473) | 12,226 |
| Change in net asset value attributable to unitholders | - | 694,477 | 694,477 | - | - | - | 694,477 |
| Change in unallocated surplus | 222,775 | - | 222,775 | - | - | - | 222,775 |
| At 31 December 2022 | 9,614,466 | 8,058,621 | 17,673,087 | 6,904 | (57,879) | (50,975) | 17,622,112 |

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

7 . TOTAL CAPITAL AVAILABLE

The capital structure of the Company as at the date of the statement of financial position, consisting of all funds as prescribed under the Risk-Based Capital ("RBC") Framework is provided below:

| | 31.12.2022 | 30.6.2022 |
|--------------------------------|-------------------|------------------|
| | RM'000 | RM'000 |
| Eligible Tier 1 capital | | |
| - Share capital (paid up) | 200,000 | 200,000 |
| - Reserves | 4,293,660 | 4,059,157 |
| Eligible Tier 2 capital | | |
| - Eligible reserves | 540,000 | 570,000 |
| Deductions | (15,603) | (39,367) |
| | <u>5,018,057</u> | <u>4,789,790</u> |

The Company has met the minimum capital requirements specified in the RBC Framework for the financial period ended 31.12.2022 and 30.6.2022.

8 . CAPITAL COMMITMENTS

Capital expenditure approved by Directors but not provided for in the financial statements are as follows:

| | 31.12.2022 | 30.6.2022 |
|---------------------------------|-------------------|------------------|
| | RM'000 | RM'000 |
| Authorised and contracted for: | | |
| - Property, plant and equipment | 329 | 344 |
| - Intangible assets | 2,791 | 3,194 |
| | <u>3,120</u> | <u>3,538</u> |

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

9 . INSURANCE FUNDS

The Company's activities are organised by funds and segregated into the Life Fund and Shareholders' Fund ("SHF") in accordance with the Financial Services Act 2013. The Company's statement of financial position and income statement have been further analysed by funds which include the Life Fund ("LF"), Investment-linked Fund ("ILF") and SHF. The Life insurance business offers a wide range of participating and non-participating Whole Life, Term Assurance, Endowment and Investment-linked products.

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION BY FUNDS
AS AT 31 DECEMBER 2022**

| | SHF | LF | ILF | Inter-fund elimination | Total |
|-------------------------------|------------------|-------------------|------------------|---------------------------|-------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Assets | | | | | |
| Property, plant and equipment | 1,727 | 77,219 | - | - | 78,946 |
| Intangible assets | - | 5,632 | - | - | 5,632 |
| Right-of-use assets | 476 | 6,898 | - | - | 7,374 |
| Investment properties | 209,000 | 262,610 | - | - | 471,610 |
| Financial assets | 1,065,841 | 17,180,697 | 5,198,353 | - | 23,444,891 |
| - FVTPL financial assets | 1,065,809 | 16,901,436 | 5,192,744 | - | 23,159,989 |
| - AC financial assets | 32 | 279,261 | 5,609 | - | 284,902 |
| Derivative assets | 880 | 13,555 | 6,495 | - | 20,930 |
| Reinsurance assets | - | 50,975 | - | - | 50,975 |
| Insurance receivables | - | 41,078 | - | - | 41,078 |
| Other receivables | 2,089,856 | 41,929 | 4,073 | (2,072,415) | 63,443 |
| Cash and cash equivalents | 95,307 | 791,890 | 304,303 | - | 1,191,500 |
| Total assets | 3,463,087 | 18,472,483 | 5,513,224 | (2,072,415) | 25,376,379 |

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

9 . INSURANCE FUNDS (CONT'D)

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION BY FUNDS
AS AT 31 DECEMBER 2022 (CONT'D)**

| | SHF | LF | ILF | Inter-fund elimination | Total |
|------------------------------------------------------------------|------------------|-------------------|------------------|-----------------------------------|-------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Equity, policyholders' fund and liabilities | | | | | |
| Share capital | 200,000 | - | - | - | 200,000 |
| Reserves | 2,278,880 | - | - | - | 2,278,880 |
| Total equity | 2,478,880 | - | - | - | 2,478,880 |
| | | | | | |
| Insurance contract liabilities | - | 12,144,893 | 5,528,194 | - | 17,673,087 |
| Deferred tax liabilities | 364,068 | 19,727 | (18,136) | - | 365,659 |
| Tax payables | 286 | 6,526 | (5,508) | - | 1,304 |
| Insurance payables | - | 4,071,825 | - | - | 4,071,825 |
| Other payables | 14,454 | 2,222,114 | 8,674 | (2,072,415) | 172,827 |
| Lease Liabilities | 564 | 7,398 | - | - | 7,962 |
| Subordinated notes | 604,835 | - | - | - | 604,835 |
| Total policyholders' fund and liabilities | 984,207 | 18,472,483 | 5,513,224 | (2,072,415) | 22,897,499 |
| | | | | | |
| Total equity, policyholders' fund and liabilities | 3,463,087 | 18,472,483 | 5,513,224 | (2,072,415) | 25,376,379 |

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

9 . INSURANCE FUNDS (CONT'D)

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

| | SHF | LF | ILF | Inter-fund elimination | Total |
|-------------------------------|------------------|-------------------|------------------|-----------------------------------|-------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Assets | | | | | |
| Property, plant and equipment | 1,779 | 77,450 | - | - | 79,229 |
| Intangible assets | - | 6,153 | - | - | 6,153 |
| Right-of-use assets | 538 | 6,762 | - | - | 7,300 |
| Investment properties | 209,000 | 262,610 | - | - | 471,610 |
| Financial assets | 1,003,089 | 16,150,728 | 4,571,603 | - | 21,725,420 |
| - FVTPL financial assets | 1,003,057 | 15,834,190 | 4,562,529 | - | 21,399,776 |
| - AC financial assets | 32 | 316,538 | 9,074 | - | 325,644 |
| Derivative assets | 23 | 352 | 101 | - | 476 |
| Reinsurance assets | - | 27,287 | - | - | 27,287 |
| Insurance receivables | - | 59,143 | - | - | 59,143 |
| Other receivables | 2,024,101 | 35,388 | 3,466 | (2,019,265) | 43,690 |
| Cash and cash equivalents | 87,290 | 1,279,149 | 229,735 | - | 1,596,174 |
| Total assets | 3,325,820 | 17,905,022 | 4,804,905 | (2,019,265) | 24,016,482 |

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

9 . INSURANCE FUNDS (CONT'D)

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION BY FUNDS
AS AT 30 JUNE 2022 (CONT'D)**

| | SHF | LF | ILF | Inter-fund elimination | Total |
|------------------------------------------------------------------|------------------|-------------------|------------------|-----------------------------------|-------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Equity, policyholders' fund and liabilities | | | | | |
| Share capital | 200,000 | - | - | - | 200,000 |
| Reserves | 2,167,020 | - | - | - | 2,167,020 |
| Total equity | 2,367,020 | - | - | - | 2,367,020 |
| | | | | | |
| Insurance contract liabilities | - | 11,767,822 | 4,833,717 | - | 16,601,539 |
| Deferred tax liabilities | 329,425 | (16,561) | (31,289) | - | 281,575 |
| Tax payables | 7,761 | 9,383 | (5,079) | - | 12,065 |
| Insurance payables | - | 3,930,555 | - | - | 3,930,555 |
| Other payables | 16,226 | 2,205,732 | 7,090 | (2,019,265) | 209,783 |
| Lease Liabilities | 622 | 7,251 | - | - | 7,873 |
| Derivative liabilities | 56 | 840 | 466 | - | 1,362 |
| Subordinated notes | 604,710 | - | - | - | 604,710 |
| Total policyholders' fund and liabilities | 958,800 | 17,905,022 | 4,804,905 | (2,019,265) | 21,649,462 |
| | | | | | |
| Total equity, policyholders' fund and liabilities | 3,325,820 | 17,905,022 | 4,804,905 | (2,019,265) | 24,016,482 |

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

9 . INSURANCE FUNDS (CONT'D)

**UNAUDITED CONDENSED INCOME STATEMENT BY FUND
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

| | SHF | LF | ILF | Inter-fund elimination | Total |
|-------------------------------------------------------|----------|-------------|-----------|---------------------------|-------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Gross earned premiums | - | 927,400 | 623,973 | - | 1,551,373 |
| Premiums ceded to reinsurers | - | (81,241) | - | - | (81,241) |
| Net earned premiums | - | 846,159 | 623,973 | - | 1,470,132 |
| Investment income | 22,065 | 393,610 | 118,063 | - | 533,738 |
| Realised gains/(losses) | 498 | (35,558) | (2,364) | - | (37,424) |
| Fair value gains | 33,839 | 394,615 | 143,116 | - | 571,570 |
| Fees and commission income | - | 22,667 | - | (23,641) | (974) |
| Other operating income-net | 1,810 | 16,535 | (7,643) | - | 10,702 |
| Other revenue | 58,212 | 791,869 | 251,172 | (23,641) | 1,077,612 |
| Gross benefits and claims paid | - | (879,723) | (153,165) | - | (1,032,888) |
| Claims ceded to reinsurers | - | 79,283 | - | - | 79,283 |
| Gross change to contract liabilities | - | (343,372) | (694,477) | - | (1,037,849) |
| Change in contract liabilities ceded to reinsurers | - | 2,215 | - | - | 2,215 |
| Net benefits and claims | - | (1,141,597) | (847,642) | - | (1,989,239) |
| Fees and commission expense | (89) | (203,373) | (13,863) | 23,641 | (193,684) |
| Management expenses | (10,686) | (94,275) | - | - | (104,961) |
| Other expenses | (10,775) | (297,648) | (13,863) | 23,641 | (298,645) |
| Finance costs | (11,340) | - | - | - | (11,340) |
| Profit before taxation | 36,097 | 198,783 | 13,640 | - | 248,520 |
| Taxation | (37,611) | (55,409) | (13,640) | - | (106,660) |
| Net (loss)/profit for the financial period | (1,514) | 143,374 | - | - | 141,860 |

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

9 . INSURANCE FUNDS (CONT'D)

**UNAUDITED CONDENSED INCOME STATEMENT BY FUND
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2021**

| | SHF | LF | ILF | Inter-fund elimination | Total |
|-------------------------------------------------------|----------|-----------|-----------|---------------------------|-------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Gross earned premiums | - | 951,479 | 663,891 | - | 1,615,370 |
| Premiums ceded to reinsurers | - | (74,438) | - | - | (74,438) |
| Net earned premiums | - | 877,041 | 663,891 | - | 1,540,932 |
| Investment income | 19,799 | 362,983 | 78,365 | - | 461,147 |
| Realised (losses)/gains | (282) | 2,900 | (18,283) | - | (15,665) |
| Fair value gains/(losses) | 4,984 | (101,082) | 33,627 | - | (62,471) |
| Fees and commission income | - | 21,744 | - | (21,488) | 256 |
| Other operating income-net | 1,166 | 16,513 | (12,140) | - | 5,539 |
| Other revenue | 25,667 | 303,058 | 81,569 | (21,488) | 388,806 |
| Gross benefits and claims paid | - | (849,160) | (156,737) | - | (1,005,897) |
| Claims ceded to reinsurers | - | 65,600 | - | - | 65,600 |
| Gross change to contract liabilities | - | 82,010 | (570,858) | - | (488,848) |
| Change in contract liabilities ceded to reinsurers | - | (462) | - | - | (462) |
| Net benefits and claims | - | (702,012) | (727,595) | - | (1,429,607) |
| Fees and commission expense | 168 | (202,738) | (14,350) | 21,488 | (195,432) |
| Management expenses | (4,654) | (88,148) | - | - | (92,802) |
| Other expenses | (4,486) | (290,886) | (14,350) | 21,488 | (288,234) |
| Finance costs | (11,229) | - | - | - | (11,229) |
| Profit before taxation | 9,952 | 187,201 | 3,515 | - | 200,668 |
| Taxation | (33,540) | (23,124) | (3,515) | - | (60,179) |
| Net (loss)/profit for the financial period | (23,588) | 164,077 | - | - | 140,489 |

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

10 . INVESTMENT-LINKED FUND

The statement of financial position and statement of comprehensive income of Investment-linked funds have been adjusted for the following assets, liabilities and net asset value of HLA Dana Suria Fund which has been eliminated as the fund invested 50% in HLA Venture Dana Putra during the financial period:

| | 31.12.2022 | 30.6.2022 |
|-------------------------------------------------|-----------------------|-----------------------|
| | RM'000 | RM'000 |
| <u>Statement of financial position</u> | | |
| Assets | | |
| Financial assets - FVTPL financial assets | 6,096 | 5,371 |
| Tax recoverables | 1 | - |
| Other receivables | 6 | 8 |
| Total assets | <u>6,103</u> | <u>5,379</u> |
| Liabilities | | |
| Tax payables | - | 2 |
| Deferred tax liabilities | 9 | (10) |
| Total liabilities | <u>9</u> | <u>(8)</u> |
| Net asset value | <u>6,094</u> | <u>5,387</u> |
| | 6 months ended | 6 months ended |
| | 31.12.2022 | 31.12.2021 |
| | RM'000 | RM'000 |
| <u>Statement of comprehensive income</u> | | |
| Net earned premiums | <u>488</u> | <u>537</u> |
| Realised gains | 2 | 2 |
| Fair value gains | 236 | 182 |
| Other revenue | <u>238</u> | <u>184</u> |
| Gross change to contract liabilities | (707) | (706) |
| Net benefits and claims | <u>(707)</u> | <u>(706)</u> |
| Profit before taxation | 19 | 15 |
| Taxation | (19) | (15) |
| Net profit for the financial period | <u>-</u> | <u>-</u> |

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

11 . ITEMS OF AN UNUSUAL NATURE

The results of the Company for the financial period under review were not substantially affected by any item, transaction or event of a material and unusual nature.

12 . CHANGES IN ESTIMATE

There were no material changes in the basis used for accounting estimates for the financial period under review.

13 . SEASONAL OR CYCLICAL FACTORS

The operations of the Company for the financial period under review were not significantly affected by seasonality or cyclical factors.

14 . CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

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

15 . DEBTS AND EQUITY SECURITIES

There were no issuances, cancellation, repurchases, resale and repayment of debt and equity securities during the financial period under review.

16 . DIVIDEND

A final single-tier dividend of 15 sen per share in respect of the financial year ended 30 June 2022 amounting to RM30.0 million was paid on 8 November 2022.

The Directors have not recommended any dividend to be paid for the period under review.

17 . CHANGES IN THE COMPOSITON OF THE COMPANY

There were no changes in the composition of the Company during the financial period under review.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

18 . RELATED PARTY TRANSACTIONS

All related party transactions were entered into the normal course of business and carried out on normal commercial terms.

19 . SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

There were no significant events during the financial period under review.

20 . SUBSEQUENT EVENTS AFTER THE FINANCIAL PERIOD

There were no material events subsequent to the end of the financial period under review that have not been reported in the report.