

**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 2021**

<b>CONTENTS</b>	<b>PAGE</b>
UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION	1
UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME	2
UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY	3
UNAUDITED CONDENSED STATEMENT OF CASH FLOWS	4 to 6
NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS	7 to 26

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021**

	Note	31.12.2021 RM'000	30.6.2021 RM'000
<b>Assets</b>			
Property, plant and equipment		79,683	80,924
Intangible assets		5,180	6,273
Right-of-use assets		8,300	8,547
Investment properties	3	469,610	469,610
Financial assets	4	22,699,589	21,832,517
- Fair value through profit or loss financial assets	4	22,185,767	21,339,469
- Amortised cost financial assets	4	513,822	493,048
Derivative assets		10,623	11,884
Reinsurance assets	6	59,918	46,900
Insurance receivables		53,121	69,920
Other receivables		30,707	37,971
Cash and cash equivalents		1,372,469	1,465,298
<b>Total assets</b>		24,789,200	24,029,844
<b>Equity, policyholders' fund and liabilities</b>			
Share capital		200,000	200,000
Reserves		2,050,739	1,940,250
<b>Total equity</b>		2,250,739	2,140,250
Insurance contract liabilities	6	17,528,978	17,025,214
Deferred tax liabilities		401,415	373,092
Tax payables		11,415	22,253
Insurance payables		3,790,895	3,634,669
Other payables		174,915	200,494
Lease Liabilities		8,818	9,003
Derivative liabilities		17,190	20,159
Subordinated notes		604,835	604,710
<b>Total policyholders' fund and liabilities</b>		22,538,461	21,889,594
<b>Total equity, policyholders' fund and liabilities</b>		24,789,200	24,029,844

*These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 30 June 2021 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 2021**

	<b>6 months ended 31.12.2021 RM'000</b>	<b>6 months ended 31.12.2020 RM'000</b>
Gross earned premiums	1,615,370	1,568,880
Premiums ceded to reinsurers	(74,438)	(66,469)
<b>Net earned premiums</b>	<b>1,540,932</b>	<b>1,502,411</b>
Investment income	461,147	456,019
Realised (losses)/gains	(15,665)	113,604
Fair value (losses)/gains	(62,471)	661,021
Fees and commission income	256	(268)
Other operating income-net	5,539	-
<b>Other revenue</b>	<b>388,806</b>	<b>1,230,376</b>
Gross benefits and claims paid	(1,005,897)	(990,910)
Claims ceded to reinsurers	65,600	31,081
Gross change to contract liabilities	(488,848)	(1,199,607)
Change in contract liabilities ceded to reinsurers	(462)	(2,714)
<b>Net benefits and claims</b>	<b>(1,429,607)</b>	<b>(2,162,150)</b>
Fees and commission expense	(195,432)	(201,437)
Management expenses	(92,802)	(104,918)
Other operating expenses-net	-	(31,922)
<b>Other expenses</b>	<b>(288,234)</b>	<b>(338,277)</b>
Finance cost	(11,229)	(6,006)
Surplus before taxation	200,668	226,354
Tax expense attributable to participating fund and unitholders	(18,751)	(75,229)
<b>Profit before taxation attributable to shareholders</b>	<b>181,917</b>	<b>151,125</b>
Taxation	(60,179)	(109,231)
Tax expense attributable to participating fund and unitholders	18,751	75,229
Taxation attributable to shareholders	(41,428)	(34,002)
<b>Net profit for the financial period</b>	<b>140,489</b>	<b>117,123</b>
<b>Earnings per share (sen)</b>	<b>70.24</b>	<b>58.56</b>

*These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 30 June 2021 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 2021**

	Issued and fully paid ordinary shares of RM1 each		Reserves			Total RM'000
	No. of shares '000	Share capital RM'000	Non-distributable		Distributable	
			Fair value reserve RM'000	*Retained earnings RM'000	Retained earnings RM'000	
At 1 July 2020	200,000	200,000	-	1,176,535	504,731	1,881,266
Profit for the financial period	-	-	-	102,566	14,557	117,123
At 31 December 2020	200,000	200,000	-	1,279,101	519,288	1,998,389
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

\* 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 2021 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 2021**

	<b>6 months ended 31.12.2021 RM'000</b>	<b>6 months ended 31.12.2020 RM'000</b>
<b>Operating activities</b>		
Net profit for the financial period	140,489	117,123
Adjustments for:		
Investment income	(461,147)	(456,019)
Net realised losses/(gains)	15,665	(113,604)
Fair value losses/(gains)	62,471	(661,021)
Foreign exchange losses	868	36,510
Proceeds from sale of fair value through profit or loss financial assets	690,360	1,236,059
Maturity of fair value through profit or loss financial assets	335,000	259,118
Purchase of fair value through profit or loss financial assets	(1,953,887)	(3,354,787)
(Increase)/decrease in amortised cost financial assets	(20,938)	316,653
Proceeds from realisation of derivatives	2,671	29,002
Interest on subordinated notes	11,229	5,940
Amortisation of incidental cost	-	66
Interest on lease liabilities	294	381
	<u>(1,317,414)</u>	<u>(2,701,702)</u>
<b>Non-cash items:</b>		
Depreciation of property, plant and equipment	1,966	2,287
Depreciation of right-of-use assets	1,037	1,054
Amortisation of intangible assets	1,445	1,311
Tax expense	60,179	109,231
	<u>64,627</u>	<u>113,883</u>
<b>Changes in working capital:</b>		
(Increase)/decrease in reinsurance assets	(13,018)	16,998
Decrease in insurance receivables	16,799	28,615
Decrease/(increase) in other receivables	1,989	(14,256)
Increase in insurance contract liabilities	503,764	1,200,994
Increase in insurance payables	156,226	195,735
Decrease in other payables	(25,579)	(56,611)
	<u>640,181</u>	<u>1,371,475</u>

**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2021 (CONT'D)**

	<b>6 months ended 31.12.2021 RM'000</b>	<b>6 months ended 31.12.2020 RM'000</b>
Cash used in operating activities	(472,117)	(1,099,221)
Dividend income received	123,515	129,756
Interest income received	339,847	309,881
Rental expenses paid	681	(64)
Income taxes paid	(41,269)	(15,665)
Net cash outflow from operating activities	<u>(49,343)</u>	<u>(675,313)</u>
<b>Investing activities</b>		
Proceeds from sale of property, plant and equipment	-	204
Purchase of property, plant and equipment	(760)	(2,331)
Purchase of intangible assets	(352)	(296)
Net cash outflow from investing activities	<u>(1,112)</u>	<u>(2,423)</u>
<b>Financing activities</b>		
Dividends paid	(30,000)	-
Payment of lease liabilities	(976)	(924)
Interest paid on lease liabilities	(294)	(381)
Issuance of subordinated notes	-	300,000
Interest paid on subordinated notes	(11,104)	(5,759)
Related expenses paid on subordinated notes	-	(66)
Net cash (outflow)/inflow from financing activities	<u>(42,374)</u>	<u>292,870</u>
Effect of exchange rate changes on cash and cash equivalents	-	1,323
Net decrease in cash and cash equivalents	<u>(92,829)</u>	<u>(383,543)</u>
Cash and cash equivalents at beginning of the financial period	<u>1,465,298</u>	<u>1,757,917</u>
<b>Cash and cash equivalents at end of the financial period</b>	<u><u>1,372,469</u></u>	<u><u>1,374,374</u></u>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	60,553	99,710
Deposits with maturity of less than 3 months		
- Licensed financial institutions	1,311,916	1,274,664
	<u><u>1,372,469</u></u>	<u><u>1,374,374</u></u>

**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS  
 FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2021 (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:

	<b>6 months ended 31.12.2021 RM'000</b>	<b>6 months ended 31.12.2020 RM'000</b>
<b>Subordinated note</b>		
Balance at the beginning of the financial period	604,710	304,683
<b>Cash changes:</b>		
- Issuance	-	300,000
- Interest paid	(11,104)	(5,759)
- Related expenses	-	(66)
<b>Non-cash changes:</b>		
- Accrued interest	11,229	5,940
- Amortised incidental costs/related expenses	-	66
Balance at the end of the financial period	<u>604,835</u>	<u>604,864</u>
<b>Leases</b>		
Balance at the beginning of the financial year	9,003	7,705
<b>Cash changes:</b>		
- Repayments	(976)	(924)
- Interest paid	(294)	(381)
<b>Non-cash changes:</b>		
- Additions	791	1,571
- Accrued interest	294	381
Balance at the end of the financial period	<u>8,818</u>	<u>8,352</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 2021 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 2021 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 2021. 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 2021.

### **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 2021 and modified for the adoption of the following accounting standards applicable for financial period beginning on or after 1 July 2021:

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 'Interest Rate Benchmark (IBOR) Reform -Phase 2'
- Amendments to MFRS 16 'COVID-19-Related Rent Concessions beyond 30 June 2021'

The adoption of the above amendments is not expected to have significant impact on 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**

	<b>31.12.2021</b>	<b>30.6.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
As at beginning of the financial period/year	469,610	472,610
Fair value losses	-	(3,000)
As at end of the financial period/year	<u>469,610</u>	<u>469,610</u>
The analysis of investment properties is as follows:		
Freehold land and building	467,000	467,000
Leasehold land and building *	2,610	2,610
	<u>469,610</u>	<u>469,610</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 2021 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.

	<b>31.12.2021</b>	<b>30.6.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Level 2	2,610	2,610
Level 3	467,000	467,000
	<u>469,610</u>	<u>469,610</u>

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

<b>Valuation technique</b>	<b>Unobservable input</b>	<b>31.12.2021</b>	<b>30.6.2021</b>
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)	RM2.14 - RM3.66	RM2.14 - RM3.66
	Discount rate	6.50% - 6.75%	6.50% - 6.75%
	Estimated value per square feet	RM521.38 - RM791.88	RM521.38 - RM791.88

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

	<b>31.12.2021</b>	<b>30.6.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Rental income generated	4,474	8,545
Direct operating expenses	(3,677)	(8,588)
	<u>797</u>	<u>(43)</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**4 . FINANCIAL ASSETS**

	<b>31.12.2021</b>	<b>30.6.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysian Government Securities and other Government guaranteed assets	8,224,676	7,625,720
Corporate bonds	6,635,788	6,647,245
Equity securities	4,151,295	4,062,704
Unit trusts and real estate investment trusts	1,712,989	1,653,442
Policy loans and premium loans	324,992	372,291
Deposits with financial institutions	1,649,849	1,471,115
	<u>22,699,589</u>	<u>21,832,517</u>

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

Fair value through profit and loss ("FVTPL") financial assets	22,185,767	21,339,469
Amortised cost ("AC") financial assets	513,822	493,048
	<u>22,699,589</u>	<u>21,832,517</u>

The following investments mature within 12 months:

FVTPL financial assets	1,065,685	660,685
AC financial assets	513,822	493,048
	<u>1,579,507</u>	<u>1,153,733</u>

The following investments mature after 12 months:

FVTPL financial assets	21,120,082	20,678,784
	<u>21,120,082</u>	<u>20,678,784</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

	<b>31.12.2021</b>	<b>30.6.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value:</b>		
Malaysian Government Securities and other Government guaranteed assets	8,224,676	7,625,720
Corporate bonds		
- Unquoted in Malaysia	6,358,075	6,363,521
- Unquoted outside Malaysia	277,713	283,724
Equity securities		
- Quoted in Malaysia *	3,543,411	3,322,242
- Quoted outside Malaysia	476,247	608,406
- Unquoted in Malaysia	131,637	132,056
Unit trusts and real estate investment trusts		
- Quoted in Malaysia	154,165	152,303
- Unquoted in Malaysia	1,558,824	1,501,139
Deposits with financial institutions	1,461,019	1,350,358
	<u>22,185,767</u>	<u>21,339,469</u>

\* As at 31.12.2021, includes Hong Leong Financial Group Berhad ("HLFG") ordinary shares held by RHB Trustees Berhad for the Executive Share Scheme.

(b) AC financial assets

	<b>31.12.2021</b>	<b>30.6.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At cost:</b>		
Deposits with financial institutions	188,830	120,757
Policy loans	26,619	28,869
Premium loans	298,373	343,422
	<u>513,822</u>	<u>493,048</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:

	<b>Fair value</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Recurring fair value measurements</u></b>				
<b>31.12.2021</b>				
<b>Financial assets</b>				
FVTPL financial assets	5,838,424	16,321,483	25,860	22,185,767
Derivative assets	-	10,623	-	10,623
<b>Total assets</b>	<b>5,838,424</b>	<b>16,332,106</b>	<b>25,860</b>	<b>22,196,390</b>
<b>Financial liabilities</b>				
Derivative liabilities	-	17,190	-	17,190
<b>Total liabilities</b>	<b>-</b>	<b>17,190</b>	<b>-</b>	<b>17,190</b>
<b>30.6.2021</b>				
<b>Financial assets</b>				
FVTPL financial assets	5,690,286	15,623,323	25,860	21,339,469
Derivative assets	-	11,884	-	11,884
<b>Total assets</b>	<b>5,690,286</b>	<b>15,635,207</b>	<b>25,860</b>	<b>21,351,353</b>
<b>Financial liabilities</b>				
Derivative liabilities	-	20,159	-	20,159
<b>Total liabilities</b>	<b>-</b>	<b>20,159</b>	<b>-</b>	<b>20,159</b>

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:

<b>FVTPL financial assets</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July 2021/1 July 2020	25,860	22,315
Fair value gains	-	3,545
At 31 December 2021/30 June 2021	<b>25,860</b>	<b>25,860</b>

**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:

	<b>Gross</b>		<b>Reinsurance</b>		<b>Net</b>	
	<b>31.12.2021</b>	<b>30.6.2021</b>	<b>31.12.2021</b>	<b>30.6.2021</b>	<b>31.12.2021</b>	<b>30.6.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Provision for outstanding claims	200,911	185,995	(88,936)	(75,456)	111,975	110,539
Actuarial liabilities	11,937,994	11,987,677	29,018	28,556	11,967,012	12,016,233
Unallocated surplus	470,369	502,696	-	-	470,369	502,696
Net asset value attributable to unitholders (Note 9)	4,919,704	4,348,846	-	-	4,919,704	4,348,846
Life insurance contract liabilities	<u>17,528,978</u>	<u>17,025,214</u>	<u>(59,918)</u>	<u>(46,900)</u>	<u>17,469,060</u>	<u>16,978,314</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 2020	10,839,372	5,045,496	15,884,868	(1,063)	(30,730)	(31,793)	15,853,075
Change in non-economic assumptions and valuation methodology:							
Model and methodology	6,405	556	6,961	-	(1,091)	(1,091)	5,870
Mortality & total permanent disability assumptions	(739)	(7,124)	(7,863)	-	2,894	2,894	(4,969)
Critical illnesses assumption	(1,509)	(2,504)	(4,013)	-	113	113	(3,900)
Hospitalisation & surgical benefit, hospitalisation income benefit and personal accident assumptions	-	(291)	(291)	-	106	106	(185)
Expense assumption	11,091	6,903	17,994	-	(12)	(12)	17,982
Lapse assumption	(11,274)	(3,708)	(14,982)	-	(63)	(63)	(15,045)
Other assumptions	(67,397)	6,030	(61,367)	-	2	2	(61,365)
Change in economic assumptions							
Malaysian Government Securities rate	-	(107,565)	(107,565)	-	(744)	(744)	(108,309)
Other assumptions	-	(112)	(112)	-	1	1	(111)
Projected change for inforce policies at 30 June 2020	(245,519)	184,785	(60,734)	-	(1,104)	(1,104)	(61,838)
Experience variance	19,117	36,392	55,509	-	1,265	1,265	56,774
Incurred but not reported reserves	(128)	2,134	2,006	-	-	-	2,006
Others - Education Malaysia Global Services inwards reinsurance	-	(1,351)	(1,351)	-	-	-	(1,351)
New business	9,306	65,200	74,506	-	4,150	4,150	78,656
Change in unprocessed unit reserves	-	611	611	-	-	-	611
Change in provision for outstanding claims	(2,893)	29,422	26,529	78	(20,702)	(20,624)	5,905
Change in net asset value attributable to unitholders	-	1,220,321	1,220,321	-	-	-	1,220,321
Change in unallocated surplus	(5,813)	-	(5,813)	-	-	-	(5,813)
At 30 June 2021	10,550,019	6,475,195	17,025,214	(985)	(45,915)	(46,900)	16,978,314

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**6 . INSURANCE CONTRACT LIABILITIES (CONT'D)**

	<b>Gross</b>			<b>Reinsurance</b>			<b>Net</b>
	<b>With DPF RM'000</b>	<b>Without DPF RM'000</b>	<b>Total RM'000</b>	<b>With DPF RM'000</b>	<b>Without DPF RM'000</b>	<b>Total RM'000</b>	<b>RM'000</b>
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	-	10	10	-	-	-	10
Hospitalisation & surgical benefit, hospitalisation income benefit and personal accident assumptions	-	(130)	(130)	-	-	-	(130)
Change in economic assumptions							
Malaysian Government Securities rate	-	(39,524)	(39,524)	-	(411)	(411)	(39,935)
Projected change for inforce policies at 30 June 2021	(159,555)	95,411	(64,144)	-	(777)	(777)	(64,921)
Experience variance	(2,919)	24,373	21,454	-	131	131	21,585
Incurred but not reported reserves	(81)	1,048	967	-	-	-	967
Others - Education Malaysia Global Services inwards reinsurance	-	(474)	(474)	-	-	-	(474)
New business	3,486	27,260	30,746	-	1,519	1,519	32,265
Change in unprocessed unit reserves	-	1,412	1,412	-	-	-	1,412
Change in provision for outstanding claims	(4,431)	19,347	14,916	(516)	(12,964)	(13,480)	1,436
Change in net asset value attributable to unitholders	-	570,858	570,858	-	-	-	570,858
Change in unallocated surplus	(32,327)	-	(32,327)	-	-	-	(32,327)
At 31 December 2021	<u>10,354,192</u>	<u>7,174,786</u>	<u>17,528,978</u>	<u>(1,501)</u>	<u>(58,417)</u>	<u>(59,918)</u>	<u>17,469,060</u>

**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:

	<b>31.12.2021</b>	<b>30.6.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Eligible Tier 1 capital</b>		
- Share capital (paid up)	200,000	200,000
- Reserves	4,259,966	4,172,119
<b>Eligible Tier 2 capital</b>		
- Eligible reserves	570,000	600,000
<b>Deductions</b>	(6,164)	(10,559)
	<u>5,023,802</u>	<u>4,961,560</u>

The Company has met the minimum capital requirements specified in the RBC Framework for the financial period ended 31.12.2021 and 30.6.2021.

**8 . CAPITAL COMMITMENTS**

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

	<b>31.12.2021</b>	<b>30.6.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Authorised and contracted for:		
- Property, plant and equipment	672	640
- Intangible assets	3,158	3,389
	<u>3,830</u>	<u>4,029</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 2021**

	<b>SHF</b>	<b>LF</b>	<b>ILF</b>	<b>Inter-fund elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>					
Property, plant and equipment	1,833	77,850	-	-	79,683
Intangible assets	-	5,180	-	-	5,180
Right-of-use assets	600	7,700	-	-	8,300
Investment properties	209,000	260,610	-	-	469,610
Financial assets	994,282	16,996,903	4,708,404	-	22,699,589
- FVTPL financial assets	994,251	16,508,374	4,683,142	-	22,185,767
- AC financial assets	31	488,529	25,262	-	513,822
Derivative assets	14	10,520	89	-	10,623
Reinsurance assets	-	59,918	-	-	59,918
Insurance receivables	-	53,121	-	-	53,121
Other receivables	1,818,549	30,994	2,642	(1,821,478)	30,707
Cash and cash equivalents	169,572	968,985	233,912	-	1,372,469
<b>Total assets</b>	<b>3,193,850</b>	<b>18,471,781</b>	<b>4,945,047</b>	<b>(1,821,478)</b>	<b>24,789,200</b>

**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 2021 (CONT'D)**

	<b>SHF</b>	<b>LF</b>	<b>ILF</b>	<b>Inter-fund elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Equity, policyholders' fund and liabilities</b>					
Share capital	200,000	-	-	-	200,000
Reserves	2,050,739	-	-	-	2,050,739
<b>Total equity</b>	<b>2,250,739</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,250,739</b>
Insurance contract liabilities	-	12,609,274	4,919,704	-	17,528,978
Deferred tax liabilities	326,441	56,724	18,250	-	401,415
Tax payables	(5,993)	17,665	(257)	-	11,415
Insurance payables	-	3,790,895	-	-	3,790,895
Other payables	17,140	1,972,020	7,233	(1,821,478)	174,915
Lease Liabilities	675	8,143	-	-	8,818
Derivative liabilities	13	17,060	117	-	17,190
Subordinated notes	604,835	-	-	-	604,835
<b>Total policyholders' fund and liabilities</b>	<b>943,111</b>	<b>18,471,781</b>	<b>4,945,047</b>	<b>(1,821,478)</b>	<b>22,538,461</b>
<b>Total equity, policyholders' fund and liabilities</b>	<b>3,193,850</b>	<b>18,471,781</b>	<b>4,945,047</b>	<b>(1,821,478)</b>	<b>24,789,200</b>

**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 2021**

	<b>SHF</b>	<b>LF</b>	<b>ILF</b>	<b>Inter-fund elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>					
Property, plant and equipment	1,886	79,038	-	-	80,924
Intangible assets	-	6,273	-	-	6,273
Right-of-use assets	662	7,885	-	-	8,547
Investment properties	209,000	260,610	-	-	469,610
Financial assets	1,088,072	16,593,795	4,150,650	-	21,832,517
- FVTPL financial assets	1,088,042	16,122,875	4,128,552	-	21,339,469
- AC financial assets	30	470,920	22,098	-	493,048
Derivative assets	20	11,864	-	-	11,884
Reinsurance assets	-	46,900	-	-	46,900
Insurance receivables	-	69,920	-	-	69,920
Other receivables	1,745,225	33,298	4,753	(1,745,305)	37,971
Cash and cash equivalents	28,767	1,217,654	218,877	-	1,465,298
<b>Total assets</b>	<b>3,073,632</b>	<b>18,327,237</b>	<b>4,374,280</b>	<b>(1,745,305)</b>	<b>24,029,844</b>

**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 2021 (CONT'D)**

	<u>SHF</u>	<u>LF</u>	<u>ILF</u>	<u>Inter-fund elimination</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Equity, policyholders' fund and liabilities</b>					
Share capital	200,000	-	-	-	200,000
Reserves	1,940,250	-	-	-	1,940,250
<b>Total equity</b>	<b>2,140,250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,140,250</b>
Insurance contract liabilities	-	12,676,368	4,348,846	-	17,025,214
Deferred tax liabilities	292,898	65,029	15,165	-	373,092
Tax payables	649	18,422	3,182	-	22,253
Insurance payables	-	3,634,669	-	-	3,634,669
Other payables	34,317	1,905,283	6,199	(1,745,305)	200,494
Lease Liabilities	726	8,277	-	-	9,003
Derivative liabilities	82	19,189	888	-	20,159
Subordinated notes	604,710	-	-	-	604,710
<b>Total policyholders' fund and liabilities</b>	<b>933,382</b>	<b>18,327,237</b>	<b>4,374,280</b>	<b>(1,745,305)</b>	<b>21,889,594</b>
<b>Total equity, policyholders' fund and liabilities</b>	<b>3,073,632</b>	<b>18,327,237</b>	<b>4,374,280</b>	<b>(1,745,305)</b>	<b>24,029,844</b>

**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)
<b>Net earned premiums</b>	-	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
<b>Other revenue</b>	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)
<b>Net benefits and claims</b>	-	(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)
<b>Other expenses</b>	(4,486)	(290,886)	(14,350)	21,488	(288,234)
Finance costs	(11,229)	-	-	-	(11,229)
<b>Profit before taxation</b>	9,952	187,201	3,515	-	200,668
Taxation	(33,540)	(23,124)	(3,515)	-	(60,179)
<b>Net (loss)/profit for the financial period</b>	(23,588)	164,077	-	-	140,489



**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 2020**

	SHF	LF	ILF	Inter-fund elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Gross earned premiums	-	1,006,768	562,112	-	1,568,880
Premiums ceded to reinsurers	-	(66,469)	-	-	(66,469)
<b>Net earned premiums</b>	-	940,299	562,112	-	1,502,411
Investment income	13,662	343,369	98,988	-	456,019
Realised gains	2,549	47,242	63,813	-	113,604
Fair value gains	26,610	338,125	296,286	-	661,021
Fees and commission income	-	15,181	-	(15,449)	(268)
<b>Other revenue</b>	42,821	743,917	459,087	(15,449)	1,230,376
Gross benefits and claims paid	-	(849,727)	(141,183)	-	(990,910)
Claims ceded to reinsurers	-	31,081	-	-	31,081
Gross change to contract liabilities	-	(374,266)	(825,341)	-	(1,199,607)
Change in contract liabilities ceded to reinsurers	-	(2,714)	-	-	(2,714)
<b>Net benefits and claims</b>	-	(1,195,626)	(966,524)	-	(2,162,150)
Fees and commission expense	1,956	(207,800)	(11,042)	15,449	(201,437)
Management expenses	(20,764)	(84,154)	-	-	(104,918)
Other operating expenses-net	913	(19,191)	(13,644)	-	(31,922)
<b>Other expenses</b>	(17,895)	(311,145)	(24,686)	15,449	(338,277)
Finance costs	(6,006)	-	-	-	(6,006)
<b>Profit before taxation</b>	18,920	177,445	29,989	-	226,354
Taxation	(26,878)	(52,364)	(29,989)	-	(109,231)
<b>Net (loss)/profit for the financial period</b>	(7,958)	125,081	-	-	117,123

**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:

	<b>31.12.2021</b>	<b>30.6.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Statement of financial position</u></b>		
<b>Assets</b>		
Financial assets - FVTPL financial assets	5,630	4,915
Other receivables	8	12
Cash and cash equivalents	5	-
Total assets	<u>5,643</u>	<u>4,927</u>
<b>Liabilities</b>		
Deferred tax liabilities	57	44
Tax payables	1	4
Total liabilities	<u>58</u>	<u>48</u>
<b>Net asset value</b>	<u><u>5,585</u></u>	<u><u>4,879</u></u>
	<b>6 months</b>	<b>6 months</b>
	<b>ended</b>	<b>ended</b>
	<b>31.12.2021</b>	<b>31.12.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Statement of comprehensive income</u></b>		
<b>Net earned premiums</b>	<u>537</u>	<u>61</u>
Realised gains	2	33
Fair value gains	182	879
<b>Other revenue</b>	<u>184</u>	<u>912</u>
Gross change to contract liabilities	(706)	(900)
<b>Net benefits and claims</b>	<u>(706)</u>	<u>(900)</u>
<b>Profit before taxation</b>	15	73
Taxation	(15)	(73)
<b>Net profit for the financial period</b>	<u><u>-</u></u>	<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 2021 amounting to RM30.0 million was paid on 11 November 2021.

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.