



(1239197-A)

ETIQA GENERAL TAKAFUL BERHAD
(Incorporated in Malaysia)

Unaudited Interim Condensed Financial Statements
for the six months period ended 30 June 2019

1239197-A

ETIQA GENERAL TAKAFUL BERHAD
(Incorporated in Malaysia)

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ETIQA GENERAL TAKAFUL BERHAD
(Incorporated in Malaysia)

UNAUDITED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	30.6.2019			31.12.2018		
		Shareholder's	General		Shareholder's	General	
		Fund	Takaful Fund	Company	Fund	Takaful Fund	Company
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS							
Property, plant and equipment		-	-	-	-	-	-
Intangible assets		1,088	-	1,088	1,170	-	1,170
Investments	13	1,283,445	1,862,184	3,145,629	1,123,749	1,697,218	2,820,967
Financing receivables		282	-	282	-	-	-
Retakaful assets	14	-	250,634	250,634	-	232,173	232,173
Takaful receivables	15	-	98,981	98,981	-	96,596	96,596
Other assets	16	76,138	29,571	73,937	99,284	19,569	53,137
Deferred tax assets		-	-	-	-	6,983	6,064
Current tax assets		-	3,883	3,883	-	3,883	3,883
Cash and bank balances		12,838	48,945	61,783	18,115	62,114	80,229
Total Assets		1,373,791	2,294,198	3,636,217	1,242,318	2,118,536	3,294,219
EQUITY, LIABILITIES AND PARTICIPANTS' FUNDS							
Equity							
Share capital		870,000	-	870,000	870,000	-	870,000
Reserves		257,938	-	257,938	158,386	-	158,386
Total Equity		1,127,938	-	1,127,938	1,028,386	-	1,028,386
Liabilities and Participants' Funds							
Participants' funds	17	-	203,571	203,571	-	163,845	163,845
Takaful certificate liabilities	18	-	1,635,053	1,635,053	-	1,503,563	1,503,563
Expense liabilities	19	148,521	-	148,521	127,590	-	127,590
Deferred tax liabilities		10,949	4,695	15,644	919	-	-
Takaful payables	20	-	101,888	101,888	-	102,027	102,027
Other liabilities	21	64,200	348,991	381,419	52,100	349,101	335,485
Current tax liabilities		22,183	-	22,183	33,323	-	33,323
Total Liabilities and Participants' Funds		245,853	2,294,198	2,508,279	213,932	2,118,536	2,265,833
Total Equity, Liabilities and Participants' Funds		1,373,791	2,294,198	3,636,217	1,242,318	2,118,536	3,294,219

These unaudited interim condensed financial statements should be read in conjunction with the audited annual financial statements for the financial period ended 31 December 2018 and the accompanying explanatory notes attached to the unaudited interim condensed Interim financial statements.

ETIQA GENERAL TAKAFUL BERHAD
(Incorporated in Malaysia)

UNAUDITED INTERIM CONDENSED INCOME STATEMENT
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019

	Note	1.1.2019 to 30.6.2019			18.7.2017 to 30.6.2018		
		Shareholder's	General	Company	Shareholder's	General	Company
		Fund	Takaful Fund		Fund	Takaful Fund	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue		278,438	843,012	869,023	219,815	681,939	703,346
Gross earned contributions	22(a)	-	718,500	718,500	-	618,392	618,392
Earned contribution ceded to retakaful	22(b)	-	(72,030)	(72,030)	-	(65,172)	(65,172)
Net earned contributions		-	646,470	646,470	-	553,220	553,220
Fee and commission income	23	252,427	5,197	5,197	198,408	8,788	8,788
Investment income	24	26,011	38,046	64,057	21,407	33,051	54,458
Realised gains/(losses)		3,119	2,296	5,415	(1,220)	239	(981)
Fair value gains/(losses)		468	3,107	3,575	(3,613)	(6,558)	(10,171)
Other operating (expenses)/ income, net	25	162	(1,295)	(1,133)	309	800	1,109
Other revenue		282,187	47,351	77,111	215,291	36,320	53,203
Gross benefits and claims paid		-	(363,892)	(363,892)	-	(365,867)	(365,867)
Claims ceded to retakaful		-	10,201	10,201	-	14,793	14,793
Gross change to certificate liabilities		-	(50,220)	(79,993)	-	19,403	(14,033)
Change in certificate liabilities ceded to retakaful		-	17,984	17,984	-	1,270	1,270
Net benefits and claims		-	(385,927)	(415,700)	-	(330,401)	(363,837)
Management expenses	26	(114,002)	-	(114,002)	(85,912)	-	(85,912)
Change in expense liabilities		(20,931)	-	(20,931)	(9,510)	-	(9,510)
Fee and commission expenses		(72,376)	(252,543)	(72,492)	(56,839)	(198,443)	(56,874)
Tax borne by participants	29	-	(670)	(670)	-	54	54
Other expenses		(207,309)	(253,213)	(208,095)	(152,261)	(198,389)	(152,242)
Operating profit before surplus transfers		74,878	54,681	99,786	63,030	60,750	90,344
Surplus transferred to participants' funds		-	(29,773)	-	-	(33,436)	-
Surplus attributable to shareholders		24,908	(24,908)	-	27,314	(27,314)	-
Profit before taxation		99,786	-	99,786	90,344	-	90,344
Taxation	29	(30,222)	-	(30,222)	(25,075)	-	(25,075)
Zakat		(2,712)	-	(2,712)	(2,359)	-	(2,359)
Net profit for the period		66,852	-	66,852	62,910	-	62,910
Basic earnings per share (sen)	34			7.68			13.07

These unaudited interim condensed financial statements should be read in conjunction with the audited annual financial statements for the financial period ended 31 December 2018 and the accompanying explanatory notes attached to the unaudited interim condensed financial statements.

ETIQA GENERAL TAKAFUL BERHAD
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UNAUDITED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019

	1.1.2019 to 30.6.2019			18.7.2017 to 30.6.2018		
	Shareholder's	General		Shareholder's	General	
	Fund	Takaful Fund	Company	Fund	Takaful Fund	Company
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net profit for the period	66,852	-	66,852	62,910	-	62,910
Other comprehensive income:						
Item that may be subsequently reclassified to income statement						
Net gains / (losses) on Fair Value through Other Comprehensive Income (FVOCI) financial assets:						
- Fair value changes	46,721	48,160	94,881	(3,155)	(4,436)	(7,591)
- Transfer to income statement upon disposal	(3,695)	(2,296)	(5,991)	(1,220)	239	(981)
Tax effects relating to components of other comprehensive income	29	(10,326)	(21,333)	1,050	1,007	2,057
Other comprehensive (losses)/ income attributable to participants		-	(34,857)	-	3,190	3,190
Other comprehensive income/ (losses) for the period, net of tax	32,700	-	32,700	(3,325)	-	(3,325)
Total comprehensive income for the period	99,552	-	99,552	59,585	-	59,585

These unaudited interim condensed financial statements should be read in conjunction with the audited annual financial statements for the financial period ended 31 December 2018 and the accompanying explanatory notes attached to the unaudited interim condensed financial statements.

ETIQA GENERAL TAKAFUL BERHAD
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UNAUDITED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019

	Note	Attributable to Equity Holder of the Company			Total Equity RM'000
		Share Capital RM'000	Non-Distributable FVOCI Reserve RM'000	Distributable Retained Profits RM'000	
As at 1.1.2019		870,000	5,230	153,156	1,028,386
Net profit after tax for the period		-	-	66,852	66,852
Other comprehensive income for the period		-	32,700	-	32,700
Total comprehensive income for the period		-	32,700	66,852	99,552
As at 30.6.2019		870,000	37,930	220,008	1,127,938
As at 18.7.2017 (date of incorporation)	34	-*	-	-	-*
Net profit after tax for the period		-	-	62,910	62,910
Other comprehensive loss for the period		-	(3,325)	-	(3,325)
Total comprehensive income /(losses) for the period		-	(3,325)	62,910	59,585
Issued during the period	34	870,000	-	-	870,000
As at 30.6.2018		870,000	(3,325)	62,910	929,585

*Representing RM1

These unaudited interim condensed financial statements should be read in conjunction with the audited annual financial statements for the financial period ended 31 December 2018 and the accompanying explanatory notes attached to the unaudited interim condensed financial statements.

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UNAUDITED INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019

	1.1.2019 to 30.6.2019 RM'000	18.7.2017 to 30.6.2018 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation and zakat :	99,786	90,344
Adjustments for:		
Amortisation of intangible assets	121	143
Fair value (losses)/gains on investments	(3,575)	10,171
Realised (losses)/gains on disposal of investments	(5,415)	981
Impairment losses/(reversal of impairment losses) on investments	176	(230)
Reversal of impairment losses on takaful receivables	(121)	(1,152)
Impairment losses on other assets	858	883
Impairment losses/(reversal of impairment losses) on retakaful assets	700	(4)
Takaful receivables written off	581	-
Profit income	(65,314)	(53,925)
Gross dividend income	(534)	(1,127)
Net amortisation of premiums	1,536	1,192
Increase in net contribution liabilities	80,092	16,886
Surplus transferred from General Takaful Fund	29,773	33,436
Operating cash flows before working capital changes	<u>138,664</u>	<u>97,598</u>
Changes in working capital:		
(Increase)/decrease in takaful receivables	(2,846)	47,945
Decrease in other assets	17,546	73,718
Decrease/(increase) in other liabilities	13,667	(55,151)
Increase in takaful payables	(139)	(38,600)
Increase in financing receivables	(282)	-
Decrease in placements of deposits with financial institutions	63,529	64,280
Increase in retakaful assets	(17,984)	(1,267)
Decrease in expense liabilities	20,931	9,511
Decrease/(increase) in takaful certificate liabilities	50,221	(19,403)
Operating cash flows after working capital changes	<u>283,307</u>	<u>178,631</u>

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UNAUDITED INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019 (CONTD.)

	1.1.2019 to 30.6.2019 RM'000	18.7.2017 to 30.6.2018 RM'000
CASH FLOW FROM OPERATING ACTIVITIES (CONTD.)		
Brought forward		
Operating cash flows after working capital changes	283,307	178,631
Profit income received	59,958	46,593
Gross dividend income received	631	1,098
Zakat paid	(3,712)	(2,359)
Taxation paid	(41,659)	(1,538)
Surplus payable to participants	(24,904)	(27,317)
Net cash flows generated from operating activities	<u>273,621</u>	<u>195,108</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	552,934	765,163
Purchase of investments	(844,962)	(1,808,024)
Purchase of intangible assets	(39)	-
Net cash flows used in investing activities	<u>(292,067)</u>	<u>(1,042,861)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital	-	870,000
Net cash flows used in financing activities	<u>-</u>	<u>870,000</u>
Net increase in cash and cash equivalents	(18,446)	22,247
Cash and cash equivalents at beginning of period/ on date of incorporation	80,229	-
Cash and cash equivalents transferred from Etiqa Family Takaful Berhad (EFTB)	-	33,959
Cash and cash equivalents at end of period	<u>61,783</u>	<u>56,206</u>
Cash and cash equivalents comprise:		
Cash and bank balances of:		
Shareholder's Fund	12,838	7,474
General Takaful Fund	48,945	48,732
	<u>61,783</u>	<u>56,206</u>

These unaudited interim condensed financial statements should be read in conjunction with the audited annual financial statements for the financial period ended 31 December 2018 and the accompanying explanatory notes attached to the unaudited interim condensed financial statements.

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NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019

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 and ultimate holding companies of the Company are Maybank Ageas Holdings Berhad (MAHB) and Malayan Banking Berhad (MBB) respectively, both of which are incorporated in Malaysia. MBB 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 2019 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 the International Accounting Standards Board (IASB), Guidelines/Circulars issued by Bank Negara Malaysia (BNM).

The unaudited interim condensed financial statements of the Company have been prepared under the 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 audited annual financial statements and should be read in conjunction with the audited annual financial statements of the Company for the financial period ended 31 December 2018.

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 period ended 31 December 2018.

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NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019 (CONTD.)

2. BASIS OF PREPARATION (CONTD.)

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

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 19 August 2019 .

3. SIGNIFICANT ACCOUNTING POLICIES

The audited annual financial statements of the Company for the financial period ended 31 December 2018 was prepared in accordance with MFRS and International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 2016 in Malaysia.

The significant accounting policies adopted in preparing these unaudited interim condensed financial statements are consistent with those of the audited annual financial statements for the financial period ended 31 December 2018 except for the adoption of the following new Malaysian Financial Reporting Standards (MFRSs), Issues Committee (IC) Interpretations, amendments to MFRSs and annual improvements to MFRSs which are effective for annual periods beginning on or after 1 January 2019:

MFRS 16 *Leases*

IC Interpretation 23 *Uncertainty over Income Tax Treatments*

Annual Improvements to MFRSs 2015-2017 Cycle:

(i) Amendments to MFRS 3 *Business Combinations* and MFRS 11 *Joint Arrangements*

(ii) Amendments to MFRS 112 *Income Tax*

(iii) Amendments to MFRS 123 *Borrowing Costs*

The adoption of the above new MFRSs, IC Interpretation, amendments to MFRSs and annual improvements to MFRSs do not have financial implication to the Company's financial statements, other than as disclosed below:

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NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019 (CONTD.)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Changes in accounting policies-MFRS 16 Leases

MFRS 16 Leases

MFRS 16 replaces MFRS 117 *Leases*, IC Interpretation 4 *Determining whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Leases — Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions involving the Legal Form of a Lease*. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessee to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117. Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessor will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117 and IC interpretation 4 at the date of initial application. Therefore, MFRS 16 did not have an impact for leases where the Company is the lessor.

Leases previously classified as operating lease - the Company as lessee

On 1 January 2019, the Company has applied MFRS 16 for the first time using the modified retrospective approach, which requires the recognition of the cumulative effect of initially applying MFRS 16, to the retained earnings brought forward and not restating prior period comparatives information which remain as previously reported under MFRS 117 and related interpretations. The Company also made use of the transition practical expedient in the standard to not recognise lease arrangements for which the lease term ends within 12 months of the date of initial application. The Company has elected, on a lease-by-lease basis, to recognise the right-of-use assets at the amount equal to the lease liabilities, hence there were no impact to the retained earnings brought forward as at 1 January 2019.

The Company elected the following transition practical expedients on a lease-by-lease basis for measurement purposes at first-time application of the standard:

- (1) A single discount rate was applied for those portfolio of leases with reasonably similar characteristics such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment;
- (2) Short-term lease contracts with a term not exceeding 12 months at the date of initial application are not recognised under MFRS 16;

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NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Changes in accounting policies-MFRS 16 Leases (Contd.)

Leases previously classified as operating lease - the Company as lessee (Contd.)

- (3) Initial direct costs are excluded from the measurement of the right-of-use asset at the date of initial application; and
- (4) The Company used hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

There is no financial impact of the adoption of MFRS 16 on the financial statements of the Company.

(a) Right-of-use assets (ROU)

At inception of a contract, the Company assesses whether a contract is, or contains, a lease arrangement based on whether the contract that conveys to the user (the lessee) the right to control the use of an identified asset for a period of time in exchange for consideration. If a contract contains more than one lease component, or a combination of leasing and services transactions, the consideration is allocated to each of these lease and non-lease components on conclusion and on each subsequent remeasurement of the contract on the basis of their relative stand-alone selling prices. The Company combines lease and non-lease components, in cases where splitting the non-lease component is not possible.

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment assessment.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Changes in accounting policies-MFRS 16 Leases (Contd.)

Leases previously classified as operating lease - the Company as lessee (Contd.)

(b) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

(c) Short-Term Leases and Leases of Low-Value Assets

The Company applies the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of assets that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Changes in accounting policies-MFRS 16 Leases (Contd.)

Leases previously classified as operating lease - the Company as lessee (Contd.)

(d) Significant Judgement in Determining the Lease Term of Contracts with Renewal Options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms of three to five years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g. a change in business strategy).

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In preparing these unaudited interim condensed financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements for the financial period ended 31 December 2018 except for the measurement of right-of-use assets and lease liabilities under MFRS 16 which involves increased complexity and judgement as disclosed in Note 3.

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NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019 (CONTD.)

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

The auditor's report on the audited annual financial statements for the financial period ended 31 December 2018 was not qualified.

6. SEASONALITY OR CYCLICALITY OF OPERATIONS

The businesses of the Company were not materially affected by any seasonal or cyclical fluctuations during the interim financial period ended 30 June 2019.

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 2019.

8. CHANGES IN ESTIMATES

There were no material changes in estimates for the interim financial period ended 30 June 2019.

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 2019.

10. DIVIDENDS PAID

No dividend has been paid or declared by the Company from the previous audited annual financial statements.

11. MATERIAL EVENTS SUBSEQUENT TO END OF REPORTING PERIOD

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

12. CHANGES IN THE COMPOSITION OF THE COMPANY

There was no change in the composition of the Company during the interim financial period ended 30 June 2019.

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13. INVESTMENTS

	Shareholder's Fund RM'000	General Takaful Fund RM'000	Company RM'000
30.6.2019			
Malaysian government papers	10,818	315,106	325,924
Equity securities	15,667	17,728	33,395
Debt securities	1,154,685	1,364,236	2,518,921
Structured products	-	50,655	50,655
Deposits with financial institutions	102,275	114,459	216,734
	<u>1,283,445</u>	<u>1,862,184</u>	<u>3,145,629</u>
31.12.2018			
Malaysian government papers	2,003	334,707	336,710
Equity securities	26,070	30,175	56,245
Debt securities	948,124	1,151,260	2,099,384
Structured products	-	48,365	48,365
Deposits with financial institutions	147,552	132,711	280,263
	<u>1,123,749</u>	<u>1,697,218</u>	<u>2,820,967</u>

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

	Shareholder's Fund RM'000	General Takaful Fund RM'000	Company RM'000
30.6.2019			
Fair value through profit and loss (FVTPL):			
- Designated upon initial recognition	-	75,778	75,778
- Held for trading (HFT)	15,667	17,728	33,395
Fair value through other comprehensive income (FVOCI)	1,165,503	1,654,219	2,819,722
Amortised Cost (AC)	102,275	114,459	216,734
	<u>1,283,445</u>	<u>1,862,184</u>	<u>3,145,629</u>

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ETIQA GENERAL TAKAFUL BERHAD
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13. INVESTMENTS (CONTD.)

	Shareholder's Fund RM'000	General Takaful Fund RM'000	Company RM'000
31.12.2018			
FVTPL			
- Designated upon initial recognition	-	56,637	56,637
- HFT	26,070	30,175	56,245
FVOCI	950,127	1,477,695	2,427,822
AC	147,552	132,711	280,263
	<u>1,123,749</u>	<u>1,697,218</u>	<u>2,820,967</u>

The following investments will mature after 12 months:

	Shareholder's Fund RM'000	General Takaful Fund RM'000	Company RM'000
30.6.2019			
FVOCI	10,818	-	10,818
	<u>10,818</u>	<u>-</u>	<u>10,818</u>

31.12.2018			
FVTPL			
- Designated upon initial recognition	-	56,637	56,637
FVOCI	834,748	1,384,064	2,218,812
	<u>834,748</u>	<u>1,440,701</u>	<u>2,275,449</u>

(i) FVTPL

(a) Designated upon initial recognition

30.6.2019

At fair value

Unquoted debt securities in Malaysia	-	25,123	25,123
Structured product	-	50,655	50,655
Total FVTPL financial assets designated upon initial recognition	<u>-</u>	<u>75,778</u>	<u>75,778</u>

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ETIQA GENERAL TAKAFUL BERHAD
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13. INVESTMENTS (CONTD.)

	Shareholder's Fund RM'000	General Takaful Fund RM'000	Company RM'000
(i) FVTPL (Contd.)			
(a) Designated upon initial recognition (Contd.)			
31.12.2018			
<u>At fair value</u>			
Unquoted debt securities in Malaysia	-	8,272	8,272
Structured product	-	48,365	48,365
Total FVTPL financial assets designated upon initial recognition	<u>-</u>	<u>56,637</u>	<u>56,637</u>
(b) HFT			
30.6.2019			
<u>At fair value</u>			
Quoted equity securities in Malaysia	<u>15,667</u>	<u>17,728</u>	<u>33,395</u>
Total HFT financial assets	<u>15,667</u>	<u>17,728</u>	<u>33,395</u>
31.12.2018			
<u>At fair value</u>			
Quoted equity securities in Malaysia	<u>26,070</u>	<u>30,175</u>	<u>56,245</u>
Total HFT financial assets	<u>26,070</u>	<u>30,175</u>	<u>56,245</u>

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ETIQA GENERAL TAKAFUL BERHAD
(Incorporated in Malaysia)

13. INVESTMENTS (CONTD.)

	Shareholder's Fund RM'000	General Takaful Fund RM'000	Company RM'000
(ii) FVOCI			
30.6.2019			
<u>At fair value</u>			
Malaysian government papers	10,818	315,106	325,924
Unquoted debt securities in Malaysia	<u>1,154,685</u>	<u>1,339,113</u>	<u>2,493,798</u>
Total FVOCI financial assets	<u>1,165,503</u>	<u>1,654,219</u>	<u>2,819,722</u>
31.12.2018			
<u>At fair value</u>			
Malaysian government papers	2,003	334,707	336,710
Unquoted debt securities in Malaysia	<u>948,124</u>	<u>1,142,988</u>	<u>2,091,112</u>
Total FVOCI financial assets	<u>950,127</u>	<u>1,477,695</u>	<u>2,427,822</u>

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12 months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total ECL RM'000
30.6.2019				
Shareholder's Fund				
As at 1.1.2019	572	107	-	679
New adjustment of loss allowance	(51)	(17)	-	(68)
New financial assets originated or purchased	202	-	-	202
Financial asset derecognised during the period	<u>(98)</u>	<u>(14)</u>	<u>-</u>	<u>(112)</u>
As at 30.6.2019	<u>625</u>	<u>76</u>	<u>-</u>	<u>701</u>

ETIQA GENERAL TAKAFUL BERHAD
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13. INVESTMENTS (CONTD.)

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12 months	Lifetime ECL	Lifetime ECL	Total
	ECL	not credit	credit	ECL
	RM'000	impaired	impaired	RM'000
	RM'000	RM'000	RM'000	RM'000
30.6.2019 (Contd.)				
General Takaful Fund				
As at 1.1.2019	1,030	58	-	1,088
New adjustment of loss allowance	(78)	(1)	-	(79)
New financial assets originated or purchased	356	-	-	356
Financial asset derecognised during the period	(72)	(51)	-	(123)
As at 30.6.2019	<u>1,236</u>	<u>6</u>	<u>-</u>	<u>1,242</u>
31.12.2018				
Shareholder's Fund				
As at 18.7.2017 (date of incorporation)	-	-	-	-
Effect of adopting MFRS 9	411	147	-	558
New adjustment of loss allowance	(16)	(4)	-	(20)
New financial assets originated or purchased	261	13	-	274
Financial assets derecognised during the period	(84)	(49)	-	(133)
As at 31.12.2018	<u>572</u>	<u>107</u>	<u>-</u>	<u>679</u>
General Takaful Fund				
As at 18.7.2017 (date of incorporation)	-	-	-	-
Effect of adopting MFRS 9	1,033	317	-	1,350
New adjustment of loss allowance	(15)	(2)	-	(17)
New financial assets originated or purchased	388	23	-	411
Financial assets derecognised during the period	(376)	(280)	-	(656)
As at 31.12.2018	<u>1,030</u>	<u>58</u>	<u>-</u>	<u>1,088</u>

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ETIQA GENERAL TAKAFUL BERHAD
(Incorporated in Malaysia)

13. INVESTMENTS (CONTD.)

	Shareholder's Fund RM'000	General Takaful Fund RM'000	Company RM'000
(iii) AC			
Deposit and placements with financial institution			
30.6.2019			
<u>At cost</u>			
Licensed financial institutions	94,275	114,459	208,734
Others	8,000	-	8,000
Total AC financial assets	<u>102,275</u>	<u>114,459</u>	<u>216,734</u>
31.12.2018			
<u>At cost</u>			
Licensed financial institutions	105,111	109,311	214,422
Others	42,441	23,400	65,841
Total AC financial assets	<u>147,552</u>	<u>132,711</u>	<u>280,263</u>

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

An analysis of the different fair value measurement basis used in the determination of the fair values of investments are further disclosed in Note 32 of the unaudited interim condensed financial statements.

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ETIQA GENERAL TAKAFUL BERHAD
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14. RETAKAFUL ASSETS

	30.6.2019	31.12.2018
	RM'000	RM'000
General Takaful Fund/Company		
Retakaful operators' share of:		
Claims liabilities (Note 18)	205,991	188,007
Contribution liabilities (Note 18)	45,343	44,166
	<u>251,334</u>	<u>232,173</u>
Allowance for impairment losses	(700)	-
	<u>250,634</u>	<u>232,173</u>

Movement in the allowance for impairment losses for retakaful assets are as follows:

	30.6.2019	31.12.2018
	RM'000	RM'000
Lifetime ECL		
As at 1.1.2019/18.7.2017 (date of incorporation)	-	-
Net adjustment of loss allowance	700	-
As at 30.6.2019/31.12.2018	<u>700</u>	<u>-</u>

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15. TAKAFUL RECEIVABLES

General Takaful Fund/Company	30.6.2019	31.12.2018
	RM'000	RM'000
Due contributions including agents/ brokers, cedants and co-takaful business	103,881	95,205
Due from retakaful operators	1,443	7,854
	<u>105,324</u>	<u>103,059</u>
Allowance for impairment losses	(6,343)	(6,463)
	<u>98,981</u>	<u>96,596</u>

Movements in the allowance for impairment losses for Takaful receivables are as follows:

	30.6.2019	31.12.2018
	RM'000	RM'000
Lifetime ECL		
As at 1.1.2019/18.7.2017 (date of incorporation)	6,463	-
Transferred from EFTB	-	6,164
Effect of adopting MFRS 9	-	510
As at 1.1.2019/1.1.2018	<u>6,463</u>	<u>6,674</u>
Net adjustment of loss allowance	(120)	(211)
As at 30.6.2019/31.12.2018	<u>6,343</u>	<u>6,463</u>

The carrying amounts are reasonable approximations of fair values at the reporting date due to the relatively short-term maturity of these balances.

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16. OTHER ASSETS

	Shareholder's Fund RM'000	General Takaful Fund RM'000	Company RM'000
30.6.2019			
Sundry receivables, deposits and prepayments	34,359	9	34,368
Allowance for impairment losses	(1,492)	-	(1,492)
	<u>32,867</u>	<u>9</u>	<u>32,876</u>
Income and profit due and accrued **	11,499	19,422	30,921
Amounts due from General Takaful Fund*	31,772	-	-
Amounts due from stockbrokers	-	10,140	10,140
Total Other Assets	<u>76,138</u>	<u>29,571</u>	<u>73,937</u>
31.12.2018			
Sundry receivables, deposits and prepayments	24,893	153	25,046
Allowance for impairment losses	(634)	-	(634)
	<u>24,259</u>	<u>153</u>	<u>24,412</u>
Income and profit due and accrued **	8,590	17,072	25,662
Amounts due from General Takaful Fund*	65,716	-	-
Amounts due from stockbrokers	719	2,344	3,063
Total Other Assets	<u>99,284</u>	<u>19,569</u>	<u>53,137</u>

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

	Shareholder's Fund /Company RM'000
Lifetime ECL	
30.6.2019	
As at 1.1.2019	634
Net adjustment of loss allowance	858
As at 30.6.2019	<u>1,492</u>
31.12.2018	
As at 18.7.2017 (date of incorporation)	-
Net adjustment of loss allowance	634
As at 31.12.2018	<u>634</u>

* Amounts due from General Takaful Fund are non-trade in nature, unsecured, interest free and repayable on demand.

** Included in income and profit due and accrued is balances due from related parties amounting to RM107,962 (2018: RM238,543), respectively.

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

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ETIQA GENERAL TAKAFUL BERHAD
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17. PARTICIPANTS' FUNDS

	30.6.2019	31.12.2018
	RM'000	RM'000
General Takaful Fund/Company		
Accumulated surplus (Note (i))	177,036	172,167
FVOCI reserves (Note (ii))	26,535	(8,322)
	<u>203,571</u>	<u>163,845</u>
(i) Accumulated surplus		
As at 1.1.2019/18.7.2017 (date of incorporation)	172,167	-
Transferred from EFTB	-	196,302
Effect of adopting MFRS 9	-	(1,552)
As at 1.1.2019/1.1.2018	<u>172,167</u>	<u>194,750</u>
Surplus arising during the period	29,773	76,658
Surplus paid to participants during the period/year	(24,904)	(99,241)
As at 30.6.2019/31.12.2018	<u>177,036</u>	<u>172,167</u>
(ii) FVOCI reserves		
As at 1.1.2019/18.7.2017 (date of incorporation)	-	-
Transferred from EFTB	-	(12,753)
Effect of adopting MFRS 9	-	1,164
As at 1.1.2019/1.1.2018	<u>(8,322)</u>	<u>(11,589)</u>
Fair value changes	48,160	1,985
Transfer to profit and loss upon disposal	(2,296)	2,314
Deferred tax on fair value changes	(11,007)	(1,032)
As at 30.6.2019/31.12.2018	<u>26,535</u>	<u>(8,322)</u>

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ETIQA GENERAL TAKAFUL BERHAD
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18. TAKAFUL CERTIFICATE LIABILITIES

General Takaful Fund

	←----- 30.6.2019 ----->			←----- 31.12.2018 ----->		
	Gross RM'000	Retakaful RM'000 (Note 14)	Net RM'000	Gross RM'000	Retakaful RM'000 (Note 14)	Net RM'000
Claims liabilities (i)	919,475	(205,991)	713,484	869,254	(188,007)	681,247
Contribution liabilities (ii)	715,578	(45,343)	670,235	634,309	(44,166)	590,143
	<u>1,635,053</u>	<u>(251,334)</u>	<u>1,383,719</u>	<u>1,503,563</u>	<u>(232,173)</u>	<u>1,271,390</u>
(i) Claims liabilities						
As at 1.1.2019/18.7.2017 (date of incorporation)	869,254	(188,007)	681,247	-	-	-
Transferred from EFTB	-	-	-	932,653	(217,094)	715,559
Claims incurred in the current accident period	407,565	(12,438)	395,127	725,826	(26,665)	699,161
Movements in claims incurred in prior accident period	4,075	(14,367)	(10,292)	(43,133)	18,764	(24,369)
Claims paid during the period	(363,892)	10,201	(353,691)	(728,707)	32,733	(695,974)
Movements in Provision of Risk Margin for Adverse Deviation ("PRAD")	2,473	(1,380)	1,093	(17,385)	4,255	(13,130)
As at 30.6.2019/31.12.2018	<u>919,475</u>	<u>(205,991)</u>	<u>713,484</u>	<u>869,254</u>	<u>(188,007)</u>	<u>681,247</u>
(ii) Contribution liabilities						
As at 1.1.2019/18.7.2017 (date of incorporation)	634,309	(44,166)	590,143	-	-	-
Transferred from EFTB	-	-	-	574,447	(45,074)	529,373
Contributions written during the period	799,769	(73,207)	726,562	1,309,375	(120,395)	1,188,980
Contributions earned during the period	(718,500)	72,030	(646,470)	(1,249,513)	121,303	(1,128,210)
As at 30.6.2019/31.12.2018	<u>715,578</u>	<u>(45,343)</u>	<u>670,235</u>	<u>634,309</u>	<u>(44,166)</u>	<u>590,143</u>

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ETIQA GENERAL TAKAFUL BERHAD
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19. EXPENSE LIABILITIES

	30.6.2019	31.12.2018
	RM'000	RM'000
Shareholder's Fund/Company		
Unearned wakalah fee (UWF) of General Takaful Fund	148,521	127,590
	<u>148,521</u>	<u>127,590</u>
	30.6.2019	31.12.2018
	RM'000	RM'000
As at 1.1.2019/18.7.2017 (date of incorporation)	127,590	-
Transferred from EFTB	-	137,916
Wakalah fee received during the period (Note 23)	252,427	411,769
Wakalah fee earned during the period	(231,496)	(422,095)
Movement in UWF	20,931	(10,326)
As at 30.6.2019/31.12.2018	<u>148,521</u>	<u>127,590</u>

20. TAKAFUL PAYABLES

	30.6.2019	31.12.2018
	RM'000	RM'000
General Takaful Fund/Company		
Amount due to agents/brokers, cedant and co-takaful business	64,125	63,736
Amount due to retakaful operators	37,763	38,291
	<u>101,888</u>	<u>102,027</u>

The carrying amounts are reasonable approximations of fair values at the reporting date due to the relatively short-term maturity of these balances.

ETIQA GENERAL TAKAFUL BERHAD
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21. OTHER LIABILITIES

	Shareholder's Fund RM'000	General Takaful Fund RM'000	Company RM'000
30.6.2019			
Amount due to Shareholder's Fund*	-	31,772	-
Amounts due to stockbrokers	16,236	31,864	48,100
Unclaimed monies	-	23,019	23,019
Service tax payable	-	20,236	20,236
Surplus payable to participants	-	198,048	198,048
Amounts due to ultimate holding company*	1,323	-	1,323
Amounts due to immediate holding company*	935	-	935
Amounts due to other related companies*	8,317	-	8,317
Zakat payable	5,339	-	5,339
Provisions for expenses	2,440	-	2,440
Sundry payables and accrued liabilities**	29,610	44,052	73,662
	<u>64,200</u>	<u>348,991</u>	<u>381,419</u>
31.12.2018			
Amount due to Shareholder's Fund*	-	65,716	-
Unclaimed monies	-	29,608	29,608
Service tax payable	-	16,220	16,220
Surplus payable to participants	-	203,648	203,648
Amounts due to ultimate holding company*	1,386	-	1,386
Amounts due to immediate holding company*	1,214	-	1,214
Amounts due to other related companies*	10,985	-	10,985
Zakat payable	6,339	-	6,339
Provisions for expenses	3,941	-	3,941
Sundry payables and accrued liabilities**	28,235	33,909	62,144
	<u>52,100</u>	<u>349,101</u>	<u>335,485</u>

* Amounts due to holding companies, other related companies and the Shareholder's Fund are non-trade in nature, unsecured, not subject to any profit elements and are repayable upon demand.

** Included in the sundry payables and accrued liabilities are balances due to related parties amounting to RM2,205,724 (2018: RM1,088,358).

The carrying amounts are reasonable approximations of fair values at the reporting date due to the relatively short-term maturity of these balances.

ETIQA GENERAL TAKAFUL BERHAD
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22. NET EARNED CONTRIBUTION

	1.1.2019 to 30.6.2019 RM'000	18.7.2017 to 30.6.2018 RM'000
General Takaful Fund/Company		
(a) Gross contribution	799,769	640,100
Change in unearned contribution reserves	<u>(81,269)</u>	<u>(21,708)</u>
	<u>718,500</u>	<u>618,392</u>
(b) Contributions ceded to retakaful operators	(73,207)	(69,994)
Change in unearned contribution reserves	<u>1,177</u>	<u>4,822</u>
	<u>(72,030)</u>	<u>(65,172)</u>
Net Earned Contributions	<u>646,470</u>	<u>553,220</u>

23. FEE AND COMMISSION INCOME

	Shareholder's Fund RM'000	General Takaful Fund RM'000	Company RM'000
1.1.2019 to 30.6.2019			
Wakalah fee income from General Takaful Fund	252,427	-	-
Retakaful commission income	-	4,958	4,958
Others	-	239	239
	<u>252,427</u>	<u>5,197</u>	<u>5,197</u>
18.7.2017 to 30.6.2018			
Wakalah fee income from General Takaful Fund	198,408	-	-
Retakaful commission income	-	8,613	8,613
Others	-	175	175
	<u>198,408</u>	<u>8,788</u>	<u>8,788</u>

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24. INVESTMENT INCOME

	Shareholder's Fund RM'000	General Takaful Fund RM'000	Company RM'000
1.1.2019 to 30.6.2019			
Financial assets at FVTPL:			
- Designated upon initial recognition			
Profit income	-	1,854	1,854
- HFT			
Dividend income:			
Quoted equity securities in Malaysia	260	274	534
Financial assets at FVOCI:			
Profit income	24,938	35,703	60,641
Financial assets at AC:			
Profit income	1,436	1,383	2,819
Net amortisation of premiums	(523)	(1,013)	(1,536)
Investment related expenses	(100)	(155)	(255)
	<u>26,011</u>	<u>38,046</u>	<u>64,057</u>
18.7.2017 to 30.6.2018			
Financial assets at FVTPL:			
- Designated upon initial recognition			
Profit income	-	100	100
- HFT			
Dividend income:			
Quoted equity securities in Malaysia	570	557	1,127
Financial assets at FVOCI:			
Profit income	19,205	30,887	50,092
Financial assets at AC:			
Profit income	2,034	2,407	4,441
Net amortisation of premiums	(364)	(828)	(1,192)
Investment related expenses	(38)	(72)	(110)
	<u>21,407</u>	<u>33,051</u>	<u>54,458</u>

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25. OTHER OPERATING (EXPENSES)/INCOME, NET

	Shareholder's Fund RM'000	General Takaful Fund RM'000	Company RM'000
1.1.2019 to 30.6.2019			
Other income			
Reversal of impairment losses on:			
Takaful receivables	-	121	121
Sundry income	1,042	20	1,062
	<u>1,042</u>	<u>141</u>	<u>1,183</u>
Other expenses			
Impairment losses on:			
- Investments	(22)	(154)	(176)
- Other assets	(858)	-	(858)
- Retakaful assets	-	(700)	(700)
Takaful receivables written off	-	(581)	(581)
Realised loss on foreign exchange	-	(1)	(1)
	<u>(880)</u>	<u>(1,436)</u>	<u>(2,316)</u>
Total Other Operating Income/(Expenses), net	<u>162</u>	<u>(1,295)</u>	<u>(1,133)</u>
18.7.2017 to 30.6.2018			
Other income			
Reversal of impairment losses on:			
- Investments	-	369	369
- Takaful receivables	-	1,152	1,152
- Retakaful assets	-	4	4
Realised gain on foreign exchange	-	1	1
Sundry income	658	13	671
	<u>658</u>	<u>1,539</u>	<u>2,197</u>
Other expenses			
Impairment losses on:			
- Investments	(139)	-	(139)
- Other assets	(144)	(739)	(883)
Sundry expenditure	(66)	-	(66)
	<u>(349)</u>	<u>(739)</u>	<u>(1,088)</u>
Total Other Operating Income, net	<u>309</u>	<u>800</u>	<u>1,109</u>

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26. MANAGEMENT EXPENSES

	1.1.2019 to 30.6.2019 RM'000	18.7.2017 to 30.6.2018 RM'000
Shareholder's Fund/Company		
Employee benefits expenses (Note (a))	57,638	47,792
Directors' fee and remuneration (Note 27)	428	407
Shariah Committee's remuneration (Note 28)	51	51
Auditors' remuneration:		
- statutory audits	131	121
- regulatory services	10	9
Amortisation of intangible assets	121	143
Auto assist service	6,923	3,059
Bank and financing charges	6,881	5,353
Electronic data processing expenses	5,289	2,625
Entertainment expenses	108	70
Legal fees	159	248
Information technology outsourcing	4,306	2,559
Office facilities expenses	340	269
Other management fees	1,662	1,268
Postage and stamp duties	711	880
Printing and stationery	520	863
Professional fees	610	(176)
Promotional and marketing costs	17,843	13,686
Rental of offices/premises	3,156	2,848
Training expenses	638	203
Travelling expenses	269	221
Utilities, assessment and maintenance	1,148	712
Other expenses	5,060	2,701
	114,002	85,912

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26. MANAGEMENT EXPENSES (CONTD.)

	1.1.2019	18.7.2017
	to	to
	30.6.2019	30.6.2018
	RM'000	RM'000
(a) Employee benefits expenses		
Shareholder's Fund/Company		
Wages, salaries and bonus	43,677	35,684
EPF	6,985	5,831
SOCSSO	308	269
Share based compensation	394	31
Other benefits	6,274	5,977
	<u>57,638</u>	<u>47,792</u>

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

	1.1.2019	18.7.2017
	to	to
	30.6.2019	30.6.2018
	RM'000	RM'000
Salaries	322	292
Bonus	326	300
EPF and Pension Scheme	104	95
Share based compensation	35	40
Other emoluments	20	19
	<u>807</u>	<u>746</u>

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27. DIRECTORS' FEES AND REMUNERATION

	1.1.2019 to 30.6.2019 RM'000	18.7.2017 to 30.6.2018 RM'000
Shareholder's Fund/Company		
Executive director:		
Fees	60	59
Other emoluments	4	3
	<u>64</u>	<u>62</u>
Non executive directors:		
Fees	330	321
Other emoluments	34	24
	<u>364</u>	<u>345</u>
Total Directors' Fees and Remuneration	<u>428</u>	<u>407</u>

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

	Fees RM'000	Other Emoluments RM'000	Total RM'000
1.1.2019 to 30.6.2019			
Executive director:			
Dato' Mohamed Rafique Merican			
Mohd Wahiduddin Merican	60	4	64
Non Executive directors:			
Dato' Majid Mohamad (Chairman)	90	8	98
Mr Philippe Pol Arthur Latour (Vice Chairman)	60	6	66
Dato' Johan Ariffin	60	6	66
Dr. Abdul Rahim Abdul Rahman	60	6	66
Mr Koh Heng Kong	60	8	68
	<u>390</u>	<u>38</u>	<u>428</u>
18.7.2017 to 30.6.2018			
Executive director:			
Dato' Mohamed Rafique Merican			
Mohd Wahiduddin Merican	59	3	62
Non Executive directors:			
Dato' Majid Mohamad (Chairman)	85	5	90
Mr Philippe Pol Arthur Latour (Vice Chairman)	59	4	63
Dato' Johan Ariffin	59	5	64
Dr. Abdul Rahim Abdul Rahman	59	5	64
Mr. Koh Heng Kong	59	5	64
	<u>380</u>	<u>27</u>	<u>407</u>

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28. SHARIAH COMMITTEE'S REMUNERATION

	1.1.2019 to 30.6.2019 RM'000	18.7.2017 to 30.6.2018 RM'000
Shareholder's Fund/Company		
Fees	27	37
Other emoluments	24	14
Total Shariah Committee's remuneration	<u>51</u>	<u>51</u>

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

	Fees RM'000	Other Emoluments RM'000	Total RM'000
1.1.2019 to 30.6.2019			
Shariah committee:			
Dr. Ahcene Lahsasna (Chairman)	5	4	9
Dr. Sarip Adul	4	3	7
Prof Dr. Rusni Hassan	4	3	7
Prof Dr. Abdul Rahim Abdul Rahman	4	4	8
Prof Dato' Dr. Mohd Azmi Omar	4	4	8
Dato' Dr Anhar Opir	4	4	8
Assoc Prof Dr. Aznan Hasan (w.e.f May 2019)	2	2	4
	<u>27</u>	<u>24</u>	<u>51</u>
18.7.2017 to 30.6.2018			
Shariah committee:			
Dr. Ahcene Lahsasna (Chairman)	7	2	9
Dr. Ismail Mohd @ Abu Hassan	4	2	6
Dr. Mohammad Deen Mohd Napiah	4	2	6
Dr. Sarip Adul	6	2	8
Prof Dr. Rusni Hassan	6	2	8
Prof Dr. Abdul Rahim Abdul Rahman	6	2	8
Prof Dato' Dr. Mohd Azmi Omar	2	1	3
Dato' Dr Anhar Opir	2	1	3
	<u>37</u>	<u>14</u>	<u>51</u>

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29. INCOME TAX EXPENSE

The major components of income tax expense for the financial period ended 30 June 2019 and 30 June 2018 are as follows:

	1.1.2019 to 30.06.2019 RM'000	18.7.2017 to 30.06.2018 RM'000
<u>Income Statement</u>		
Shareholder's Fund/Company		
Income Tax:		
Tax expense for the period	30,518	27,235
Deferred taxation:		
Relating to origination and reversal of temporary differences	(296)	(2,160)
Income tax expense recognised in Income Statement	<u>30,222</u>	<u>25,075</u>
<u>Statement of Comprehensive Income</u>		
Company		
Deferred income tax related to other comprehensive income:		
- Fair value changes on FVOCI investments		
Shareholder's Fund	10,326	(1,050)
General Takaful Fund	11,007	(1,007)
	<u>21,333</u>	<u>(2,057)</u>

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29. INCOME TAX EXPENSE (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 is as follows:

	1.1.2019	18.7.2017
	to	to
	30.06.2019	30.06.2018
	RM'000	RM'000
Company		
Profit before taxation	<u>99,786</u>	<u>90,344</u>
Taxation at Malaysian statutory tax rate of 24%	23,949	21,683
Income not subject to tax	(175)	(274)
Expenses not deductible for tax purposes	<u>6,448</u>	<u>3,666</u>
Tax expense for the financial period	<u>30,222</u>	<u>25,075</u>

The domestic income tax for Shareholder's Fund are calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the financial period.

	1.1.2019	18.7.2017
	to	to
	30.06.2019	30.06.2018
	RM'000	RM'000
<u>Tax Borne by Participants</u>		

Income Statement

General Takaful Fund/Company

Deferred taxation:

Relating to origination and reversal of temporary differences	<u>670</u>	<u>(54)</u>
Tax borne by participants recognised in Income Statement	<u>670</u>	<u>(54)</u>

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30. OPERATING LEASE COMMITMENTS

As at the reporting date, the Company and Takaful Fund lease their office premises under lease agreements that are not cancellable within a year. The leases contain renewable options.

Future minimum lease payments for leases with initial or remaining terms of one year or more are as follows:

	30.6.2019	31.12.2018
	RM'000	RM'000
Within 1 year	5,965	5,712
After 1 year but not more than 5 years	<u>21,495</u>	<u>20,576</u>
	<u>27,460</u>	<u>26,288</u>

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31. 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 has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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

The Company has related party relationships with its shareholders, fellow subsidiaries, 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.

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

	Shareholder's Fund RM'000	General Takaful Fund RM'000	Company RM'000
Income/(expenses):			
1.1.2019 to 30.6.2019			
Ultimate holding company:			
Gross takaful contribution income	-	70	70
Commission and fee expenses	(13,858)	-	(13,858)
Bank charges	(266)	-	(266)
	<hr/>	<hr/>	<hr/>
Immediate holding company:			
Gross takaful contribution income	-	1	1
Shared service costs	(4,805)	-	(4,805)
Claims paid	-	(69)	(69)
	<hr/>	<hr/>	<hr/>
Fellow subsidiaries within the MAHB Group:			
Gross takaful contribution income	-	5	5
Shared service costs	(46,497)	-	(46,497)
Rental expenses	(3,153)	-	(3,153)
	<hr/>	<hr/>	<hr/>

ETIQA GENERAL TAKAFUL BERHAD
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31. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES DISCLOSURES
(CONTD.)

- (a) Significant transactions of the Company with related parties during the financial period were as follows (Contd.):

	Shareholder's Fund RM'000	General Takaful Fund RM'000	Company RM'000
Income/(expenses) (Contd.):			
1.1.2019 to 30.6.2019 (Contd.)			
Other related companies within the MBB Group:			
Gross takaful contribution income	-	833	833
Profit income	252	410	662
Commission and fee expenses	(2,042)	-	(2,042)
Information technology outsourcing	(4,306)	-	(4,306)
Investment expenses	(100)	(155)	(255)
Companies with significant influence over the MBB Group:			
Gross takaful contribution income	-	3,906	3,906
Claims paid	-	(163)	(163)
Income/(expenses):			
18.7.2017 to 30.6.2018			
Ultimate holding company:			
Commission and fee expenses	(12,344)	-	(12,344)
Investment expenses	(52)	(67)	(119)
Bank charges	(214)	-	(214)
Immediate holding company:			
Gross takaful contribution income	-	41	41
Shared service costs	(3,495)	-	(3,495)
Fellow subsidiaries within the MAHB Group:			
Gross takaful contribution income	-	3	3
Shared service costs	(36,473)	-	(36,473)
Rental expense	(2,511)	-	(2,511)
Other related companies within the MBB Group:			
Profit income	483	438	921
Gross takaful contribution income	-	1,086	1,086
Commission and fee expenses	(1,467)	-	(1,467)
Information technology outsourcing	(2,559)	-	(2,559)

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31. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES DISCLOSURES
(CONTD.)

- (a) Significant transactions of the Company with related parties during the financial period were as follows (Contd.):

Income/(expenses) (Contd.)
18.7.2017 to 30.6.2018 (Contd.)

Companies with significant influence over the MBB Group:

Gross takaful contribution income		4,512	4,512
Claims paid	-	(29)	(29)

- (b) Included in the statement of financial position of the Company are amounts due from/(to) related companies represented by the following:

	Shareholder's Fund RM'000	General Takaful Fund RM'000	Company RM'000
30.6.2019			
Ultimate holding company:			
Bank balances	12,839	48,945	61,784
Amount due to ultimate holding company	(1,323)	-	(1,323)
Immediate holding company:			
Amount due to immediate holding company	(935)	-	(935)
Fellow subsidiaries within the MAHB Group:			
Amount due to other related companies	(8,317)	-	(8,317)
Claim liabilities	-	(5)	(5)
Other related companies within the MBB Group:			
Deposits with financial institutions	11,173	529	11,702
Income and profit due and accrued	98	10	108
Sundry payables & accrued liabilities	(2,206)	-	(2,206)
Claim liabilities	-	(12)	(12)
Companies related to a company with significant influence over the MBB Group:			
Claim liabilities	-	(952)	(952)

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31. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES DISCLOSURES
(CONTD.)

(b) Included in the statement of financial position of the Company are amounts due from/(to) related companies represented by the following (Contd.):

	Shareholder's Fund RM'000	General Takaful Fund RM'000	Company RM'000
31.12.2018			
Ultimate holding company:			
Bank balances	18,433	57,083	75,516
Amount due to ultimate holding company	(1,386)	-	(1,386)
Sundry payables & accrued liabilities	(55)	(63)	(118)
	<u> </u>	<u> </u>	<u> </u>
Immediate holding company:			
Amount due to immediate holding company	(1,214)	-	(1,214)
	<u> </u>	<u> </u>	<u> </u>
Fellow subsidiaries within the MAHB Group:			
Amount due to other related companies	(10,985)	-	(10,985)
	<u> </u>	<u> </u>	<u> </u>
Other related companies within the MBB Group:			
Deposits with financial institutions	107,710	20,331	128,041
Income and profit due and accrued	86	153	239
Sundry payables and accrued liabilities	(970)	-	(970)
	<u> </u>	<u> </u>	<u> </u>
Companies related to a company with significant influence over the MBB Group:			
Claim liabilities	-	(956)	(956)
	<u> </u>	<u> </u>	<u> </u>

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31. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES DISCLOSURES
(CONTD.)

(c) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. The key management personnel of the Company includes Directors and CEO.

- (i) The remuneration of key management personnel during the financial period were as follows:

	1.1.2019	18.7.2017
	to	to
	30.6.2019	30.6.2018
	RM'000	RM'000
Short-term employee benefits		
- Fees	390	380
- Salaries, allowances and bonuses	648	592
- EPF and pension scheme	104	95
- Share-based compensation	35	40
- Other emoluments	58	46
	<u>1235</u>	<u>1153</u>

- (ii) The number of shares awarded for Employees Share Grant Plan (ESGP) to key management personnel were as follows:

	30.6.2019	31.12.2018
	'000	'000
- Number of ESGP shares awarded	<u>28</u>	<u>-</u>

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32. FAIR VALUE MEASUREMENTS

The Company classifies its financial instruments measured at fair value according to the Fair Value hierarchy.

The levels of the fair value hierarchy as defined by the accounting standards 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 which 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 input

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, less liquid equities and over-the-counter ("OTC") derivatives.

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

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

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

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32. FAIR VALUE MEASUREMENTS (CONTD.)

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

Shareholder's Fund

	Valuation techniques using:			Total RM'000
	Level 1 Quoted market prices RM'000	Level 2 Observable inputs RM'000	Level 3 Non Observable inputs RM'000	
30.6.2019				
<u>Assets</u>				
Financial assets at FVTPL				
- HFT				
Quoted equity securities in Malaysia	- 15,667	- -	- -	- 15,667
Financial assets at FVOCI				
Malaysian government papers	-	10,818	-	10,818
Unquoted debt securities in Malaysia	-	1,154,685	-	1,154,685
	<u>15,667</u>	<u>1,165,503</u>	<u>-</u>	<u>1,181,170</u>
31.12.2018				
<u>Assets</u>				
Financial assets at FVTPL				
- HFT				
Quoted equity securities in Malaysia	26,070	-	-	26,070
Financial assets at FVOCI				
Malaysian government papers	-	2,003	-	2,003
Unquoted debt securities in Malaysia	-	948,124	-	948,124
	<u>26,070</u>	<u>950,127</u>	<u>-</u>	<u>976,197</u>

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32. FAIR VALUE MEASUREMENTS (CONTD.)

(a) Fair value measurements and classification within the fair value hierarchy (Contd.)

General Takaful Fund

	Valuation techniques using:			Total RM'000
	Level 1 Quoted market prices RM'000	Level 2 Observable inputs RM'000	Level 3 Non Observable inputs RM'000	
30.6.2019				
<u>Assets</u>				
Financial assets at FVTPL				
- Designated upon initial recognition				
Unquoted debt securities in Malaysia	-	25,123	-	25,123
Structured products	-	50,655	-	50,655
- HFT				
Quoted equity securities in Malaysia	17,728	-	-	17,728
Financial assets at FVOCI				
Malaysian government papers	-	315,106	-	315,106
Unquoted debt securities in Malaysia	-	1,339,113	-	1,339,113
	<u>17,728</u>	<u>1,729,997</u>	<u>-</u>	<u>1,747,725</u>
31.12.2018				
<u>Assets</u>				
Financial assets at FVTPL				
- Designated upon initial recognition				
Unquoted debt securities in Malaysia	-	8,272	-	8,272
Structured products	-	48,365	-	48,365
- HFT				
Quoted equity securities in Malaysia	30,175	-	-	30,175
Financial assets at FVOCI				
Malaysian government papers	-	334,707	-	334,707
Unquoted debt securities in Malaysia	-	1,142,988	-	1,142,988
	<u>30,175</u>	<u>1,534,332</u>	<u>-</u>	<u>1,564,507</u>

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32. FAIR VALUE MEASUREMENTS (CONTD.)

(b) 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 determines 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 2019.

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

The Company's exposure to financial instruments measured with valuation techniques using significant unobservable inputs comprised a small number of financial instruments which constitute an insignificant component of the Company's portfolio of financial instruments. 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. There were no Level 3 financial instruments for the Company during the financial period ended 30 June 2019.

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33. REGULATORY CAPITAL REQUIREMENT

The capital structure of the Company as at 30 June 2019 and 31 December 2018, as prescribed under the RBCT Framework, is provided below:

	30.6.2019	31.12.2018
	RM'000	RM'000
Company		
Eligible Tier 1 Capital		
Paid up share capital	870,000	870,000
Valuation surplus in takaful funds	177,036	172,167
Retained earnings	220,009	153,156
	<u>1,267,045</u>	<u>1,195,323</u>
Tier 2 Capital		
FVOCI reserves	64,465	(3,092)
	<u>64,465</u>	<u>(3,092)</u>
Amount deducted from capital	<u>(1,088)</u>	<u>(8,152)</u>
Total Capital Available	<u>1,330,422</u>	<u>1,184,079</u>

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34. EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the profit for the financial period attributable to ordinary equity holders of the Company by the number of ordinary shares in issue during the interim financial period.

	1.1.2019 to 30.6.2019 RM'000	18.7.2017 to 30.6.2018 RM'000
Profit attributable to ordinary equity holders	<u>66,852</u>	<u>62,910</u>
	30.6.2019 '000	30.6.2018 '000
Number of ordinary shares in issue		
As at 1.1.2019 / 18.7.2017 (date of incorporation)	870,000	-*
Issue during the period	-	870,000
As at 30.6.2019 / 30.06.2018	<u>870,000</u>	<u>870,000</u>
	1.1.2019 to 30.6.2019 sen	18.7.2017 to 30.6.2018 sen
Basic earnings per share	<u>7.68</u>	<u>13.07</u>

* The Company was incorporated on 18 July 2017 with a share of RM1 comprising 1 ordinary share. On 20 December 2017, the Company increased its share capital to RM 870 million by the issuance of 869,999,999 ordinary shares.

Diluted earnings per share are not presented as there were no dilutive potential ordinary shares as at reporting date.