



ETIQA LIFE INSURANCE BERHAD
(1239279 P)
(Incorporated in Malaysia)

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

1239279 P

ETIQA LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

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ETIQA LIFE INSURANCE BERHAD
(Incorporated in Malaysia)

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

	Note	30.6.2019 RM'000	31.12.2018 RM'000
Assets:			
Property, plant and equipment		28,201	29,992
Investment properties		914,998	912,840
Prepaid land lease payments		828	841
Intangible assets		42,535	37,681
Investments	13	9,892,075	9,993,168
Financing receivables		216,249	215,173
Reinsurance assets	14	55,654	49,111
Insurance receivables	15	26,159	23,842
Other assets	16	195,063	242,353
Derivative assets		838	737
Cash and bank balances		110,042	97,416
Total Assets		<u>11,482,642</u>	<u>11,603,154</u>
Equity and liabilities:			
Share capital		100,000	100,000
Reserves	17	1,420,274	2,086,266
Total Equity		<u>1,520,274</u>	<u>2,186,266</u>
Insurance contract liabilities	18	9,062,992	8,413,206
Derivative liabilities		14,975	14,168
Deferred tax liabilities, net		405,572	328,684
Insurance payables	19	16,541	14,543
Other liabilities	20	438,063	390,549
Current tax liabilities		24,225	255,738
Total Liabilities		<u>9,962,368</u>	<u>9,416,888</u>
Total Equity and Liabilities		<u>11,482,642</u>	<u>11,603,154</u>

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

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

		1.1.2019	19.7.2017
		to	to
		30.6.2019	30.6.2018
	Note	RM'000	RM'000
Operating revenue		<u>1,058,207</u>	<u>999,534</u>
Gross earned premiums		811,360	771,222
Earned premiums ceded to reinsurers		<u>(14,020)</u>	<u>(10,498)</u>
Net earned premiums		<u>797,340</u>	<u>760,724</u>
Fee and commission income		2,089	-
Investment income	21	246,847	228,312
Realised gains/(losses)		41,227	(2,967)
Fair value gains/(losses)		450,153	(264,413)
Other operating expenses, net	22	<u>(4,528)</u>	<u>(14,278)</u>
Other revenue		<u>735,788</u>	<u>(53,346)</u>
Gross benefits and claims paid		(548,514)	(516,537)
Claims ceded to reinsurers		6,052	4,491
Gross change to contract liabilities		(649,786)	(13,836)
Change in contract liabilities ceded to reinsurers		<u>6,543</u>	<u>7,229</u>
Net benefits and claims		<u>(1,185,705)</u>	<u>(518,653)</u>
Management expenses	23	(85,431)	(76,932)
Fee and commission expenses		(51,201)	(53,294)
Taxation borne by policyholders	25	<u>(53,512)</u>	<u>6,005</u>
Other expenses		<u>(190,144)</u>	<u>(124,221)</u>
Profit before tax		157,279	64,504
Taxation	25	<u>(42,395)</u>	<u>(16,251)</u>
Net profit for the period		<u>114,884</u>	<u>48,253</u>
Basic earnings per share (sen)	31	<u>114.88</u>	<u>89.76</u>

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

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ETIQA LIFE INSURANCE 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 RM'000	19.7.2017 to 30.6.2018 RM'000
Net profit for the period	<u>114,884</u>	<u>48,253</u>
Other comprehensive income:		
Items that may be subsequently reclassified to income statement		
Change in value of Fair Value Through Other Comprehensive Income Reserve (FVOCI) financial assets, net		
- Fair value changes	21,642	(1,218)
- Transfer to profit or loss upon disposal	(1,065)	(299)
Tax effect relating to FVOCI financial assets	(1,453)	112
	25	
Other comprehensive loss from operations for the period, net of tax	19,124	(1,405)
Total comprehensive income for the period	<u>134,008</u>	<u>46,848</u>

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

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

Note	Share Capital RM'000	FVOCI Reserves RM'000	Non-distributable		Retained Earnings			Total Equity RM'000
			Revaluation Reserves RM'000 (Note 17)		Non-Par Fund Surplus RM'000	Distributable Retained Profits RM'000	Sub-total Retained Profits RM'000	
As at 1.1.2019	100,000	2,392	54,465		947,512	1,081,897	2,029,409	2,186,266
Net profit for the period	-	-	-		119,239	(4,355)	114,884	114,884
Other comprehensive losses for the period	-	19,124	-		-	-	-	19,124
Total comprehensive losses for the period	-	19,124	-		119,239	(4,355)	114,884	134,008
Dividend on ordinary shares	-	-	-		-	(800,000)	(800,000)	(800,000)
As at 30.6.2019	100,000	21,516	54,465		1,066,751	277,542	1,344,293	1,520,274
As at 19.7.2017 (date of incorporation)	-*	-	-		-	-	-	-*
Transferred from Etiqa General Insurance Berhad (EGIB)	-	(2,481)	-		1,768,679	-	1,768,679	1,766,198
Effect of adopting MFRS 9	-	2,103	-		25,743	-	25,743	27,846
	-	(378)	-		1,794,422	-	1,794,422	1,794,044
Net profit for the period	-	-	-		50,957	(2,704)	48,253	48,253
Other comprehensive losses for the period	-	(1,405)	-		-	-	-	(1,405)
Total comprehensive losses for the period	-	(1,405)	-		50,957	(2,704)	48,253	46,848
Issue during the year ¹	100,000	-	-		-	-	-	100,000
As at 30.6.2018	100,000	(1,783)	-		1,845,379	(2,704)	1,842,675	1,940,892

* denotes RM1

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

ETIQA LIFE INSURANCE BERHAD
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UNAUDITED INTERIM CONDENSED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019

	1.1.2019 to 30.6.2019 RM'000	19.7.2017 to 30.6.2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	157,279	64,504
Adjustments for:		
Taxation borne by policyholders	53,512	(6,005)
Depreciation of property, plant and equipment	2,887	2,751
Amortisation of intangible assets	2,992	3,439
Fair value (losses)/gains on financial assets at fair value through profit and loss (FVTPL)	(450,153)	264,413
Amortisation of prepaid land lease payments	13	91
Amortisation of premium on investments	2,487	2,785
Net loss on foreign exchange	2,257	14,125
Bad debt written off	941	-
(Reversal of impairment)/impairment losses on insurance receivables	(56)	156
Impairment losses on other assets	62	305
Impairment losses on financing receivables	157	59
Net (gain)/loss on disposal of investment	(41,226)	2,968
Interest income	(221,716)	(200,129)
Impairment losses on investments	227	28
Gross dividend income	(16,109)	(19,063)
Rental income	(20,945)	(20,232)
Operating cash flows before working capital changes	<u>(527,391)</u>	<u>110,195</u>
Changes in working capital:		
Increase in reinsurance assets	(6,543)	(7,229)
Increase in insurance receivables	(3,203)	(8,352)
Decrease/(increase) in other assets	39,966	(13,099)
Increase in financing receivables	(1,233)	(43)
Decrease/(increase) in amount due from related companies	7,297	(111,375)
Increase/(decrease) in other liabilities	46,040	(7,454)
Increase in insurance contract liabilities	649,786	13,836
Increase in insurance payables	1,998	1,870
Decrease/(increase) in financial assets at amortised costs (AC)	111,427	(393,431)
Operating cash flows after working capital changes	<u>318,144</u>	<u>(415,082)</u>
Interest income received	223,954	192,140
Dividend income received	15,119	16,182
Rental income received	20,490	14,408
Carried forward	<u>577,707</u>	<u>(192,352)</u>

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

	1.1.2019	19.07.2017
	to	to
	30.6.2019	30.6.2018
	RM'000	RM'000
Brought forward	577,707	(192,352)
Tax paid	(251,987)	(1,538)
Net cash flows generated from/(used in) operating activities	<u>325,720</u>	<u>(193,890)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of investments	4,144,888	3,947,222
Purchase of investments	(3,646,883)	(3,830,319)
Purchase of property, plant and equipment	(1,445)	(717)
Addition to investment properties	(2,158)	-
Addition to investment properties under constructions (IPUC)	-	(72,505)
Purchase of intangible assets	(7,496)	(4,615)
Net cash flows generated from investing activities	<u>486,906</u>	<u>39,066</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital	-	100,000
Dividend paid	(800,000)	-
Net cash flows (used in)/generated from financing activity	<u>(800,000)</u>	<u>100,000</u>
Net increase/(decrease) in cash and cash equivalents	12,626	(54,824)
Cash and cash equivalents at beginning of period	97,416	-
Transferred from EGIB	-	142,199
Cash and cash equivalents at end of period	<u>110,042</u>	<u>87,375</u>
Cash and cash equivalents comprise:		
Cash and bank balances:		
Shareholder's funds	361	425
Life insurance fund	109,681	86,950
	<u>110,042</u>	<u>87,375</u>

This unaudited condensed financial statements should be read in conjunction with the audited annual financial statements for the 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) and 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 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.

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

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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.)

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 were 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 restate 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
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019 (CONTD.)

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 re-measurement 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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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 (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
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019 (CONTD.)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Changes in accounting policies - MFRS 16 Leases (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 reassess 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.

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.

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

6. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

However, as is common for insurer, surplus for life funds will only be transferred at the financial year end upon approval by the Appointed Actuary.

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

A final single tier dividend of 800 sen per ordinary share on 100,000,000 ordinary shares amounting to RM800,000,000.00 for the financial period ended 31 December 2018 was approved by the shareholder in Annual General Meeting held on 4 April 2019. Thereafter, the final dividend was paid on 12 June 2019.

11. MATERIAL EVENTS SUBSEQUENT TO END OF REPORTING PERIOD

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

12. CHANGES IN THE COMPOSITION OF THE COMPANY

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

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13. INVESTMENTS

	30.6.2019	31.12.2018
	RM'000	RM'000
Malaysian government papers	106,594	316,720
Equity securities	1,273,995	1,278,888
Debt securities	7,546,915	7,214,968
Unit and property trust funds	110,596	126,334
Structured products	185,229	276,085
Deposits with financial institutions	668,746	780,173
	<u>9,892,075</u>	<u>9,993,168</u>

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

	30.6.2019	31.12.2018
	RM'000	RM'000
Fair value through profit and loss (FVTPL)		
- Designated upon initial recognition	6,824,568	7,200,191
- Held for trading (HFT)	1,862,370	1,863,803
Fair value through other comprehensive income (FVOCI)	647,466	270,200
Amortised Cost (AC)	557,671	658,974
	<u>9,892,075</u>	<u>9,993,168</u>

The carrying value of investments maturing after 12 months are as follows:

	30.6.2019	31.12.2018
	RM'000	RM'000
FVTPL		
- Designated upon initial recognition	6,402,532	6,834,523
- HFT	363,929	334,659
FVOCI	572,640	270,200
	<u>7,339,101</u>	<u>7,439,382</u>

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13. INVESTMENTS (CONTD.)

	30.6.2019	31.12.2018
	RM'000	RM'000
(a) FVTPL		
(i) Designated upon initial recognition		
<u>At fair value</u>		
Malaysian government papers	106,594	284,473
Debt securities:		
Unquoted in Malaysia	6,392,930	6,551,396
Unquoted outside Malaysia	141,441	90,102
Structured products	183,603	274,220
	<u>6,824,568</u>	<u>7,200,191</u>
(ii) HFT		
<u>At fair value</u>		
Malaysian government papers	-	30,287
Equity securities:		
Quoted in Malaysia	1,203,111	1,214,711
Quoted outside Malaysia	14,417	7,710
Unquoted in Malaysia	56,467	56,467
Unquoted debt securities in Malaysia	365,078	305,230
Unit and property trust funds:		
Quoted in Malaysia	14,588	9,192
Quoted outside Malaysia	96,008	117,142
Structured products	1,626	1,865
Fixed and call deposits with licensed banks	111,075	121,199
	<u>1,862,370</u>	<u>1,863,803</u>
Total FVTPL financial assets	<u>8,686,938</u>	<u>9,063,994</u>
	30.6.2019	31.12.2018
	RM'000	RM'000
(b) FVOCI		
<u>At fair value</u>		
Malaysian government papers	-	1,960
Unquoted debt securities in Malaysia	647,466	268,240
Total FVOCI financial assets	<u>647,466</u>	<u>270,200</u>

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13. INVESTMENTS (CONTD.)

(b) FVOCI (Contd.)

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12 months	<----- 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				
As at 1.1.2019	156	-	-	156
Net adjustment of loss allowance	(8)	-	-	(8)
New financial assets originated or purchased	240	-	-	240
Financial assets that have been derecognised	(5)	-	-	(5)
As at 30.6.2019	<u>383</u>	<u>-</u>	<u>-</u>	<u>383</u>
31.12.2018				
As at 19.7.2017 (date of incorporation)	-	-	-	-
Transferred from EGIB	73	-	-	73
	<u>73</u>	<u>-</u>	<u>-</u>	<u>73</u>
Net adjustment of loss allowance	1	-	-	1
New financial assets originated or purchased	95	-	-	95
Financial assets that have been derecognised	(13)	-	-	(13)
As at 31.12.2018	<u>156</u>	<u>-</u>	<u>-</u>	<u>156</u>

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13. INVESTMENTS (CONTD.)

	30.6.2019	31.12.2018
	RM'000	RM'000
(c) AC		
<u>At cost</u>		
Fixed and call deposits with:		
Licensed banks	548,556	629,688
Other financial institutions	9,115	29,286
Total AC financial assets	<u>557,671</u>	<u>658,974</u>

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

Fair Value of Financial Investments

An analysis of the different fair value measurement basis used in the determination of the fair values of Investments are further disclosed in Note 29 to the unaudited interim condensed financial statements.

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14. REINSURANCE ASSETS

	30.6.2019	31.12.2018
	RM'000	RM'000
Reinsurers' share of insurance contract liabilities (Note 18):		
Claims liabilities	7,261	6,673
Actuarial liabilities	48,393	42,438
	<u>55,654</u>	<u>49,111</u>

15. INSURANCE RECEIVABLES

	30.6.2019	31.12.2018
	RM'000	RM'000
Due premiums including agents/brokers and co-insurers balances*	24,409	19,856
Due from reinsurers and cedants	3,039	4,334
	<u>27,448</u>	<u>24,190</u>
Allowance for impairment losses	(1,289)	(348)
	<u>26,159</u>	<u>23,842</u>

* Included in the balances due of premiums including agents/brokers and co-insurers are outstanding premiums related to companies with significant influence over the MBB group amounting to RM146,508 (2018: RM135,867). The amount receivable are subject to settlement terms stipulated in the underlying insurance contracts.

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

Movements in allowance for impairment losses for Insurance receivables are as follows:

	30.6.2019	31.12.2018
	RM'000	RM'000
Lifetime ECL		
As at 1.1.2019/19.7.2017 (date of incorporation)	348	-
Transferred from EGIB	-	275
Effect of adopting MFRS 9	-	93
	<u>348</u>	<u>368</u>
Net adjustment of loss allowance	941	(20)
As at 30.6.2019/31.12.2018	<u>1,289</u>	<u>348</u>

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16. OTHER ASSETS

	30.6.2019	31.12.2018
	RM'000	RM'000
Amount due from stockbrokers	33,068	75,796
Amount due from a fund manager	716	606
	<u>33,784</u>	<u>76,402</u>
Sundry receivables, deposits and prepayments*	7,667	5,017
Allowance for impairment losses	(157)	(157)
	<u>7,510</u>	<u>4,860</u>
Income due and accrued*	141,936	142,729
Allowance for impairment losses	(630)	(568)
	<u>141,306</u>	<u>142,161</u>
Amounts due from related companies** (Note 28(b)):		
- Ultimate holding company	-	322
- Other related companies	12,463	18,608
	<u>12,463</u>	<u>18,930</u>
Total Other Assets	<u>195,063</u>	<u>242,353</u>

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

	30.6.2019	31.12.2018
	RM'000	RM'000
As at 1.1.2019/19.7.2017 (date of incorporation)	725	-
Transferred from EGIB	-	395
Effect of adopting MFRS 9	-	139
	<u>725</u>	<u>534</u>
Net adjustment of loss allowance	62	191
As at 30.6.2019/31.12.2018	<u>787</u>	<u>725</u>

* Included in the sundry receivables, deposits and prepayments and income due and accrued are balances due from related parties amounting to RM738,878 and RM1,564,582 (2018: RM624,188 and RM688,537) respectively.

** Amounts due from related companies are non-trade in nature, unsecured, interest free and are repayable on demand.

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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17. OTHER RESERVES

	30.6.2019	30.6.2018
	RM'000	RM'000
Revaluation Reserve		
As at 1.1.2019/19.7.2017 (date of incorporation)	54,465	-
Other comprehensive income	-	-
As at 30.6.2019/30.6.2018	<u>54,465</u>	<u>-</u>

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

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18. INSURANCE CONTRACT LIABILITIES

	←----- 30.6.2019 -----→			←----- 31.12.2018 -----→		
	Gross RM'000	Reinsurance RM'000 (Note 14)	Net RM'000	Gross RM'000	Reinsurance RM'000 (Note 14)	Net RM'000
Claims liabilities	68,375	(7,261)	61,114	72,892	(6,673)	66,219
Actuarial liabilities	6,667,797	(48,393)	6,619,404	6,338,837	(42,438)	6,296,399
Participating fund unallocated surplus	771,470	-	771,470	616,865	-	616,865
Participating fund revaluation reserve	24,431	-	24,431	24,431	-	24,431
NAV attributable to unitholders	1,530,919	-	1,530,919	1,360,181	-	1,360,181
	<u>9,062,992</u>	<u>(55,654)</u>	<u>9,007,338</u>	<u>8,413,206</u>	<u>(49,111)</u>	<u>8,364,095</u>

Movements of life insurance contract liabilities

	←--- Participating fund ---→					Gross RM'000	Reinsurance RM'000	Net RM'000
	Claims Liabilities RM'000	Actuarial Liabilities RM'000	DPF's Unallocated Surplus RM'000	Revaluation reserve RM'000	NAV attributable to unitholders RM'000			
30.6.2019								
As at 1.1.2019	72,892	6,338,837	616,865	24,431	1,360,181	8,413,206	(49,111)	8,364,095
Net earned premiums	-	-	299,233	-	218,148	517,381	-	517,381
Other revenue	-	-	356,016	-	78,954	434,970	-	434,970
Net benefits and claims	(4,517)	-	(292,633)	-	(120,207)	(417,357)	(589)	(417,946)
Other expenses	-	-	(44,776)	-	(22)	(44,798)	-	(44,798)
Change in Reserve :								
- Discounting	-	195,437	(97,007)	-	-	98,430	(1,636)	96,794
- Assumptions	-	(11,056)	5,475	-	-	(5,581)	3,788	(1,793)
- Policy movements	-	144,579	(46,970)	-	-	97,609	(8,106)	89,503
Taxation	-	-	(24,733)	-	(6,135)	(30,868)	-	(30,868)
As at 30.6.2019	<u>68,375</u>	<u>6,667,797</u>	<u>771,470</u>	<u>24,431</u>	<u>1,530,919</u>	<u>9,062,992</u>	<u>(55,654)</u>	<u>9,007,338</u>

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ETIQA LIFE INSURANCE BERHAD
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18. INSURANCE CONTRACT LIABILITIES (CONTD.)

Movements of life insurance contract liabilities (Contd.)

	Claims Liabilities RM'000	Actuarial Liabilities RM'000	←----- Participating fund ----->			NAV attributable to unitholders RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
			Unallocated Surplus RM'000	FVOCI reserve RM'000	Revaluation reserve RM'000				
31.12.2018									
As at 19.7.2017 (date of incorporation)	-	-	-	-	-	-	-	-	-
Transferred from EGIB	61,277	6,146,954	621,836	(4,621)	-	1,368,045	8,193,491	(32,963)	8,160,528
Effect of adopting MFRS 9	-	-	(1,979)	4,621	-	-	2,642	-	2,642
	61,277	6,146,954	619,857	-	-	1,368,045	8,196,133	(32,963)	8,163,170
Net earned premiums	-	-	574,060	-	-	408,700	982,760	-	982,760
Other revenue	-	-	147,421	-	-	(151,717)	(4,296)	-	(4,296)
Net benefits and claims	11,615	-	(527,194)	-	-	(277,343)	(792,922)	(3,280)	(796,202)
Other expenses	-	-	(85,597)	-	-	(42)	(85,639)	-	(85,639)
Change in Reserve :									
- Discounting	-	(44,101)	26,231	-	-	-	(17,870)	253	(17,617)
- Assumptions	-	(21,220)	16,933	-	-	-	(4,287)	(400)	(4,687)
- Policy movements	-	257,204	(127,205)	-	-	-	129,999	(12,721)	117,278
Changes in revaluation reserve	-	-	-	-	26,555	-	26,555	-	26,555
Taxation	-	-	(8,482)	-	(2,124)	12,538	1,932	-	1,932
Transferred from shareholder	-	-	(19,159)	-	-	-	(19,159)	-	(19,159)
As at 31.12.2018	72,892	6,338,837	616,865	-	24,431	1,360,181	8,413,206	(49,111)	8,364,095

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19. INSURANCE PAYABLES

	30.6.2019	31.12.2018
	RM'000	RM'000
Due to agents and intermediaries	12,511	11,239
Due to reinsurers and cedants	4,030	3,304
	<u>16,541</u>	<u>14,543</u>

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

20. OTHER LIABILITIES

	30.6.2019	31.12.2018
	RM'000	RM'000
Premium deposits	118,103	118,310
Dividend payable to policyholders	71,542	78,997
Amount due to related companies* (Note 28(b)):		
- Ultimate holding company	905	-
- Immediate holding company	896	818
- Other related companies	-	153
Amount due to stockbrokers	75,991	39,693
Claims pending disbursement	17,333	16,657
Sundry payables and accrued liabilities**	153,293	135,921
Total other liabilities	<u>438,063</u>	<u>390,549</u>

* Amounts due to related companies are non-trade in nature, unsecured, interest free and are repayable on demand.

** Included in the sundry payables and accrued liabilities are balances due to related parties amounting to RM700,623 (2018: RM970,538).

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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21. INVESTMENT INCOME

	1.1.2019	19.7.2017
	to	to
	30.6.2019	30.6.2018
	RM'000	RM'000
Financial assets at FVTPL		
(i) Designated upon initial recognition		
Interest income	179,715	165,730
(ii) HFT		
Interest income	10,826	10,158
Dividend income		
- Quoted in Malaysia	15,552	18,351
- Quoted outside Malaysia	172	351
- Unit and property trusts	385	361
Financial assets at FVOCI		
Interest income	8,152	4,921
Financial assets at AC		
Interest income	14,230	10,736
Interest income from financing receivables and other loans	8,793	8,584
Rental income	20,945	20,232
Rental expense	(8,737)	(7,812)
Amortisation of premiums, net	(2,487)	(2,785)
Other investment income	4	16
Investment related expenses	(703)	(531)
Total investment income	246,847	228,312

ETIQA LIFE INSURANCE BERHAD
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22. OTHER OPERATING EXPENSES, NET

	1.1.2019	19.7.2017
	to	to
	30.6.2019	30.06.2018
	RM'000	RM'000
Other income		
Reversal of impairment losses on insurance receivables	56	-
Sundry income	777	753
Other expenses		
Impairment losses on		
- Insurance receivables	-	(156)
- Other assets	(62)	(305)
- Debt securities	(227)	(28)
- Financing receivables	(157)	(59)
Bad debts written off	(941)	-
Unrealised loss on foreign exchange	(1,601)	(11,742)
Realised loss on foreign exchange	(656)	(2,383)
Sundry expenditure	(1,717)	(358)
Total other operating expenses, net	(4,528)	(14,278)

23. MANAGEMENT EXPENSES

	1.1.2019	19.7.2017
	to	to
	30.6.2019	30.6.2018
	RM'000	RM'000
Employee benefits expense (Note 23(a))	46,471	38,398
Directors' fee and remuneration (Note 24)	508	508
Auditors' remuneration:		
- statutory audit	220	202
- regulatory related services	10	15
Amortisation of intangible assets	2,992	3,439
Amortisation of prepaid land lease payments	13	91
Bank charges	2,247	2,127
Depreciation of property, plant and equipment	2,887	2,751
Other management fees	360	357
Professional fees	400	473
Assured medical fees	1,053	713

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23. MANAGEMENT EXPENSES (CONTD.)

	1.1.2019	19.7.2017
	to	to
	30.6.2019	30.6.2018
	RM'000	RM'000
Rental of offices/premises	2,090	2,149
Electronic data processing expenses	1,374	4,614
Information technology outsourcing	2,719	999
Postage and stamp duties	502	1,037
Printing and stationery	397	827
Promotional and marketing cost	14,280	9,858
Training expenses	673	920
Utilities, assessment and maintenance	764	1,676
Entertainment	221	139
Travelling expenses	1,236	1,012
Office facilities expenses	450	589
Legal fees	44	4
Other expenses	3,520	4,034
Total management expenses	85,431	76,932
 (a) Employee benefits expense:		
Wages, salaries and bonuses	35,794	29,048
EPF	5,765	4,815
SOCSSO	211	208
Share based compensation	415	27
Other benefits	4,286	4,300
	46,471	38,398

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23. MANAGEMENT EXPENSES (CONTD.)

- (b) Included in employee benefits expenses is remuneration paid to the Chief Executive Officer of the Company amounting to RM372,823 detailed as follows:

	1.1.2019 to 30.6.2019 RM'000	19.7.2017 to 30.6.2018 RM'000
Salary	315	-
EPF and Pension Scheme	50	-
Other emoluments	8	-
	<u>373</u>	<u>-</u>

24. DIRECTORS' FEES AND REMUNERATION

	1.1.2019 to 30.6.2019 RM'000	19.7.2017 to 30.6.2018 RM'000
Executive director:		
Fees	60	59
Allowance	8	6
	<u>68</u>	<u>65</u>
Non-executive directors:		
Fees	390	408
Allowance	50	35
	<u>440</u>	<u>443</u>
Total Directors' Fees and Remuneration	<u>508</u>	<u>508</u>

ETIQA LIFE INSURANCE BERHAD
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24. DIRECTORS' FEES AND REMUNERATION (CONTD.)

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

	Fees RM'000	Allowance RM'000	Total RM'000
1.1.2019 to 30.6.2019			
Executive director			
Puan Nora Abd. Manaf	60	8	68
	<u>60</u>	<u>8</u>	<u>68</u>
Non-executive directors			
Datuk Mohd Najib Abdullah (Chairman)	90	10	100
Dato' Johan Ariffin	60	8	68
Mr. Loh Lee Soon	60	8	68
Mr. Frank J.G Van Kempen	60	8	68
Mr. Wong Pakshong Kat	60	8	68
Jeong Colin Stewart	60	8	68
	<u>390</u>	<u>50</u>	<u>440</u>
	<u>450</u>	<u>58</u>	<u>508</u>
19.7.2017 to 30.6.2018			
Executive director			
Puan Nora Abd. Manaf	59	6	65
	<u>59</u>	<u>6</u>	<u>65</u>
Non-executive directors			
Datuk R. Karunakaran (Chairman)	85	6	91
Mr. Philippe Pol Arthur Latour	59	5	64
Dato' Johan Ariffin	74	6	80
Mr. Loh Lee Soon	72	6	78
Mr. Frank J.G Van Kempen	59	6	65
Mr. Wong Pakshong Kat			
Jeong Colin Stewart	59	6	65
	<u>408</u>	<u>35</u>	<u>443</u>
	<u>467</u>	<u>41</u>	<u>508</u>

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25. INCOME TAX EXPENSE

Major components of income tax expense

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

	1.1.2019 to 30.6.2019 RM'000	19.7.2017 to 30.6.2018 RM'000
<u>Income Statement:</u>		
<u>Income tax:</u>		
Current financial period		
- Malaysia	571	231
<u>Deferred taxation:</u>		
Relating to origination and reversal of temporary differences	41,824	16,020
Income tax expense recognised in income statement	<u>42,395</u>	<u>16,251</u>
<u>Statement of Comprehensive Income:</u>		
Deferred income tax related to other comprehensive income:		
- Fair value changes on FVOCI investments	<u>1,453</u>	<u>(112)</u>

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25. 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 to 30.6.2019 RM'000	19.7.2017 to 30.6.2018 RM'000
Profit before taxation	<u>157,279</u>	<u>64,504</u>
Taxation at Malaysian statutory tax rate of 24%	37,747	15,481
Income not subject to tax	(12)	(19)
Expenses not deductible for tax purpose	1,467	724
Deficit arising of Annuity Non-Par not deductible for tax purpose	3,193	65
Tax expense for the financial period	<u>42,395</u>	<u>16,251</u>

Domestic income tax for shareholder's fund are calculated on the estimated assessable profit for the financial period at Malaysian statutory tax rate of 24% (2018:24%)

Taxation borne by policyholders

	1.1.2019 to 30.6.2019 RM'000	19.7.2017 to 30.6.2018 RM'000
<u>Income tax:</u>		
Current financial period	19,902	15,644
Under provision of taxation in prior financial years	-	25
<u>Deferred taxation:</u>		
Relating to origination and reversal of temporary differences	33,610	(21,674)
	<u>53,512</u>	<u>(6,005)</u>

The income tax borne by policyholders are calculated based on the statutory rate of 8% of the estimated assessable investment income net of allowable deductions for the financial period.

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26. OPERATING LEASE COMMITMENTS

(a) Company as lessee

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

Future minimum lease payments for the 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	4,100	4,159
After 1 year but not more than 5 years	15,911	15,918
	<u>20,011</u>	<u>20,077</u>

(b) Company as lessor

The Company has entered into operating lease agreements on its portfolio of investment properties. The leases have remaining lease terms of between 1 and 3 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions. The leases also include a clause that allows for early termination but requires the tenant to provide a replacement tenant or pay for the remaining unexpired lease period.

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

	30.6.2019	31.12.2018
	RM'000	RM'000
Within 1 year	35,565	35,062
After 1 year but not more than 5 years	67,163	68,907
	<u>102,728</u>	<u>103,969</u>

27. OTHER COMMITMENTS AND CONTINGENCIES

	30.6.2019	31.12.2018
	RM'000	RM'000
Approved and contracted for:		
Property, plant and equipment	381	87
Intangible assets	6,667	4,995
	<u>7,048</u>	<u>5,082</u>
Approved but not contracted for:		
Property, plant and equipment	19,101	-
Intangible assets	131	-
	<u>19,232</u>	<u>-</u>

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28. 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 all the directors and chief executive officers 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:

	1.1.2019 to 30.6.2019 RM'000	19.7.2017 to 30.6.2018 RM'000
Income/(expenses):		
Ultimate holding company:		
Commission and fee expenses	(41,146)	(38,960)
Dividend income	788	801
Interest income	5,117	576
Rental income	1,467	1,512
Other income	119	439
Other expenses	<u>(1,144)</u>	<u>(423)</u>
Holding company:		
Rental income	184	229
Shared service costs	(4,181)	(3,817)
Final dividend	<u>(800,000)</u>	<u>-</u>
Fellow subsidiaries within the MAHB Group:		
Rental income	3,122	3,090
Shared service income	70,211	66,630
Rental expenses	<u>(1,046)</u>	<u>(1,019)</u>

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28. 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.)

	1.1.2019 to 30.6.2019 RM'000	19.7.2017 to 30.6.2018 RM'000
Other related companies within the MBB Group:		
Interest income	3,269	1,503
Rental income	2,401	2,449
Other investment (expenses)/income	(94)	2
Information technology outsourcing	<u>(2,719)</u>	<u>(999)</u>
Companies with significant influence over the MBB Group:		
Gross insurance premium income	756	572
Claims paid	<u>(21)</u>	<u>(99)</u>

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

	30.6.2019 RM'000	31.12.2018 RM'000
Ultimate holding company:		
Fixed and call deposits	141,585	201,072
Structured deposits	-	50,474
Quoted shares	22,144	23,110
Derivatives	(14,435)	(13,907)
Bank balances	99,114	77,528
Income due and accrued	36	126
Amount due (to)/from ultimate holding company	(905)	322
Sundry receivables	724	613
Sundry payables and accrued liabilities	<u>(701)</u>	<u>(970)</u>
Immediate holding company:		
Amount due to immediate holding company	<u>(896)</u>	<u>(818)</u>
Fellow subsidiaries within the MAHB Group:		
Sundry receivables	4	-
Amount due from other related companies	<u>12,353</u>	<u>18,512</u>

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28. 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.)

	30.6.2019	31.12.2018
	RM'000	RM'000
Other related companies within the MBB Group:		
Fixed and call deposits	308,238	141,018
Income and profits due and accrued	1,528	562
Sundry receivables	11	10
Amount due from other related companies	110	96
Amount due to other related companies	-	(153)
	<hr/>	<hr/>
Companies with significant influence over the MBB Group:		
Outstanding premiums	147	136
Claims liabilities	-	(4)
	<hr/>	<hr/>

- (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 Executive Directors and CEO.

	1.1.2019	19.7.2017
	to	to
	30.6.2019	30.06.2018
	RM'000	RM'000
(i) Short-term employee benefits		
- Salaries, allowances and bonuses	373	41
- Fees	450	467
- EPF and pension scheme	50	-
- Other emoluments and benefits-in-kind	8	-
	<hr/>	<hr/>
	881	508
	<hr/>	<hr/>

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

	30.6.2019	31.12.2018
	'000	'000
- Number of ESGP shares awarded	<hr/>	<hr/>
	668	676
	<hr/>	<hr/>

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29. 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 by the following hierarchies/levels:

- **Level 1 : Active Market – quoted price**
Refers to financial instruments which are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Such financial instruments include actively traded government securities, listed derivatives and cash products 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 market inputs**
Refers to financial instruments where fair values are measured using unobservable market inputs. The valuation technique is consistent with Level 2. The chosen valuation technique incorporates management's assumptions and data.

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

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29. FAIR VALUE MEASUREMENTS (CONTD.)

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

	<u>Valuation technique using:</u>			Total RM'000
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
	Quoted market prices RM'000	Observable inputs RM'000	Significant unobservable inputs RM'000	
30.6.2019				
<u>Assets</u>				
Investment Properties	-	-	914,998	914,998
Financial assets at FVTPL				
(i) Designated upon initial recognition				
Malaysian government papers	-	106,594	-	106,594
Debt securities, structured products and NCDs	-	6,717,974	-	6,717,974
(ii) HFT				
Equity securities	1,217,528	-	56,467	1,273,995
Debt securities, structured products and NCDs	-	366,704	-	366,704
Unit and property trust funds	110,596	-	-	110,596
Fixed and call deposits with licenced banks	-	111,075	-	111,075
Financial assets at FVOCI				
Debt securities, structured products and NCDs	-	647,466	-	647,466
Derivative assets	-	838	-	838
Total Assets	<u>1,328,124</u>	<u>7,950,651</u>	<u>971,465</u>	<u>10,250,240</u>
<u>Liabilities</u>				
Derivative Liabilities	-	(14,975)	-	(14,975)
Total Liabilities	-	<u>(14,975)</u>	-	<u>(14,975)</u>

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29. FAIR VALUE MEASUREMENTS (CONTD.)

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

	<u>Valuation technique using:</u>			Total RM'000
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
	Quoted market prices RM'000	Observable inputs RM'000	Significant unobservable inputs RM'000	
31.12.2018				
<u>Assets</u>				
Investment Properties	-	-	912,840	912,840
Financial assets at FVTPL				
(i) Designated upon initial recognition				
Malaysian government papers	-	284,473	-	284,473
Debt securities, structured products and NCDs	-	6,915,718	-	6,915,718
(ii) HFT				
Equity securities	1,222,421	-	56,467	1,278,888
Malaysian government papers	-	30,287	-	30,287
Debt securities, structured products and NCDs	-	307,095	-	307,095
Unit and property trust funds	126,334	-	-	126,334
Fixed and call deposits with licenced banks	-	121,199	-	121,199
Financial assets at FVOCI				
Malaysian government papers	-	1,960	-	1,960
Debt securities, structured products and NCDs	-	268,240	-	268,240
Derivative assets	-	737	-	737
Total Assets	1,348,755	7,929,709	969,307	10,247,771
<u>Liabilities</u>				
Derivative Liabilities	-	(14,168)	-	(14,168)
Total liabilities	-	(14,168)	-	(14,168)

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29. 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) Movements of Level 3 instruments

	Financial instruments measured at fair value		
	Investment properties RM'000	Designated at FVTPL RM'000	Total RM'000
30.6.2019			
As at 1.1.2019	912,840	56,467	969,307
Addition	2,158	-	2,158
As at 30.6.2019	<u>914,998</u>	<u>56,467</u>	<u>971,465</u>

	Financial instruments measured at fair value		
	Investment properties RM'000	Designated at FVTPL RM'000	Total RM'000
31.12.2018			
As at 19.7.2017 (date of incorporation)	-	-	-
Transferred from EGIB	635,708	6,749	642,457
Effect of adopting MFRS 9	-	42,678	42,678
	<u>635,708</u>	<u>49,427</u>	<u>685,135</u>
Recognised in the income statement:			
Fair value gain	19,780	7,040	26,820
Addition	110,052	-	110,052
Transferred from:			
Property, plant and equipment	83,300	-	83,300
Prepaid land lease payment	64,000	-	64,000
As at 31.12.2018	<u>912,840</u>	<u>56,467</u>	<u>969,307</u>
Total gains recognised in income statement at the end of the reporting period	<u>19,780</u>	<u>7,040</u>	<u>26,820</u>

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29. FAIR VALUE MEASUREMENTS (CONTD.)

(d) 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.

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

The valuation of investment properties were performed by an accredited independent valuer using a variety of approaches such as the comparison method and the income capitalisation approach. Under the comparison method, fair value is estimated by considering the selling price per square foot (psf) of comparable investment properties sold, adjusted for location, quality and finishes of the building, design and size of the building, title conditions, market trends and time factor. The income capitalisation approach considers the capitalisation of net income of the investment properties such as the gross rental less current maintenance expenses and outgoings. This process also considers the relationships including yield and discount rates.

Recent transactions transacted in the market resulting in an increase in these inputs, would result in a significant increase in the estimated fair values of the investment properties.

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30. REGULATORY CAPITAL REQUIREMENT

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

	30.6.2019	31.12.2018
	RM'000	RM'000
Eligible Tier 1 Capital		
Share capital (paid up)	100,000	100,000
Reserves, including retained earnings	3,377,850	3,900,533
	<u>3,477,850</u>	<u>4,000,533</u>
Tier 2 Capital		
Revaluation reserve	90,362	90,362
FVOCI reserves	21,516	2,392
	<u>111,878</u>	<u>92,754</u>
Amount deducted from Capital	<u>(42,535)</u>	<u>(37,700)</u>
Total Capital Available	<u>3,547,193</u>	<u>4,055,587</u>

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31. EARNINGS PER SHARE

Basic earnings per share 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 financial period.

	1.1.2019 to 30.6.2019 RM'000	19.7.2017 to 30.6.2018 RM'000
Profit attributable to ordinary equity holders	<u>114,884</u>	<u>48,253</u>
	30.6.2019 '000	30.6.2018 '000
Number of ordinary shares in issue		
As at 1.1.2019/19.7.2017 (date of incorporation)	100,000	-
Issued during the year	<u>-</u>	<u>100,000</u>
As at 30.6.2019/30.6.2018	<u>100,000</u>	<u>100,000</u>
	1.1.2019 to 30.6.2019 sen	19.7.2017 to 30.6.2018 sen
Basic earnings per share	<u>114.88</u>	<u>89.76</u>

The company was incorporated on 19 July 2017 with a share capital of RM1 being 1 ordinary share. On 26 December 2017, the company increased its share capital to RM100,000,000 by the subscription of 99,999,999 ordinary shares.

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

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

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32. INSURANCE FUNDS

The Company's principal activities are organised by funds and segregated into Shareholder's and Life funds in accordance with the Financial Services Act, 2013.

The Company's Statement of Financial Position and Income Statement have been further analysed by funds.

The Life insurance business offers a wide range of participating and non-participating Whole Life, Term Assurance, Endowment and Annuity products, as well as Unit-linked products.

UNAUDITED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION BY FUNDS

	Total		Shareholder's Fund		Life Fund	
	30.6.2019 RM'000	31.12.2018 RM'000	30.6.2019 RM'000	31.12.2018 RM'000	30.6.2019 RM'000	31.12.2018 RM'000
Assets:						
Property, plant and equipment	28,201	29,992	-	-	28,201	29,992
Investment properties	914,998	912,840	-	-	914,998	912,840
Prepaid land lease payments	828	841	-	-	828	841
Intangible assets	42,535	37,681	-	-	42,535	37,681
Investments	9,892,075	9,993,168	461,145	101,535	9,430,930	9,891,633
Financing receivables	216,249	215,173	5,396	3,345	210,853	211,828
Reinsurance assets	55,654	49,111	-	-	55,654	49,111
Insurance receivables	26,159	23,842	-	-	26,159	23,842
Other assets	195,063	242,353	4,178	2,196	190,885	240,157
Derivative assets	838	737	-	-	838	737
Cash and bank balances	110,042	97,416	361	365	109,681	97,051
Total Assets	11,482,642	11,603,154	471,080	107,441	11,011,562	11,495,713

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32. INSURANCE FUNDS (CONTD.)

UNAUDITED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION BY FUNDS (CONTD.)

	Total		Shareholder's Fund		Life Fund	
	30.6.2019 RM'000	31.12.2018 RM'000	30.6.2019 RM'000	31.12.2018 RM'000	30.6.2019 RM'000	31.12.2018 RM'000
Equity and liabilities:						
Share capital	100,000	100,000	100,000	100,000	-	-
Reserves	1,420,274	2,086,266	1,420,274	2,086,266	-	-
Total Equity	1,520,274	2,186,266	1,520,274	2,186,266	-	-
Insurance contract liabilities	9,062,992	8,413,206	-	-	9,062,992	8,413,206
Derivative liabilities	14,975	14,168	-	-	14,975	14,168
Deferred tax liabilities, net	405,572	328,684	349,738	306,461	55,834	22,223
Insurance payables	16,541	14,543	-	-	16,541	14,543
Other liabilities [@]	438,063	390,549	(1,460,278)	(2,642,214)	1,898,341	3,032,763
Current tax liabilities	24,225	255,738	61,346	256,928	(37,121)	(1,190)
Total Liabilities	9,962,368	9,416,888	(1,049,194)	(2,078,825)	11,011,562	11,495,713
Total equity and liabilities	11,482,642	11,603,154	471,080	107,441	11,011,562	11,495,713
Inter fund balances	-	-	(1,473,022)	(2,643,723)	1,473,022	2,643,723

[@] - Included in other liabilities is the amounts due to life and investment-linked funds which are unsecured, not subject to any interest elements and are repayable on demand.

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32. INSURANCE FUNDS (CONTD.)

UNAUDITED INTERIM CONDENSED INCOME STATEMENT/ REVENUE ACCOUNTS BY FUNDS

	Total		Shareholder's Fund		Life Fund	
	1.1.2019 to 30.6.2019 RM'000	19.7.2017 to 30.6.2018 RM'000	1.1.2019 to 30.6.2019 RM'000	19.7.2017 to 30.6.2018 RM'000	1.1.2019 to 30.6.2019 RM'000	19.7.2017 to 30.6.2018 RM'000
Operating revenue	1,058,207	999,534	3,162	2,080	1,055,045	997,454
Gross earned premiums	811,360	771,222	-	-	811,360	771,222
Earned premiums ceded to reinsurers	(14,020)	(10,498)	-	-	(14,020)	(10,498)
Net earned premiums	797,340	760,724	-	-	797,340	760,724
Fee and commission income	2,089	-	-	-	2,089	-
Investment income [^]	246,847	228,312	3,162	2,080	243,685	226,232
Realised losses	41,227	(2,967)	(40)	(162)	41,267	(2,805)
Fair value gains/(losses)	450,153	(264,413)	146	(605)	450,007	(263,808)
Other operating expenses	(4,528)	(14,278)	(184)	(30)	(4,344)	(14,248)
Other revenue	735,788	(53,346)	3,084	1,283	732,704	(54,629)
Gross benefits and claims paid	(548,514)	(516,537)	-	-	(548,514)	(516,537)
Claims ceded to reinsurers	6,052	4,491	-	-	6,052	4,491
Gross change to contract liabilities	(649,786)	(13,836)	-	-	(649,786)	(13,836)
Change in contract liabilities ceded to reinsurers	6,543	7,229	-	-	6,543	7,229
Net benefits and claims	(1,185,705)	(518,653)	-	-	(1,185,705)	(518,653)

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32. INSURANCE FUNDS (CONTD.)

UNAUDITED INTERIM CONDENSED INCOME STATEMENT/ REVENUE ACCOUNTS BY FUNDS (CONTD.)

	Total		Shareholder's Fund		Life Fund	
	1.1.2019 to 30.6.2019 RM'000	19.7.2017 to 30.6.2018 RM'000	1.1.2019 to 30.6.2019 RM'000	19.7.2017 to 30.6.2018 RM'000	1.1.2019 to 30.6.2019 RM'000	19.7.2017 to 30.6.2018 RM'000
Management expenses	(85,431)	(76,932)	(6,899)	(3,833)	(78,532)	(73,099)
Fee and commission expenses	(51,201)	(53,294)	-	-	(51,201)	(53,294)
Taxation borne by policyholders	(53,512)	6,005	-	-	(53,512)	6,005
Other expenses	(190,144)	(124,221)	(6,899)	(3,833)	(183,245)	(120,388)
	157,279	64,504	(3,815)	(2,550)	161,094	67,054
Surplus from/(to):						
- Life Par Funds	-	-	-	(80)	-	80
- Life Non-Par Funds	-	-	161,094	67,134	(161,094)	(67,134)
Profit before tax	157,279	64,504	157,279	64,504	-	-
Taxation	(42,395)	(16,251)	(42,395)	(16,251)	-	-
Net profit for the period	114,884	48,253	114,884	48,253	-	-

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32. INSURANCE FUNDS (CONTD.)

UNAUDITED INTERIM CONDENSED STATEMENT OF CASH FLOWS BY FUNDS

	Total		Shareholder's Fund		Life Fund	
	1.1.2019 to 30.6.2018 RM'000	19.7.2017 to 30.6.2018 RM'000	1.1.2019 to 30.6.2018 RM'000	19.7.2017 to 30.6.2018 RM'000	1.1.2019 to 30.6.2018 RM'000	19.7.2017 to 30.6.2018 RM'000
Cash flows from:						
Operating activities	325,720	(193,890)	1,108,967	(27,126)	(783,247)	(166,764)
Investing activities	486,906	39,066	(308,971)	(72,449)	795,877	111,515
Financing activities	(800,000)	100,000	(800,000)	100,000	-	-
Net increase/(decrease) in cash and cash equivalents	12,626	(54,824)	(4)	425	12,630	(55,249)
Cash and cash equivalents:						
Cash and cash equivalents at beginning of period	97,416	-	365	-	97,051	-
Transferred from EGIB	-	142,199	-	-	-	142,199
Cash and cash equivalents at end of period	110,042	87,375	361	425	109,681	86,950