

Unaudited Condensed Interim Financial Statements

**For The Financial Period From
1 January 2023 To 30 June 2023**

BERJAYA SOMPO INSURANCE BERHAD
Registration No: 198001008821 (62605-U)
(Incorporated in Malaysia)

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BERJAYA SOMPO INSURANCE BERHAD
Registration No: 198001008821 (62605-U)
(Incorporated in Malaysia)

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

		Group		Company	
	Note	30.06.2023	31.12.2022	30.06.2023	31.12.2022
		RM'000	RM'000	RM'000	RM'000
			Restated		Restated
ASSETS					
Property and equipment		84,013	84,687	84,013	84,687
Intangible assets		29,237	31,542	29,237	31,542
Investment properties	11	16,180	16,180	16,180	16,180
Right-of-use assets	12	1,204	1,370	1,204	1,370
Investments	13	2,125,307	1,986,664	2,176,921	2,061,529
Reinsurance contract assets	14	1,015,461	392,952	1,015,461	392,952
Other receivables	15	75,175	60,968	50,394	51,814
Cash and cash equivalents		175,787	153,954	144,505	84,708
TOTAL ASSETS		3,522,364	2,728,317	3,517,915	2,724,782
EQUITY					
Share capital		118,000	118,000	118,000	118,000
Retained profits		1,140,743	1,067,275	1,143,573	1,069,777
Equity attributable to owner					
of the Company		1,258,743	1,185,275	1,261,573	1,187,777
Non-controlling interests		4,217	3,252	-	-
TOTAL EQUITY		1,262,960	1,188,527	1,261,573	1,187,777
LIABILITIES					
Insurance contract liabilities	14	2,167,118	1,423,831	2,167,118	1,423,831
Lease liabilities	12	1,189	1,343	1,189	1,343
Tax payable		2,621	5,665	2,621	5,665
Deferred tax liabilities		25,261	21,468	25,261	18,965
Other payables	16	63,215	87,483	60,153	87,201
TOTAL LIABILITIES		2,259,404	1,539,790	2,256,342	1,537,005
TOTAL EQUITY AND LIABILITIES		3,522,364	2,728,317	3,517,915	2,724,782

The accompanying notes form an integral part of these unaudited condensed interim financial statements.

BERJAYA SOMPO INSURANCE BERHAD
Registration No: 198001008821 (62605-U)
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UNAUDITED CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS
FOR THE 6 MONTHS ENDED 30 JUNE 2023

	Note	Group		Company	
		6 months ended 30.06.2023 RM'000	6 months ended 30.06.2022 RM'000 Restated	6 months ended 30.06.2023 RM'000	6 months ended 30.06.2022 RM'000 Restated
Insurance revenue	14.1	512,392	476,700	512,392	476,700
Insurance service expense	14.1	(1,018,731)	(422,733)	(1,018,731)	(422,733)
Insurance service result before reinsurance contracts held		(506,339)	53,967	(506,339)	53,967
Allocation of reinsurance premiums	14.2	(89,351)	(82,915)	(89,351)	(82,915)
Amount recoverable from reinsurers for incurred claims	14.2	645,426	87,200	645,426	87,200
Net expense from insurance contracts held		556,075	4,285	556,075	4,285
Interest revenue calculated using the effective interest method		26,334	17,312	2,049	1,050
Other investment revenue/(expense)		45,596	(24,013)	68,592	(8,644)
Net foreign exchange income		(211)	24	(211)	24
Total investment income/(expense)		71,719	(6,677)	70,430	(7,570)
Insurance finance expenses for insurance contracts issued	14.1	(54,433)	(4,880)	(54,433)	(4,880)
Reinsurance finance income for reinsurance contracts held	14.2	25,484	6,735	25,484	6,735
Net insurance financial result		(28,949)	1,855	(28,949)	1,855
Other income		8,716	3,347	8,716	3,347
Other expense		(1,647)	(1,180)	(172)	(175)
Profit before taxation		99,575	55,597	99,761	55,709
Tax expense		(17,318)	(9,268)	(17,318)	(9,268)
Net profit for the period		82,257	46,329	82,443	46,441
Earning per share (sen)					
- Basic and Diluted		69.7	39.3	69.9	39.4
Profit attributable to:					
Equity holder of the Company		82,115	46,305	82,443	46,441
Non-controlling interests		142	24	-	-
		82,257	46,329	82,443	46,441

The accompanying notes form an integral part of these unaudited condensed interim financial statements.

**UNAUDITED CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE 6 MONTHS ENDED 30 JUNE 2023**

Group	← Attributable to the owner of the Group →			Total equity RM'000	Non-Controlling Interest RM'000	Total equity RM'000
	Share capital RM'000	Available-for-sale fair value reserve RM'000	Retained profits RM'000			
At 1 January 2023, as previously reported	118,000	7,117	945,193	1,070,310	3,252	1,073,562
Effect of adopting MFRS 17	-	-	106,318	106,318	-	106,318
Effect of adopting MFRS 9	-	(7,117)	7,117	-	-	-
At 1 January 2023 - as restated	118,000	-	1,058,628	1,176,628	3,252	1,179,880
Net creation of units in subsidiaries	-	-	-	-	823	823
Net profit for the period	-	-	82,115	82,115	142	82,257
At 30 June 2023	118,000	-	1,140,743	1,258,743	4,217	1,262,960
At 1 January 2022, as previously reported	118,000	11,277	961,294	1,090,571	3,428	1,093,999
Effect of adopting MFRS 17	-	-	59,832	59,832	-	59,832
Effect of adopting MFRS 9	-	(11,277)	11,277	-	-	-
At 1 January 2022 - as restated	118,000	-	1,032,403	1,150,403	3,428	1,153,831
Net cancellation of units in subsidiaries	-	-	-	-	(200)	(200)
Net profit for the period	-	-	46,305	46,305	24	46,329
Dividend payable	-	-	(123,900)	(123,900)	-	(123,900)
At 30 June 2022	118,000	-	954,808	1,072,808	3,252	1,076,060

The accompanying notes form an integral part of these unaudited condensed interim financial statements.

**UNAUDITED CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE 6 MONTHS ENDED 30 JUNE 2023**

Company	← Attributable to the owner of the Group →			Total equity RM'000
	Share capital RM'000	Available-for-sale fair value reserve RM'000	Non-distributable Retained profits RM'000	
At 1 January 2023, as previously reported	118,000	(807)	955,619	1,072,812
Effect of adopting MFRS 17	-	-	106,318	106,318
Effect of adopting MFRS 9	-	807	(807)	-
At 1 January 2023 - as restated	118,000	-	1,061,130	1,179,130
Net profit for the period	-	-	82,443	82,443
At 30 June 2023	118,000	-	1,143,573	1,261,573
At 1 January 2022, as previously reported	118,000	10,979	961,686	1,090,665
Effect of adopting MFRS 17	-	-	59,832	59,832
Effect of adopting MFRS 9	-	(10,979)	10,979	-
At 1 January 2022 - as restated	118,000	-	1,032,497	1,150,497
Net profit for the period	-	-	46,441	46,441
Dividend payable	-	-	(123,900)	(123,900)
At 30 June 2022	118,000	-	955,038	1,073,038

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BERJAYA SOMPO INSURANCE BERHAD
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UNAUDITED CONDENSED INTERIM STATEMENTS OF CASH FLOW
FOR THE 6 MONTHS ENDED 30 JUNE 2023

	Group		Company	
	6 months ended 30.06.2023 RM'000	6 months ended 30.06.2022 RM'000 Restated	6 months ended 30.06.2023 RM'000	6 months ended 30.06.2022 RM'000 Restated
<u>Operating activities</u>				
Profit before tax	99,575	55,597	99,761	55,709
Adjustment for :				
Investment income	(18,994)	(49,146)	(35,521)	(26,294)
Amortisation of premium	1,052	1,481	-	-
Sundry income	(1,533)	(3,932)	(1,533)	(3,932)
Net realised loss on AFS investments	-	28,966	-	28,966
Gain on disposal of property and equipment	(73)	(297)	(73)	(297)
Loss on disposal of FVTPL financial assets	1,651	3,526	-	-
Fair value (gain)/loss on FVTPL financial assets recorded in profit or loss	(55,639)	16,952	(35,120)	-
Fair value loss on investment properties	-	105	-	105
Allowance of impairment on:				
Insurance contract liabilities	11,354	345	11,354	345
Depreciation of property and equipment	2,311	2,312	2,311	2,312
Depreciation of right-of-use assets	166	166	166	166
Lease interest expenses	17	20	17	20
Lease adjustment/termination	-	(56)	-	(56)
Amortisation of intangible assets	3,901	3,995	3,901	3,995
Operating cash flows before working capital changes	43,788	60,033	45,263	61,039
(Increase)/Decrease in other assets	(2,332)	3,660	(2,332)	3,660
Increase in reinsurance assets	(622,509)	(94,227)	(622,509)	(94,227)
Increase in insurance contract liabilities	731,933	53,135	731,933	53,135
Decrease in other liabilities	(26,961)	(157)	(27,048)	(220)
	80,131	(37,589)	80,044	(37,652)
Dividend/distribution (paid)/received	(9,622)	9,993	31,190	25,084
Interest income received	10,648	16,896	1,990	1,017
Rental income received	459	122	459	122
Other income received from Takaful Ikhlas	7,167	-	7,167	-
Income tax paid	(11,400)	(13,947)	(11,400)	(13,947)
	121,171	35,508	154,713	35,663

BERJAYA SOMPO INSURANCE BERHAD
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UNAUDITED CONDENSED INTERIM STATEMENTS OF CASH FLOW (CONT'D)
FOR THE 6 MONTHS ENDED 30 JUNE 2023

	Group		Company	
	6 months ended 30.06.2023 RM'000	6 months ended 30.06.2022 RM'000 Restated	6 months ended 30.06.2023 RM'000	6 months ended 30.06.2022 RM'000 Restated
<u>Investing activities</u>				
Purchase of property and equipment	(1,637)	(1,426)	(1,637)	(1,426)
Purchase of intangible assets	(1,596)	(908)	(1,596)	(908)
Proceeds from sale of property and equipment	73	298	73	298
(Placement)/Withdrawals of fixed deposits	(28,890)	4,400	2,910	4,400
Purchase of financial assets	(232,190)	(241,496)	(129,495)	(165,129)
Proceeds from sale of financial assets	188,638	262,539	35,000	145,493
Net cash flows (used in)/from investing activities	<u>(75,602)</u>	<u>23,407</u>	<u>(94,745)</u>	<u>(17,272)</u>
<u>Financing activities</u>				
Cash proceeds from unit created	5,514	15,383	-	-
Payment for cancellation of units	(5,085)	(491)	-	-
Distributions paid	(23,994)	(15,156)	-	-
Payment of lease liabilities	(171)	(171)	(171)	(171)
Net cash flows used in financing activities	<u>(23,736)</u>	<u>(435)</u>	<u>(171)</u>	<u>(171)</u>
Net increase in cash and cash equivalents	21,833	58,480	59,797	18,220
Cash and cash equivalents at beginning of period	153,954	142,922	84,708	97,996
Cash and cash equivalents at end of period	175,787	201,402	144,505	116,216

The accompanying notes form an integral part of these unaudited condensed interim financial statements.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business of the Company is located at 1-38-1 & 1-38-2, Menara Bangkok Bank, Laman Sentral Berjaya, No 105, Jalan Ampang, 50450, Kuala Lumpur.

The immediate holding company is Sompo Holdings (Asia) Pte. Ltd., which is incorporated in Singapore. The ultimate holding company is Sompo Holdings, Inc which is incorporated in Japan and listed on the Tokyo Stock Exchange.

2. BASIS OF PREPARATION

The unaudited condensed interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting issued by the Malaysia Accounting Standards Board ("MASB") and International Financial Reporting Standards ("IAS") 34 Interim Financial Reporting issued by International Accounting Standards Board ("IASB").

The unaudited condensed interim financial statements have been prepared under the historical cost convention, unless otherwise stated in the significant accounting policies.

As at the reporting date, the Group and the Company had met the minimal capital adequacy requirements as prescribed under the Risk-Based Capital ("RBC") Framework issued by Bank Negara Malaysia ("BNM").

The unaudited condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group and the Company's audited financial statements for the financial year ended 31 December 2022.

The notes attached to the unaudited condensed interim 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 Group and the Company since the financial year ended 31 December 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and presentation adopted by the Group and the Company for the unaudited condensed interim financial statements are consistent with those adopted in the Group and the Company audited financial statements for the financial year ended 31 December 2022, except for the adoption of the following:

Description	Effective date
• MFRS 17 Insurance Contracts and Amendments to MFRS 17	1 January 2023
• Amendments to MFRS 101 Presentation of Financial Statements and MFRS Practice Statement 2 Making Materiality Judgements Disclosure of Accounting Policies	1 January 2023
• Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
• Amendments to MFRS 112 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
• Amendments to MFRS 17 Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 Comparative Information	1 January 2023

The adoption of the above amendments to MFRSs do not have any significant financial impact to the financial statements of the Group and the Company except as described in Note 3.1 Changes in accounting policies and disclosure.:

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Changes in accounting policies and disclosure

3.1.1 MFRS 17 Insurance Contracts

The Group and the Company initially applied MFRS 17, including any consequential amendments to the other standards, from 1 January 2023. This standard has brought significant changes to the accounting for insurance and reinsurance contracts. As a result, the Group and the Company have restated certain comparative amounts.

The nature and effects of the key changes in the Group's and the Company's accounting policies resulting from its adoption of MFRS 17 are summarised below:

Level of aggregation

Under MFRS 17, the insurance and reinsurance contracts are aggregated into groups for measurement purposes. Each group comprise of contracts with similar risks which are managed together and further divided by year of contract issuance into 3 categories based on expected profitability at inception; onerous contracts, contracts with no significant risk of becoming onerous and the remainder contracts.

When a contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for including in an existing group, it forms a new group to which future contracts may be added. Reinsurance contracts are grouped on a similar basis of the underlying insurance contracts.

Contract boundary

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

Changes to recognition, classification and measurement

MFRS 17 introduces two new measurement models in calculating insurance and reinsurance contract liabilities reflecting a different extent of the overall Group's and Company's performance.

The General Measurement Model ("GMM") being the default model is also known as the building block approach. The GMM consists of fulfilment cash flow and the Contractual Service Margin ("CSM"). The fulfilment cash flow refers to risk-adjusted present value of the entity's rights and obligations to the policyholders comprising the estimates of the expected cash flows, discounting and an explicit risk adjustment for non-financial risk. The CSM represents the unearned profit from the in-force contracts that the entity will recognise over the coverage period.

The Premium Allocation Approach ("PAA") is a simplified approach for measurement of the liability of remaining coverage ("LRC") that an entity may choose to use when the PAA provides a measurement which is not materially differs from that under the GMM or if the coverage period of each contract in the group of insurance contracts is one year or less.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Changes in accounting policies and disclosure

3.1.1 MFRS 17 Insurance Contracts

Changes to recognition, classification and measurement (Cont'd)

Under MFRS 17, the Group's and the Company's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the PAA. Hence, the Group and the Company apply PAA for its insurance and reinsurance contracts.

The measurement principles of the PAA differ from the 'earned premium approach' used by the Group and the Company under MFRS 4 in the following key areas:

- The LRC reflects premiums received net of deferred insurance acquisition cash flows and amounts recognised in the profit or loss for insurance services provided over the coverage period;
- Measurement of the LRC includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart;
- Measurement of the LRC involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision);
- Measurement of the liability for incurred claims ("LIC") (previously claims outstanding and incurred-but-not reported ("IBNR") claims) is determined on a discounted probability-weighted expected value basis, and includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred insurance expenses; and
- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

MFRS 17 requires expected losses of the contracts be reflected at the initial recognition in the statement of profit or loss as a loss component. Any offsetting of onerous groups of contracts with the profitable groups of insurance contracts is not allowed.

Insurance acquisition cash flows

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. Such cash flows include cash flows that are not directly attributable to individual contracts or groups of insurance contracts within the portfolio.

For the contracts which have a coverage period of one year or less, the Group and the Company have the option to recognize insurance acquisition costs as incurred and expense them or amortise them over time using a rational approach to allocate to each MFRS 17 group. Acquisition cost will be amortised over the coverage period of the contracts in line with premiums.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Changes in accounting policies and disclosure (Cont'd)

3.1.1 MFRS 17 Insurance Contracts (Cont'd)

Estimates of future cash flows and discount rate

The Group and the Company shall adjust the estimates of future cash flows to reflect the time value of money and the financial risks related to those cash flows, to the extent that the financial risks are not included in the estimates of cash flows. The discount rates applied to the estimates of the future cash flows shall:

- reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts;
- be consistent with observable current market prices (if any) for financial instruments with cash flows whose characteristics are consistent with those of the insurance contracts, in terms of, for example, timing, currency and liquidity; and
- and exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts.

Changes to presentation and disclosures

MFRS 17 had significantly change how insurance contracts and reinsurance contracts are presented and disclosed in the Group and the Company's financial statements.

In the statement of financial position, deferred acquisition costs and insurance receivables will no longer be presented separately but as part of the insurance liabilities. This change leads to the reduction in total assets offset by a reduction in total liabilities. The amounts presented in the statement of profit or loss and OCI need to be disaggregated into an insurance service results and insurance finance income and expenses.

i. Insurance service result

Insurance service result consists of the insurance revenue and the insurance service expenses. Insurance revenue in each reporting period represents the changes in the LRC that relate to services for which the Group and the Company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows.

Expenses that relate directly to the fulfilment of contracts are recognised in profit or loss as insurance service expenses, generally when they are incurred. Expenses that do not relate directly to the fulfilment of contracts are presented outside the insurance service results.

Under MFRS 17, changes in the carrying amounts of groups of contracts arising from the effects of the time value of money, financial risk and changes therein are generally presented as insurance finance income or expenses.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Changes in accounting policies and disclosure (Cont'd)

3.1.1 MFRS 17 Insurance Contracts (Cont'd)

Transition

The Group and the Company will adopt MFRS 17 for its financial statements for the year ending 31 December 2023 and will apply the requirements retrospectively from the transition date of 1 January 2022 (the "Transition Date"). The Company has assessed the practicability of applying the full retrospective approach ("FRA") to all group of insurance contracts that had unexpired risk prior to the Transition Date.

Based on the assessment, FRA will be applied for insurance contracts in the 2021 and 2020 cohorts. Accordingly, the Company has recognised and measured each group of insurance contracts in this category as if MFRS 17 had always applied; derecognised any existing balances that would not exist had MFRS 17 always applied; and recognised any resulting net difference in equity.

For cohort 2019 and prior, the application of FRA is impracticable and the Group and the Company have decided to apply the Modified Retrospective Approach ("MRA"). In applying the MRA, the Company will leverage on certain modification allowed under the standard to:

- determine the profitability grouping based on reasonable and supportable information at the transition date;
- classify liabilities for settlement of claims incurred on contracts acquired as part of a business combination under MFRS 3 or portfolio transfer, as LIC.

3.1.2 MFRS 9 Financial Instruments

MFRS 9 'Financial Instruments' replaces MFRS 139 'Financial Instruments: Recognition and Measurement' was effective for annual period beginning on or after 1 January 2018. However, as the Group and the Company qualifies for the temporary exemption from applying MFRS 9 and has deferred the adopted MFRS 9 together with MFRS 17 for the financial year beginning on or after 1 January 2023.

Qualitative information explaining the extent to which the classification overlay for financial assets presented in comparative periods on initial application of MFRS 17 has been applied and whether to what extent the impairment requirements of MFRS 9 have been applied under the classification overlay. The Group and the Company have applied the classification overlay approach at initial application of MFRS 17 and MFRS 9.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Changes in accounting policies and disclosure (Cont'd)

3.1.2 MFRS 9 Financial Instruments

(a) Changes in accounting policies

Financial assets

The Group and the Company classifies its financial assets into the following measurement categories:

- Those to be measured at amortised cost; and
- Those to be measured subsequently at fair value through profit or loss ("FVTPL").

The classification above depends on the Group's and the Company's business model for managing the financial assets and the terms of contractual cash flows.

The following summarises the key changes:

- A new financial asset category measured at amortised cost was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows only.
- Investment in equity securities and collective investment scheme previously classified as Available for Sale ("AFS") financial assets are now classified and measured as financial assets at FVTPL.

Financial liabilities

There is no impact on the classification and measurement of the Group's and the Company's financial liabilities.

Impairment of financial assets

MFRS 9 Financial Instruments requires impairment assessments to be based on an Expected Credit Loss ("ECL") model. The key changes in the Group's and Company's accounting policies are the adoption of simplified approach of ECL.

The Group and the Company applies the simplified approach prescribed by MFRS 9 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the trade and other receivables which are financial assets measured at amortised cost.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Changes in accounting policies and disclosure (Cont'd)

3.1.2 MFRS 9 Financial Instruments (Cont'd)

(a) Changes in accounting policies (Cont'd)

Impairment of financial assets (Cont'd)

For individual impairment assessment, the amount of ECL is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Group and the Company and all the cash flows that the Group and the Company expect to receive.

For collective impairment assessment, the Group and the Company have established a matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

At each reporting date, the Group and the Company assess allowance for ECL for amount due from the reinsurers and cedants based on available external credit ratings for probability of default and external information for loss given default.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Effects of adoption MFRS 9

The following table shows the original measurement categories in accordance with MFRS 139 and the new measurement categories under MFRS 9 for the Group's and the Company's financial asset as at 1 January 2022.

Group	Original classification under MFRS 139			New Classification and measurement under MFRS9	
	AFS RM'000	FVTPL RM'000	LAR RM'000	Amortised cost RM'000	FVTPL RM'000
Investment					
- Financial assets at FVTPL	-	738,943	-	-	1,946,996
- AFS financial assets	1,208,053	-	-	-	-
- Deposits with financial institutions	-	-	6,000	6,000	-
Insurance receivables	-	-	83,546	83,546	-
Other receivables	-	-	56,752	56,752	-
Cash and cash equivalents	-	-	142,922	142,922	-
	<u>1,208,053</u>	<u>738,943</u>	<u>289,220</u>	<u>289,220</u>	<u>1,946,996</u>

Company	Original classification under MFRS 139			New Classification and measurement under MFRS9	
	AFS RM'000	FVTPL RM'000	LAR RM'000	Amortised cost RM'000	FVTPL RM'000
Investment					
- Financial assets at FVTPL	-	-	-	-	1,995,919
- AFS financial assets	1,995,919	-	-	-	-
- Deposits with financial institutions	-	-	6,000	6,000	-
Insurance receivables	-	-	83,546	83,546	-
Other receivables	-	-	49,146	49,146	-
Cash and cash equivalents	-	-	97,996	97,996	-
	<u>1,995,919</u>	<u>-</u>	<u>236,688</u>	<u>236,688</u>	<u>1,995,919</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Effects of adoption MFRS 9 (Cont'd)

The following table shows the original measurement categories in accordance with MFRS 139 and the new measurement categories under MFRS 9 for the Group's and the Company's financial asset as at 1 January 2023.

Group	Original classification under MFRS 139			New Classification and measurement under MFRS9	
	AFS RM'000	FVTPL RM'000	LAR RM'000	Amortised cost RM'000	FVTPL RM'000
Investment					
- Financial assets at FVTPL	-	969,092	-	-	1,919,603
- AFS financial assets	950,511	-	-	-	-
- Deposits with financial institutions	-	-	67,061	67,061	-
Insurance receivables	-	-	144,147	144,147	-
Other receivables	-	-	60,060	60,060	-
Cash and cash equivalents	-	-	153,954	153,954	-
	<u>950,511</u>	<u>969,092</u>	<u>425,222</u>	<u>425,222</u>	<u>1,919,603</u>

Company	Original classification under MFRS 139			New Classification and measurement under MFRS9	
	AFS RM'000	FVTPL RM'000	LAR RM'000	Amortised cost RM'000	FVTPL RM'000
Investment					
- Financial assets at FVTPL	-	-	-	-	2,021,519
- AFS financial assets	2,021,519	-	-	-	-
- Deposits with financial institutions	-	-	40,010	40,010	-
Insurance receivables	-	-	144,147	144,147	-
Other receivables	-	-	50,906	50,906	-
Cash and cash equivalents	-	-	84,708	84,708	-
	<u>2,021,519</u>	<u>-</u>	<u>319,771</u>	<u>319,771</u>	<u>2,021,519</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Effects of adoption MFRS 17 and MFRS 9

The adoption of MFRS 9 and MFRS 17 resulted in the following effects to the statement of financial position of the Group and the Company at 31 December 2022.

Statement of Financial Position

Group	31.12.2022 As previously stated RM'000	Classification and measurement RM'000	31.12.2022 As restated RM'000	Expected credit losses RM'000	01.01.2023 As restated RM'000
Assets					
Property and equipment	84,687	-	84,687	-	84,687
Intangible assets	31,542	-	31,542	-	31,542
Investment properties	16,180	-	16,180	-	16,180
Right-of-use assets	1,370	-	1,370	-	1,370
Investments	1,986,664	-	1,986,664	-	1,986,664
Reinsurance assets	745,073	(745,073)	-	-	-
Insurance receivables	144,147	(144,147)	-	-	-
Reinsurance contract assets	-	392,952	392,952	-	392,952
Other receivables	60,060	908	60,968	-	60,968
Deferred tax assets	16,744	(16,744)	-	-	-
Cash and cash equivalents	153,954	-	153,954	-	153,954
TOTAL ASSETS	3,240,421	(512,104)	2,728,317	-	2,728,317
EQUITY					
Share capital	118,000	-	118,000	-	118,000
Available-for-sale fair value reserve	7,117	(7,117)	-	-	-
Retained profits	945,193	122,082	1,067,275	(8,647)	1,058,628
Equity attributable to owner of the Company	1,070,310	114,965	1,185,275	(8,647)	1,176,628
Non-controlling interests	3,252	-	3,252	-	3,252
TOTAL EQUITY	1,073,562	114,965	1,188,527	(8,647)	1,179,880
LIABILITIES					
Insurance contract liabilities	1,940,377	(516,546)	1,423,831	11,379	1,435,210
Lease liabilities	1,343	-	1,343	-	1,343
Tax payable	5,665	-	5,665	-	5,665
Insurance payables	45,903	(45,903)	-	-	-
Deferred tax liabilities	-	21,468	21,468	(2,732)	18,736
Other payables	173,571	(86,088)	87,483	-	87,483
TOTAL LIABILITIES	2,166,859	(627,069)	1,539,790	8,647	1,548,437
TOTAL EQUITY AND LIABILITIES	3,240,421	(512,104)	2,728,317	-	2,728,317

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Effects of adoption MFRS 17 and MFRS 9 (Cont'd)

The adoption of MFRS 9 and MFRS 17 resulted in the following effects to the statement of financial position of the Group and the Company at 31 December 2022.

Statement of Financial Position

Company	31.12.2022 As previously stated RM'000	Classification and measurement RM'000	31.12.2022 As restated RM'000	Expected credit losses RM'000	01.01.2023 As restated RM'000
Assets					
Property and equipment	84,687	-	84,687	-	84,687
Intangible assets	31,542	-	31,542	-	31,542
Investment properties	16,180	-	16,180	-	16,180
Right-of-use assets	1,370	-	1,370	-	1,370
Investments	2,061,529	-	2,061,529	-	2,061,529
Reinsurance assets	745,073	(745,073)	-	-	-
Insurance receivables	144,147	(144,147)	-	-	-
Reinsurance contract assets	-	392,952	392,952	-	392,952
Other receivables	50,906	908	51,814	-	51,814
Deferred tax assets	19,246	(19,246)	-	-	-
Cash and cash equivalents	84,708	-	84,708	-	84,708
TOTAL ASSETS	3,239,388	(514,606)	2,724,782	-	2,724,782
EQUITY					
Share capital	118,000	-	118,000	-	118,000
Available-for-sale fair value reserve	(807)	807	-	-	-
Retained profits	955,618	114,159	1,069,777	(8,647)	1,061,130
Equity attributable to owner of the Company	1,072,811	114,966	1,187,777	(8,647)	1,179,130
Non-controlling interests	-	-	-	-	-
TOTAL EQUITY	1,072,811	114,966	1,187,777	(8,647)	1,179,130
LIABILITIES					
Insurance contract liabilities	1,940,377	(516,546)	1,423,831	11,379	1,435,210
Lease liabilities	1,343	-	1,343	-	1,343
Tax payable	5,665	-	5,665	-	5,665
Insurance payables	45,903	(45,903)	-	-	-
Deferred tax liabilities	-	18,965	18,965	(2,732)	16,233
Other payables	173,289	(86,088)	87,201	-	87,201
TOTAL LIABILITIES	2,166,577	(629,572)	1,537,005	8,647	1,545,652
TOTAL EQUITY AND LIABILITIES	3,239,388	(514,606)	2,724,782	-	2,724,782

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Effects of adoption MFRS 17 and MFRS 9 (Cont'd)

The adoption of MFRS 9 and MFRS 17 resulted in the following effects to the statement of total comprehensive income of the Group and the Company at 30 June 2022.

Statement of Total Comprehensive Income

Group	30.06.2022 As previously stated RM'000	Classification and measurement RM'000	30.06.2022 As restated RM'000
Net profit for the financial period	41,267	5,062	46,329
Items that may be reclassified to profit or loss in subsequent periods:			
Available-for-sale fair value reserves :			
Net losses on fair value changes	(16,302)	16,302	-
Realised loss transferred to profit or loss	413	(413)	-
	(15,889)	15,889	-
Tax effects	3,813	(3,813)	-
	(12,076)	12,076	-
Total comprehensive income for the financial period	29,191	17,138	46,329
Company	30.06.2022 As previously stated RM'000	Classification and measurement RM'000	30.06.2022 As restated RM'000
Net profit for the financial period	63,059	(16,618)	46,441
Items that may be reclassified to profit or loss in subsequent periods:			
Available-for-sale fair value reserves :			
Net losses on fair value changes	(37,983)	37,983	-
Realised loss transferred to profit or loss	413	(413)	-
	(37,570)	37,570	-
Tax effects	9,017	(9,017)	-
	(28,553)	28,553	-
Total comprehensive income for the financial period	34,506	11,935	46,441

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

4. PRINCIPAL ACTIVITY

The principal activity of the Company is underwriting of general insurance business. There has been no significant change in the nature of the principal activity during the interim financial period.

5. MATERIAL CHANGES IN ESTIMATES

There were no material changes in the basis used for accounting estimates for the interim financial period ended 30 June 2023.

6. MATERIAL EVENTS SUBSEQUENT TO THE END OF INTERIM PERIOD

There were no material events subsequent to the end of the interim financial period that have not been reflected in the unaudited interim financial statements.

7. DEBTS AND EQUITY SECURITIES

There were no issuance, cancellation, repurchases, resale and repayment of debt and equity securities by the Company in the current financial period ended 30 June 2023.

8. UNUSUAL ITEMS

There were no other unusual items affecting assets, liabilities, equity, net income or cash flow of the Group and the Company for the financial period ended 30 June 2023.

9. DIVIDEND PAYMENT

No dividend has been paid or declared since the end of the financial year end 31 December 2022.

10. COMPOSITION OF THE GROUP AND THE COMPANY

The Group consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date have been prepared in conformity with MFRS 10. The subsidiaries consist of three wholesale funds.

11. INVESTMENT PROPERTIES

	30.06.2023	31.12.2022
Group and Company	RM'000	RM'000
At 1 January	16,180	20,900
Fair value adjustment	-	680
Disposal	-	(5,400)
At 30 June / 31 December	<u>16,180</u>	<u>16,180</u>

Investment properties are stated at fair value based on valuations that reflect market conditions using comparison method. The company revalued its investment properties based on an independent valuation performed by an accredited valuer.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

12. LEASES

Group and Company	Right-of-use assets RM'000	Lease liabilities RM'000
At 1 January 2023	1,370	1,343
Accretion of interest	-	17
Depreciation charge	(166)	-
Rental paid	-	(171)
At 30 June 2023	<u>1,204</u>	<u>1,189</u>
At 1 January 2022	626	627
Additions	1,741	1,741
Terminations	(505)	(601)
Accretion of interest	-	45
Depreciation charge	(331)	-
Rental paid	-	(342)
Adjustment/Rent concessions	(161)	(127)
At 31 December 2022	<u>1,370</u>	<u>1,343</u>

Set out below are the breakdown of the carrying amounts of right-of-use assets and the movements during the year:

Group and Company	Properties RM'000	Total RM'000
At 1 January 2023	1,370	1,370
Depreciation charge	(166)	(166)
At 30 June 2023	<u>1,204</u>	<u>1,204</u>
At 1 January 2022	626	626
Additions	1,741	1,741
Terminations/Adjustment	(505)	(505)
Depreciation charge	(331)	(331)
Adjustment	(161)	(161)
At 30 December 2022	<u>1,370</u>	<u>1,370</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

12. LEASES (CONT'D)

Set out below are the breakdown of the carrying amounts of lease liabilities based on current and non-current classification:

	30.06.2023	31.12.2022
	RM'000	RM'000
Current	313	308
Non-Current	876	1,035
	<u>1,189</u>	<u>1,343</u>

13. INVESTMENTS

	Group		Company	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
MGS/GII*	73,383	64,274	-	-
Corporate Bonds	1,016,123	904,818	-	-
Equity securities	71,388	71,169	71,388	71,169
Unit trust funds	868,513	879,342	2,068,433	1,950,350
Deposits with financial institutions	95,900	67,061	37,100	40,010
	<u>2,125,307</u>	<u>1,986,664</u>	<u>2,176,921</u>	<u>2,061,529</u>

* Malaysian Government Securities (MGS)/Government Investment Issues (GII)

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

	Group		Company	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Financial assets at fair value through profit or loss ("FVTPL")	2,029,407	1,919,603	2,139,821	2,021,519
Loans and receivables ("LAR")	95,900	67,061	37,100	40,010
	<u>2,125,307</u>	<u>1,986,664</u>	<u>2,176,921</u>	<u>2,061,529</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

13. INVESTMENTS (CONT'D)

(a) Financial assets at FVTPL

	Group		Company	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
MGS/GII*	73,383	64,274	-	-
Corporate Bonds	1,016,123	904,818	-	-
Fair value				
Unit Trust Funds	868,513	879,342	2,068,433	1,950,350
Equity securities:				
- Quoted in Malaysia	71,270	71,051	71,270	71,051
Cost				
Equity securities:				
- Unquoted in Malaysia	118	118	118	118
	<u>2,029,407</u>	<u>1,919,603</u>	<u>2,139,821</u>	<u>2,021,519</u>

* Malaysian Government Securities (MGS)/Government Investment Issues (GII)

(b) LAR

	Group		Company	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Amortised cost				
Deposits with financial institutions	<u>95,900</u>	<u>67,061</u>	<u>37,100</u>	<u>40,010</u>

The carrying value of the deposits approximate fair value due to their relatively short term maturities.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

14. Insurance and reinsurance contracts

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

Group and Company	Assets RM'000	30.06.2023 Liabilities RM'000	Net RM'000	Assets RM'000	31.12.2022 Liabilities RM'000	Net RM'000
Insurance contracts issued	-	2,167,118	2,167,118	-	1,423,831	1,423,831
Reinsurance contracts held	(1,015,461)	-	(1,015,461)	(392,952)	-	(392,952)

14 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims

The roll-forward of the new asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims, is disclosed in the table below:

Group and Company 30 June 2023	Liabilities for remaining coverage		Liabilities for incurred claims		Total RM'000
	Excluding loss component RM'000	Loss component RM'000	Estimates of the present value of future cash RM'000	Risk adjustment RM'000	
Insurance contract liabilities as at 1 January 2023	258,647	607	1,096,304	68,273	1,423,831
Insurance revenue	(512,392)	-	-	-	(512,392)
Insurance service expenses	77,102	(50)	919,993	21,686	1,018,731
Incurred claims and other expenses	-	(622)	552,967	16,836	569,181
Amortisation of insurance acquisition cash flows	77,102	-	-	-	77,102
Losses on onerous contracts and reversals of those losses	-	572	-	-	572
Changes to liabilities for incurred claims	-	-	367,026	4,850	371,876
Insurance service result	(435,290)	(50)	919,993	21,686	506,339
Insurance finance expense	-	68	51,723	2,642	54,433
Total changes in the statement of comprehensive income	(435,290)	18	971,716	24,328	560,772
Cash flows					
Premium received	578,118	-	-	-	578,118
Claim and other expenses paid	-	-	(304,147)	-	(304,147)
Insurance acquisition cash flows	(91,456)	-	-	-	(91,456)
Total cash flows	486,662	-	(304,147)	-	182,515
Net insurance contract liabilities as at 30 June 2023	310,019	625	1,763,873	92,601	2,167,118
Insurance contract liabilities as at 30 June 2023	310,019	625	1,763,873	92,601	2,167,118
Net insurance contract liabilities as at 30 June 2023	310,019	625	1,763,873	92,601	2,167,118

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

14. Insurance and reinsurance contracts (Cont'd)

14 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (Cont'd)

The roll-forward of the new asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims, is disclosed in the table below:

Group and Company 31 December 2022	Liabilities for remaining coverage		Liabilities for incurred claims		Total RM'000
	Excluding loss component RM'000	Loss component RM'000	Estimates of the present value of future cash RM'000	Risk adjustment RM'000	
Insurance contract liabilities as at 1 January 2022	264,138	78	1,034,491	69,425	1,368,132
Insurance revenue	(1,020,315)	-	-	-	(1,020,315)
Insurance service expenses	188,470	718	605,801	(2,200)	792,789
Incurred claims and other expenses	-	-	817,341	28,213	845,554
Amortisation of insurance acquisition cash flows	188,470	-	-	-	188,470
Losses on onerous contracts and reversals of those losses	-	718	-	-	718
Changes to liabilities for incurred claims	-	-	(211,540)	(30,413)	(241,953)
Insurance service result	(831,845)	718	605,801	(2,200)	(227,526)
Insurance finance expense	-	(189)	22,161	1,048	23,020
Total changes in the statement of comprehensive income	(831,845)	529	627,962	(1,152)	(204,506)
Cash flows					
Premium received	1,027,540	-	-	-	1,027,540
Claim and other expenses paid	-	-	(566,149)	-	(566,149)
Insurance acquisition cash flows	(201,186)	-	-	-	(201,186)
Total cash flows	826,354	-	(566,149)	-	260,205
Net insurance contract (assets)/ liabilities as at 31 December 2022	258,647	607	1,096,304	68,273	1,423,831
Insurance contract liabilities as at 31 December 2022	258,647	607	1,096,304	68,273	1,423,831
Net insurance contract liabilities as at 31 December 2022	258,647	607	1,096,304	68,273	1,423,831

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

14. Insurance and reinsurance contracts (Cont'd)

14.2 Roll-forward of net asset or liability for reinsurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (Cont'd)

The roll-forward of the new asset or liability for reinsurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims, is disclosed in the table below:

Group and Company 30 June 2023	Liabilities for remaining coverage		Liabilities for incurred claims		Total RM'000
	Excluding loss component RM'000	Loss component RM'000	Estimates of the present value of future cash RM'000	Risk adjustment RM'000	
Reinsurance contract liabilities as at 1 January 2023	(2,057)	-	-	-	(2,057)
Reinsurance contract assets as at 1 January 2023	-	425	361,157	33,427	395,009
Net reinsurance contract (liabilities)/ assets as at 1 January 2023	(2,057)	425	361,157	33,427	392,952
An allocation of reinsurance premiums	(89,351)	-	-	-	(89,351)
Amounts recoverable from reinsurers for incurred claims	-	(191)	629,973	15,644	645,426
Amount recoverable for incurred claims and other expenses	-	(436)	87,962	4,613	92,139
Loss-recovery on onerous underlying contracts and adjustments	-	245	-	-	245
Changes to amount recoverable for incurred claims	-	-	542,011	11,031	553,042
Net income or expense from reinsurance contracts held	(89,351)	(191)	629,973	15,644	556,075
Reinsurance finance income	-	44	24,115	1,325	25,484
Effect of changes in non-performance risk of reinsurers	-	-	(3,434)	-	(3,434)
Total changes in the statement of comprehensive income	(89,351)	(147)	650,654	16,969	578,125
Cash flows					
Premium paid	58,637	-	-	-	58,637
Amount received	-	-	(14,253)	-	(14,253)
Total cash flows	58,637	-	(14,253)	-	44,384
Net reinsurance contract (liabilities)/ assets as at 30 June 2023	(32,771)	278	997,558	50,396	1,015,461
Reinsurance contract liabilities as at 30 June 2023	(32,771)	-	-	-	(32,771)
Reinsurance contract assets as at 30 June 2023	-	278	997,558	50,396	1,048,232
Net reinsurance contract (liabilities)/ asset as at 30 June 2023	(32,771)	278	997,558	50,396	1,015,461

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

14. Insurance and reinsurance contracts (Cont'd)

14.2 Roll-forward of net asset or liability for reinsurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (Cont'd)

The roll-forward of the new asset or liability for reinsurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims, is disclosed in the table below:

Group and Company 31 December 2022	Liabilities for remaining coverage		Liabilities for incurred claims		Total RM'000
	Excluding loss component RM'000	Loss component RM'000	Estimates of the present value of future cash RM'000	Risk adjustment RM'000	
Reinsurance contract liabilities as at 1 January 2022	(21,252)	-	-	-	(21,252)
Reinsurance contract assets as at 1 January 2022	-	55	314,127	35,160	349,342
Net reinsurance contract (liabilities)/ assets as at 1 January 2022	(21,252)	55	314,127	35,160	328,090
An allocation of reinsurance premiums	(196,081)	-	-	-	(196,081)
Amounts recoverable from reinsurers for incurred claims	-	503	138,392	(2,257)	136,638
Amount recoverable for incurred claims and other expenses	-	-	181,531	13,647	195,178
Loss-recovery on onerous underlying contracts and adjustments	-	503	-	-	503
Changes to amount recoverable for incurred claims	-	-	(43,139)	(15,904)	(59,043)
Net income or expense from reinsurance contracts held	(196,081)	503	138,392	(2,257)	(59,443)
Reinsurance finance income	-	(132)	7,950	524	8,342
Effect of changes in non-performance risk of reinsurers	-	-	301	-	301
Total changes in the statement of comprehensive income	(196,081)	371	146,643	(1,733)	(50,800)
Cash flows					
Premium paid	215,275	-	-	-	215,275
Amount received	-	-	(99,613)	-	(99,613)
Total cash flows	215,275	-	(99,613)	-	115,662
Net reinsurance contract (liabilities)/ assets as at 31 December 2022	(2,058)	426	361,157	33,427	392,952
Reinsurance contract assets as at 31 December 2022	-	426	361,157	33,427	395,010
Reinsurance contract liabilities as at 31 December 2022	(2,058)	-	-	-	(2,058)
Net reinsurance contract (liabilities)/ assets as at 31 December 2022	(2,058)	426	361,157	33,427	392,952

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

15. OTHER RECEIVABLES

	Group		Company	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
Other receivables and deposits	13,801	14,425	13,801	14,425
Staff loans	7	3	7	3
Interest income due and accrued	25,615	10,941	834	1,787
Amount due from related parties (Note 19)	380	1,117	380	1,117
Share of other assets held under Malaysia Motor Insurance Pool ("MMIP") (Net*)	35,372	34,482	35,372	34,482
	75,175	60,968	50,394	51,814

* As a participating member of MMIP, the Company shares a proportion of the Pool's net assets/liabilities. At each reporting date, the Company accounts for its share of net assets, liabilities and performance of the Pool. The net assets held under MMIP represent the Company's share of the Pool's net assets, before insurance contract liabilities. The Company's share of the Pool's insurance contract liabilities is included in Note 14.

16. OTHER PAYABLES

	Group		Company	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
Accrued liabilities	32,888	48,455	32,888	48,455
Other payables	14,445	9,230	11,383	8,948
Provision of financial penalty	8,088	8,088	8,088	8,088
Amount due to related parties (Note 19)	7,794	21,710	7,794	21,710
	63,215	87,483	60,153	87,201

17. EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	Group		Company	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
		Restated		Restated
Net profit for the period (RM'000)	82,257	151,455	82,443	153,988
Number of ordinary shares in issue ('000)	118,000	118,000	118,000	118,000
Earnings per share (sen)	69.7	128.4	69.9	130.5

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

18. RELATED PARTY TRANSACTIONS

The significant related party transactions during the period are as follows:

	30.06.2023	31.12.2022
Group and Company	RM'000	RM'000
Income		
Premium received	1,211	7,962
Commission received	1,229	10,811
Claims recovery	14,966	24,759
Other Income	482	230
	<u>17,888</u>	<u>43,762</u>
Expenditure		
Premiums ceded	(24,311)	(38,158)
Commissions paid	(196)	(868)
Claims paid	(2,299)	(3,154)
Expenses net of recoveries	<u>(8,469)</u>	<u>(21,765)</u>
	<u>(35,275)</u>	<u>(63,945)</u>

19. RELATED PARTY BALANCES

The significant related party balances during the period are as follows:

	30.06.2023	31.12.2022
Group and Company	RM'000	RM'000
<u>Payable</u>		
Amount due to related parties		
Sompo Japan Insurance Inc.	(12,489)	(17,235)
Sompo Holdings (Asia) Pte. Ltd.	(791)	(6,470)
Sompo Insurance Singapore Pte. Ltd.	(4)	(22)
Sompo Insurance (Hong Kong) Co., Ltd.	(56)	(510)
<u>Receivable</u>		
Amount due from related parties		
Sompo Japan Insurance Inc.	3,116	6,298
Sompo Holdings (Asia) Pte. Ltd.	-	2
Sompo Insurance Singapore Pte. Ltd.	2	3
Sompo International Holdings Ltd.	-	12
Sompo Insurance (Hong Kong) Co., Ltd.	1,492	124
Endurance Worldwide Insurance Ltd.	372	54
Berjaya Corporation Berhad and its related companies	932	3,565
Other related companies	26	39

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

20. FAIR VALUE HIERARCHY

The following tables analyse assets which are carried at fair value and assets for which fair value are disclosed according to their fair value hierarchy, defined as follows:

i. Level 1

Quoted (unadjusted) market prices in active markets for identical assets or liabilities

ii. Level 2

Valuation techniques for which all inputs that are significant to the fair value measurement is directly or indirectly observable

iii. Level 3

Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

20. FAIR VALUE HIERARCHY (CONT'D)

Group	30.06.2023				31.12.2022			
	Fair value measurement using:				Fair value measurement using:			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
					Restated	Restated	Restated	Restated
Assets measured at fair value on a recurring basis:								
Investment properties	-	-	16,180	16,180	-	-	16,180	16,180
FVTPL - Equity securities	71,388	-	-	71,388	71,270	-	-	71,270
FVTPL - Unit trust funds	868,513	-	-	868,513	879,342	-	-	879,342
FVTPL - MGS/GII	-	73,383	-	73,383	-	64,274	-	64,274
FVTPL - Corporate Bonds	-	1,016,123	-	1,016,123	-	904,818	-	904,818
	<u>939,901</u>	<u>1,089,506</u>	<u>16,180</u>	<u>2,045,587</u>	<u>950,612</u>	<u>969,092</u>	<u>16,180</u>	<u>1,935,884</u>

There has been no transfer between level 1 and level 2 of the fair value hierarchy during the period.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

20. FAIR VALUE HIERARCHY (CONT'D)

Company	30.06.2023				31.12.2022			
	Fair value measurement using:				Fair value measurement using:			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
					Restated	Restated	Restated	Restated
Assets measured at fair value on a recurring basis:								
Investment properties	-	-	16,180	16,180	-	-	16,180	16,180
FVTPL - Equity securities	71,388	-	-	71,388	71,169	-	-	71,169
FVTPL - Unit trust funds	2,068,433	-	-	2,068,433	1,950,350	-	-	1,950,350
	<u>2,139,821</u>	<u>-</u>	<u>16,180</u>	<u>2,156,001</u>	<u>2,021,519</u>	<u>-</u>	<u>16,180</u>	<u>2,037,699</u>

There has been no transfer between level 1 and level 2 of the fair value hierarchy during the period.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

21. CAPITAL COMMITMENT

	30.06.2023	31.12.2022
	RM'000	RM'000
Capital expenditure approved and contracted for :		
Property, plant and equipment	739	901
Intangible assets	2,495	4,690
	<u>3,234</u>	<u>5,591</u>

22. REGULATORY CAPITAL REQUIREMENT

The Company's Internal Capital Adequacy Assessment Process ("ICAAP") Framework is in place to manage and maintain capital adequacy level that commensurate with its risk profile at all times and to ensure that adequate capital resources are available to maintain Capital Adequacy Ratio ("CAR") above Individual Target Capital Level ("ITCL") and Supervisory Level. Pursuant to the Risk-Based Capital Framework issued by BNM, the Company has met the minimum CAR of 130%.

The total capital available of the Company as at 30 June 2023, as prescribed under the RBC Framework is provided below:

	30.06.2023	31.12.2022
	RM'000	RM'000
		Restated
Eligible Tier 1 Capital		
Share capital (paid-up)	118,000	118,000
Retained earnings	1,143,573	1,069,777
	<u>1,261,573</u>	<u>1,187,777</u>
Deductions		
Intangible assets	29,237	31,542
Deferred tax income	-	3,598
Deferred tax (liabilities)/assets	(25,261)	19,246
	<u>3,976</u>	<u>54,386</u>
Total capital available	<u>1,257,597</u>	<u>1,132,584</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONT'D)

23. DEVELOPMENTS ON MYCC CASE

On 22 February 2017, the Company received a statutory notice of the proposed decision by Malaysian Competition Commission ("MyCC") that the Company and the other 21 members of PIAM (collectively "the Parties") have infringed one of the prohibitions under Part II of the Competition Act, 2010 ("Act") ("Proposed Decision"). The Proposed Decision amongst others imposed financial penalties on the Parties amounting to a total sum of RM213,454,814. The Company's share of the financial penalty was for the sum of RM10,784,489.

A denovo hearing of the oral representations before MyCC was commenced on 17 June 2019 and concluded on 18 June 2019.

On 14 September 2020, MyCC delivered its decision in finding the Parties infringed section 40 of the Act and directed the Parties to ("MyCC Decision") and imposed financial penalty

Taking into account, the impact of economic situation arising due to the outbreak of global COVID-19 pandemic, MyCC granted a 25% reduction on the financial penalty imposed on the Parties.

On 2 September 2022, the Commission of Appeal Tribunal ("CAT") set aside the MyCC's decision dated 14 September 2020.

However, in December 2022, MyCC filed an ex-parte application in the High Court for leave to apply for judicial review of the CAT's decision ("Leave for JR"). Following the MyCC's Leave for JR, PIAM and the 21 insurers files an affidavit to oppose the application for Leave

The High Court has fixed the hearing of the Leave for JR by MyCC on 30 November 2023.

Considering the development and progress, coupled with the uncertainty over the final outcome, the Group and the Company have made a provision of RM8,088,367 in the financial statements as disclosed in Note 16 to the financial statements.