



MCIS INSURANCE BERHAD
Registration No: 199701019821 (435318-U)
(Incorporated in Malaysia)

Unaudited Condensed Interim Financial Statements
For the six-month period ended 30 June 2023

MCIS Insurance Berhad
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MCIS Insurance Berhad
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Unaudited condensed statement of financial position
As at 30 June 2023

	Note	30.06.2023 RM'000	31.12.2022 RM'000 Restated	01.01.2022 RM'000 Restated
Assets				
Property and equipment		39,652	36,954	54,151
Investment properties		300	300	300
Right-of-use assets		15,204	17,585	22,007
Intangible assets		26,827	25,303	4,036
Investments	3	4,324,411	4,264,724	4,454,884
Insurance contract assets	4	68,495	30,301	209
Reinsurance contract assets	4	43,049	45,577	24,177
Other receivables		51,223	50,902	44,988
Cash and bank balances		32,016	47,417	38,820
		<u>4,601,177</u>	<u>4,519,063</u>	<u>4,643,572</u>
Non-current assets held for sale		1,246	1,246	4,002
Total assets		<u>4,602,423</u>	<u>4,520,309</u>	<u>4,647,574</u>
Equity				
Share capital		125,024	125,024	125,024
Retained profits		<u>199,912</u>	<u>188,198</u>	<u>190,649</u>
		324,936	313,222	315,673
Revaluation reserves		-	-	148
Total equity		<u>324,936</u>	<u>313,222</u>	<u>315,821</u>
Liabilities				
Insurance contract liabilities	4	3,929,743	3,863,336	3,983,217
Reinsurance contract liabilities	4	28,212	22,863	-
Deferred tax liabilities		37,729	22,516	31,661
Lease liabilities		16,079	18,526	22,511
Other payables		62,536	76,590	94,124
Provision for taxation		4,141	4,196	1,205
Subordinated notes	5	<u>199,047</u>	<u>199,060</u>	<u>199,035</u>
Total liabilities		<u>4,277,487</u>	<u>4,207,087</u>	<u>4,331,753</u>
Total equity and liabilities		<u>4,602,423</u>	<u>4,520,309</u>	<u>4,647,574</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2022 and the accompanying explanatory notes on pages 6 to 67 attached to the unaudited condensed interim financial statements.

MCIS Insurance Berhad
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Unaudited condensed income statement
For the six-month period ended 30 June 2023

	Note	01.01.2023 to 30.06.2023 RM'000	01.01.2022 to 30.06.2022 RM'000 Restated
Insurance revenue	6	207,786	231,633
Insurance service expenses	7	(197,310)	(242,571)
Net expenses from reinsurance contracts	8	<u>(7,396)</u>	<u>(5,615)</u>
Insurance service result		<u>3,080</u>	<u>(16,553)</u>
Investment income		85,385	84,084
Realised gains/(losses)		5,284	(3,601)
Fair value gains/(losses)	9	<u>114,906</u>	<u>(211,768)</u>
Investment return		<u>205,575</u>	<u>(131,285)</u>
Net finance (expense)/income from insurance contracts	10	(166,761)	111,210
Net finance income from reinsurance contracts	10	<u>212</u>	<u>200</u>
Net financial results		<u>39,026</u>	<u>(19,875)</u>
Other operating revenue		-	(209)
Other operating expenses		(3,351)	(1,965)
Finance cost		<u>(5,688)</u>	<u>(5,801)</u>
Profit/(loss) before taxation		<u>33,067</u>	<u>(44,403)</u>
Taxation		<u>(21,353)</u>	<u>20,265</u>
Net profit/(loss) for the period/ Total comprehensive income/(loss) for the period		<u>11,714</u>	<u>(24,138)</u>
Earnings per share (sen)			
Basic and diluted	11	<u>11.68</u>	<u>(24.07)</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2022 and the accompanying explanatory notes on pages 6 to 67 attached to the unaudited condensed interim financial statements.

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Unaudited condensed statement of changes in equity
For the six-month period ended 30 June 2023

	<---- Non-distributable ---->			
	Share capital RM'000	Revaluation reserves associated with non- current assets held for sale RM'000	Retained* profits RM'000	Total equity RM'000
At 1 January 2022, as previously reported	125,024	148	212,255	337,427
Adjustment on initial application of MFRS 17, net of tax	-	-	(21,606)	(21,606)
Restated at 1 January 2022	125,024	148	190,649	315,821
Total comprehensive loss for the period (restated)	-	-	(24,138)	(24,138)
Restated at 30 June 2022	125,024	148	166,511	291,683
At 1 January 2023, as previously reported	125,024	-	213,475	338,499
Adjustment on initial application of MFRS 17, net of tax	-	-	(25,277)	(25,277)
Restated at 1 January 2023	125,024	-	188,198	313,222
Total comprehensive income for the period (restated)	-	-	11,714	11,714
Restated at 30 June 2023	125,024	-	199,912	324,936

*Unallocated surplus from life fund and shareholder fund's profit were included as part of retained profits.

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MCIS Insurance Berhad
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Unaudited condensed statement of cash flows
For the six-month period ended 30 June 2023

	01.01.2023 to 30.06.2023 RM'000	01.01.2022 to 30.06.2022 RM'000 Restated
Profit/(Loss) before taxation	33,067	(44,403)
<i>Adjustments for:</i>		
Investment income	(85,385)	(84,084)
Interest expense on lease liabilities	400	506
Interest expense on subordinated notes	5,257	5,256
Realised (gains)/losses	(5,284)	3,601
Fair value (gains)/losses	(114,906)	211,768
Purchases of FVTPL financial instruments	(325,576)	(989,272)
Proceeds from sale of FVTPL financial instruments	390,092	524,714
Investment income received	87,317	80,302
Gain on lease modification	(113)	-
Loss on disposal of non-current assets held for sale	-	209
Non-cash items:		
Depreciation of property and equipment	2,541	2,436
Amortisation of intangible assets	2,877	1,009
Amortisation of right-of-use assets	2,427	2,523
Amortisation of subordinated notes issuance cost	45	39
Net amortisation of investments	808	825
Impairment loss on loans receivables	35	128
Changes in working capital:		
(Increase)/Decrease in assets:		
Reinsurance contract assets	2,528	(1,496)
Insurance contract assets	(38,194)	(60,840)
Other receivables	(2,253)	819

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Unaudited condensed statement of cash flows
For the six-month period ended 30 June 2023 (cont'd.)

	01.01.2023 to 30.06.2023 RM'000	01.01.2022 to 30.06.2022 RM'000 Restated
Changes in working capital: (cont'd.)		
Increase/(Decrease) in liabilities:		
Reinsurance contract liabilities	5,349	9,792
Insurance contract liabilities	66,407	(60,191)
Other payables	<u>(14,054)</u>	<u>(13,354)</u>
Cash generated from/(used in) operating activities	13,385	(409,713)
Interest paid on lease liabilities	(400)	(506)
Income tax paid	(6,195)	(9,165)
Interest paid on subordinated notes	<u>(5,315)</u>	<u>(5,342)</u>
Net cash flows generated from/(used in) operating activities	<u>1,475</u>	<u>(424,726)</u>
Investing activities		
Net proceeds from disposal of non-current assets held for sale	-	1,591
Purchase of property and equipment	(9,622)	(7,778)
Purchase of intangible assets	<u>(18)</u>	<u>-</u>
Net cash flows used in investing activities	<u>(9,640)</u>	<u>(6,187)</u>
Financing activities		
Payment of principal portion of lease liabilities	<u>(2,380)</u>	<u>(2,294)</u>
Net cash flows used in financing activities	<u>(2,380)</u>	<u>(2,294)</u>
Cash and cash equivalents		
Net decrease in cash and cash equivalents	(10,545)	(433,207)
Cash and cash equivalents at beginning of period	<u>330,759</u>	<u>868,055</u>
Cash and cash equivalents at end of period	<u>320,214</u>	<u>434,848</u>
Cash and cash equivalents comprise of:		
Cash and bank balances	32,016	38,078
Short term deposits with original maturity periods of less than 3 months	<u>288,198</u>	<u>396,770</u>
	<u>320,214</u>	<u>434,848</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2022 and the accompanying explanatory notes on pages 6 to 67 attached to the unaudited condensed interim financial statements.

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

1. Basis of preparation

The unaudited condensed interim financial statements of MCIS Insurance Berhad ("the Company") 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 International Accounting Standards Board ("IASB").

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

As at the reporting date, the Company has met the minimum 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 Company's audited financial statements for the year ended 31 December 2022.

The unaudited condensed interim financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

2. Accounting policies

The accounting policies and presentation adopted by the Company for the condensed interim financial statements are consistent with those adopted in the Company's audited financial statements for the financial year ended 31 December 2022, except as follows:

On 1 January 2023, the Company adopted the following MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023:

- (i) MFRS 17 *Insurance Contracts*
- (ii) Amendments to MFRS 17 *Insurance Contracts*
- (iii) Amendments to MFRS 17 *Insurance Contracts Initial Application of MFRS 17 and MFRS 9 - Comparative Information*
- (iv) Amendments to MFRS 101 *Disclosures of Accounting Policies*
- (v) Amendments to MFRS 108 *Disclosures of Accounting Estimates*
- (vi) Amendments to MFRS 112 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

2. Accounting policies (cont'd.)

The adoption of the above standard and amendments to standards issued by Malaysian Accounting Standards Board (“MASB”) in the current financial period do not have any material impact to the financial statements of the Company, except as discussed below.

(a) Changes in accounting and reporting policy

MFRS 17 *Insurance Contracts* replaces MFRS 4 *Insurance Contracts* for annual periods beginning on or after 1 January 2023. This standard resulted in significant changes to the accounting for insurance and reinsurance contracts. The Company adopted MFRS 17 *Insurance Contracts*, including any consequential amendments to other standards and subsequent amendments to MFRS 17 on 1 January 2023 and restated 2022 comparatives when reporting on 2023 interim financial periods.

MFRS 17 establishes principles for recognition, measurement, presentation and disclosures of insurance and reinsurance contracts. It introduces a model that measures groups of contracts based on the Company’s estimates of the present value of future cash flows that are expected to arise as the Company fulfils the contracts, a risk adjustment for non-financial risk and a contractual service margin (“CSM”).

Under MFRS 17, for insurance contracts measured under the general measurement model (“GMM”) and variable fee approach (“VFA”), new business gains are recorded on the Statements of Financial Position (as part of the CSM component of the insurance contract liabilities) and amortised into profit or loss as services are provided. New business losses are recorded into profit or loss immediately. For reinsurance contracts held, both reinsurance gain/losses at inception are amortised into profit or loss as services are provided. Also, investment components are no longer included in insurance revenue and insurance service expenses. Any financial changes and financial risk changes related to insurance and reinsurance contracts are recorded separately from insurance and reinsurance service result and are recognised in profit or loss as the Company elected not to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income. Under the premium allocation approach (“PAA”) measurement model, which is applied to contracts that are short term in nature (mostly one year or less), the measurement of insurance and reinsurance contracts are simplified and is similar to the Company’s previous accounting treatment of short term insurance and reinsurance contracts.

During the implementation period of MFRS 17, the Company has determined the following:

- Its insurance contracts are substantially measured using the GMM;
- Policies which have contract boundaries (ie. coverage periods of less than 1 year) are measured under PAA; and
- For policies with direct participation features wherein payments on investment returns to policyholders are based on contractual terms which substantially vary with the underlying items are measured using VFA.

The Company applied the GMM and PAA for reinsurance contracts held.

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

2. Accounting policies (cont'd.)

(b) Effects of adoption for MFRS 17

Presentation and disclosure differences

There are significant changes to presentation and disclosure of the financial statements upon the adoption of MFRS 17. The following outlines some of the key presentation and disclosure changes:

- Statement of Financial Position:
 - (i) Under MFRS 17, the Company presents portfolios of insurance separately from portfolios of reinsurance contracts held, and portfolios of asset position are further presented separately from portfolios of liability position. Policy loans (which were previously reported within Investments), insurance receivables and payables, provision for outstanding claims, will be assessed on net portfolio position and reported within Insurance Contract Liabilities or Assets as these are insurance contract related balances. Reinsurance receivables and payables, reinsurance assets and liabilities will be assessed on a net portfolio position and reported within Reinsurance Contract Liabilities or Assets as these are reinsurance contract related. Under MFRS 4, contracts were not split and presented by asset and liability position.
 - (ii) Under MFRS 17, Unallocated Surplus of Participating Funds, which represents the surplus which have yet to be declared to Shareholders will be recognised as part of Retained Profits of the Company. Under MFRS4, these Unallocated Surplus were recognised as part of the Insurance Contract Liabilities.
- Statement of Comprehensive Income:
 - (i) The presentation of the statement of comprehensive income will change significantly upon the adoption of MFRS 17, with clear delineation of underwriting and investment results. There will no longer be items such as gross, net earned premiums or net claims incurred shown on the income statement. Under MFRS 17, the Company separately presents insurance revenue, insurance service expenses, net expenses from reinsurance contracts, net finance expenses from insurance contracts and net finance income from reinsurance contracts. Under MFRS 4, the Company reported net earned premiums, gross benefits and claims paid, claims ceded to reinsurers, gross change in contract liabilities and change in contract liabilities ceded to reinsurers.

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

2. Accounting policies (cont'd.)

(b) Effects of adoption for MFRS 17 (cont'd.)

Financial impact from adoption of MFRS 17

The effects as a result of adoption of MFRS 17 were recognised as adjustments to retained profits as at 1 January 2022. The adoption resulted in an decrease to total equity as of 1 January 2022 by RM22 million (net of tax) as set out below:

Measurement and classification differences	Description
Transition CSM	<p>CSM is a new liability that represents future unearned profits on insurance contracts written.</p> <p>For this measurement step, the amount recognised as at the transition date, 1 January 2022 was RM257 million, with a corresponding impact to reduce Total Non-distributable Retained Profits by RM195 million (net of tax).</p>
Contract Measurement	<p>Under MFRS 17, other components of insurance contract liabilities, aside from the CSM, are also remeasured. This measurement step includes the following changes:</p> <p>Higher Risk Adjustment provisions held within the Company's insurance liabilities for non-economic risk on the application of the MFRS 17 standard amounted to RM81 million, resulting in a corresponding impact of reducing Retained Profits by RM62 million (net of tax).</p> <p>Lower Best Estimate Liability of RM132 million due to the removal of sterling reserve requirements for products with negative reserves under MFRS 17. This change has a corresponding impact of increasing Retained Profits by RM100 million (net of tax).</p>
Classification differences	<p>Under MFRS 4, an Unallocated Surplus of RM184 million for Participating Policyholders' Funds was reported within Insurance Contract Liabilities.</p> <p>However, Under MFRS 17, these balances are now reported as part of the Retained Profits of the Company. This reclassification has contributed to a lower Insurance Contract Liabilities value of RM184 million, accompanied by a corresponding increase in Retained Profits of RM140 million (net of tax).</p>

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

2. Accounting policies (cont'd.)

(b) Effects of adoption for MFRS 17 (cont'd.)

Details of the changes and implications resulting from the adoption of MFRS 17 as at 1 January 2022 are presented in Note 2.5 (c) audited financial statements of the Company for the year ended 31 December 2022.

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

Statement of Financial Position

	31.12.2022	Classifi-	31.12.2022
	As	cation and	As reported
	reported	Measure-	in
	in MFRS 4	ment	MFRS 17
	RM'000	RM'000	RM'000
Assets			
Investments	4,444,318	(179,594)	4,264,724
Insurance contract assets	-	30,301	30,301
Reinsurance contract assets	11,059	34,518	45,577
Insurance receivables	95,605	(95,605)	-
Other assets	179,586	121	179,707
Total assets	<u>4,730,568</u>	<u>(210,259)</u>	<u>4,520,309</u>
Equity			
Share capital	125,024	-	125,024
Retained profits	213,475	(25,277)	188,198
Total equity	<u>338,499</u>	<u>(25,277)</u>	<u>313,222</u>
Liabilities			
Insurance contract liabilities	3,749,585	113,751	3,863,336
Reinsurance contract liabilities	-	22,863	22,863
Deferred tax liabilities	30,925	(8,409)	22,516
Insurance payables	251,534	(251,534)	-
Other payables	138,243	(61,653)	76,590
Other liabilities	221,782	-	221,782
Total liabilities	<u>4,392,069</u>	<u>(184,982)</u>	<u>4,207,087</u>

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Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

2. Accounting policies (cont'd.)

(b) Effects of adoption for MFRS 17 (cont'd.)

The adoption of MFRS 17 resulted in the following effects to the Income Statement of the Company at 30 June 2022.

	01.01.2022				Insurance			01.01.2022
	to	MFRS 17	Experience	finance	Attribu-	Tax	to	
	30.06.2022	CSM and	variance	income/	table	effect	30.06.2022	
	MFRS 4	RA	and others	expenses	cash flow		MFRS 17	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net earned premiums	383,913	-	-	-	-	(383,913)	-	-
Investment income	89,231	-	-	-	-	(5,147)	-	84,084
Realised losses	(3,601)	-	-	-	-	-	-	(3,601)
Fair value losses	(211,768)	-	-	-	-	-	-	(211,768)
Fee and commission income	369	-	-	-	-	(369)	-	-
Other operating revenue	89	-	-	-	-	(298)	-	(209)
Net benefits and claims	(157,042)	-	-	-	-	157,042	-	-
Fee and commission expenses	(55,845)	-	-	-	-	55,845	-	-
Other operating expenses	(4,295)	-	-	-	-	2,331	-	(1,964)
Management expenses	(66,079)	-	-	-	-	66,079	-	-
Finance cost	(5,801)	-	-	-	-	-	-	(5,801)
Insurance service result								
- Insurance revenue	-	15,509	-	216,124	-	-	-	231,633
- Insurance service expenses	-	-	(26,147)	(216,424)	-	-	-	(242,571)
- Net expenses from reinsurance contracts	-	-	6,266	(11,881)	-	-	-	(5,615)
Net finance expenses from insurance contracts	-	-	-	-	111,210	-	-	111,210
Net finance income from reinsurance contracts	-	-	-	-	200	-	-	200
Taxation of life insurance business	10,939	-	-	-	-	-	(10,939)	-
Loss before taxation	(19,890)	15,509	(19,881)	(12,181)	111,410	(108,430)	(10,939)	(44,402)

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Notes to the unaudited condensed interim financial statements
 For the six-month period ended 30 June 2023

2. Accounting policies (cont'd.)

(b) Effects of adoption for MFRS 17 (cont'd.)

The adoption of MFRS 17 resulted in the following effects to the Income Statement of the Company at 30 June 2022. (cont'd.)

	01.01.2022 to 30.06.2022 MFRS 4 RM'000	Removal of PVIF and MFRS 4 RM'000	Onerous contracts RM'000	Experience variance and others RM'000	Insurance finance income/ expenses RM'000	Attribu- table expense RM'000	Tax effect RM'000	01.01.2022 to 30.06.2022 MFRS 17 RM'000
Taxation	3,018	-	-	-	-	-	17,247	20,265
Net loss for the period/Total comprehensive loss for the period	(16,872)	15,509	(19,881)	(12,181)	111,410	(108,430)	6,308	(24,137)

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

2. Accounting policies (cont'd.)

Standards issued but not yet effective

The following are standards, amendments to standards and interpretation to standards issued by MASB, but not yet effective, up to the date of this report.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Company has not early adopted any standards, interpretations or amendments that has been issued but is not yet effective.

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Notes to the unaudited condensed interim financial statements
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3. Investments

	30.06.2023	31.12.2022
	RM'000	RM'000
		Restated
Malaysian Government securities	979,342	1,038,929
Government investment issues	227,797	214,929
Malaysian Government guaranteed bonds	474,609	487,140
Unquoted debts securities	1,608,139	1,506,202
Quoted equity securities	337,609	367,171
Quoted exchange traded funds	197,530	175,500
Quoted unit and property trust funds	47,806	46,945
Unquoted equity securities	48,950	47,950
Unquoted unit trust funds	112,461	94,604
Deposits with financial institutions	288,198	283,340
Loans receivables	1,970	2,014
Total	4,324,411	4,264,724

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

	30.06.2023	31.12.2022
	RM'000	RM'000
		Restated
Fair value through profit or loss ("FVTPL")	4,322,441	4,262,710
Amortised cost	1,970	2,014
	4,324,411	4,264,724

(a) FVTPL

	30.06.2023	31.12.2022
	RM'000	RM'000
		Restated
Mandatorily measured:		
Quoted equity securities	337,609	367,171
Quoted exchange traded funds	197,530	175,500
Quoted unit and property trust funds	47,806	46,945
Unquoted equity securities	48,950	47,950
Unquoted unit trust funds	112,461	94,604
	744,356	732,170
Designated upon initial recognition:		
Malaysian Government securities	979,342	1,038,929
Government investment issues	227,797	214,929
Malaysian Government guaranteed bonds	474,609	487,140
Unquoted debt securities	1,608,139	1,506,202
Deposits with financial institutions	288,198	283,340
	3,578,085	3,530,540
	4,322,441	4,262,710

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

3. Investments (cont'd.)

(a) FVTPL (cont'd.)

Included in deposits with financial institutions of the Company are short term deposits with original maturity periods of less than 3 months amounting to RM288,198,000 (31.12.2022: RM283,340,000), which have been classified as cash and cash equivalents for the purpose of the statement of cash flows.

(b) Amortised cost

	30.06.2023	31.12.2022
	RM'000	RM'000
		Restated
Loans receivables:		
Mortgage loans	2,615	2,624
Other loans	100	100
	2,715	2,724
Loss allowances	(745)	(710)
	<u>1,970</u>	<u>2,014</u>

The carrying value of the other loans are reasonable approximations of fair value due to the insignificant impact of discounting.

The fair values of the mortgage loans have been established by comparing current market interest rates for similar financial instruments to the rates offered when the mortgage loans were first recognised together with appropriate market credit adjustments. As there are no significant differences between these rates, the carrying value of mortgage loans approximates fair value as at 30 June 2023 and 31 December 2022.

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

4. Insurance and reinsurance contracts

	30.06.2023			
	Life risk RM'000	Participating RM'000	Non-life RM'000	Total RM'000
Insurance contracts				
Insurance contract assets	(41,618)	-	(26,877)	(68,495)
Insurance contract liabilities	163,276	3,565,894	192,658	3,921,828
Reinsurance contracts				
Reinsurance contract assets	(12,526)	(626)	(29,897)	(43,049)
Reinsurance contract liabilities	37	8,858	19,317	28,212
	31.12.2022 (Restated)			
	Life risk RM'000	Participating RM'000	Non-life RM'000	Total RM'000
Insurance contracts				
Insurance contract assets	(83)	-	(30,218)	(30,301)
Insurance contract liabilities	293,457	3,358,220	203,744	3,855,421
Reinsurance contracts				
Reinsurance contract assets	(14,061)	(1,831)	(29,685)	(45,577)
Reinsurance contract liabilities	33	6,650	16,180	22,863

Included in insurance contracts of the Company are revaluation reserve (net of tax) for VFA contracts amounting to RM7,915,000 (31.12.2022: RM7,915,000), which is not attributable to contract groups disclosures.

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

4. Insurance and reinsurance contracts (cont'd.)

Movements in carrying amounts

(a) Life risk - Insurance contracts

Analysis by remaining coverage and incurred claims

30.06.2023

	<u>Liabilities for</u>		Liabilities for incurred claims	Total RM'000
	<u>remaining coverage</u>			
	Excluding loss component	Loss component		
	RM'000	RM'000	RM'000	RM'000
Opening assets	212	1	(296)	(83)
Opening liabilities	278,657	922	13,878	293,457
Net opening balance	278,869	923	13,582	293,374
Changes in the statement of comprehensive income				
Insurance revenue				
Contracts under the fair value approach	(17,905)	-	-	(17,905)
Other contracts	(4,267)	-	-	(4,267)
	(22,172)	-	-	(22,172)
Insurance service expenses				
Incurred claims and other insurance service expenses	18	(85)	18,429	18,362
Amortisation of insurance acquisition cash flows	1,024	-	-	1,024
Losses and reversal of losses on onerous contracts	-	654	-	654
Adjustments to liabilities for incurred claims	-	-	43	43
	1,042	569	18,472	20,083
Investment components	(8,289)	-	8,289	-
Insurance service result	(29,419)	569	26,761	(2,089)
Net finance expenses from insurance contracts	761	43	-	804
Total changes in the statement of comprehensive income	(28,658)	612	26,761	(1,285)
Cash flows				
Premium received	43,431	-	-	43,431
Claims and other insurance service expenses paid, including investment components	-	-	(206,116)	(206,116)
Insurance acquisition cash flows	(7,746)	-	-	(7,746)
Total cash flows	35,685	-	(206,116)	(170,431)
Net closing balance	285,896	1,535	(165,773)	121,658
Closing assets	126,030	4	(167,652)	(41,618)
Closing liabilities	159,866	1,531	1,879	163,276
Net closing balance	285,896	1,535	(165,773)	121,658

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

4. Insurance and reinsurance contracts (cont'd.)

Movements in carrying amounts (cont'd.)

(a) Life risk - Insurance contracts (cont'd.)

Analysis by remaining coverage and incurred claims (cont'd.)

	31.12.2022 (Restated)			
	<u>Liabilities for</u>			
	<u>remaining coverage</u>		Liabilities	
	Excluding	Loss	for incurred	Total
	loss	component	claims	RM'000
	component	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000
Opening assets	-	-	-	-
Opening liabilities	245,725	-	3,331	249,056
Net opening balance	<u>245,725</u>	<u>-</u>	<u>3,331</u>	<u>249,056</u>
Changes in the statement of comprehensive income				
Insurance revenue				
Contracts under the fair value				
transition approach	(41,353)	-	-	(41,353)
Other contracts	(2,707)	-	-	(2,707)
	<u>(44,060)</u>	<u>-</u>	<u>-</u>	<u>(44,060)</u>
Insurance service expenses				
Incurred claims and other insurance				
service expenses	28	(44)	33,021	33,005
Amortisation of insurance acquisition				
cash flows	812	-	-	812
Losses and reversal of losses on				
onerous contracts	-	945	-	945
Adjustments to liabilities for				
incurred claims	-	-	(653)	(653)
	<u>840</u>	<u>901</u>	<u>32,368</u>	<u>34,109</u>
Investment components	(14,606)	-	14,606	-
Insurance service result	<u>(57,826)</u>	<u>901</u>	<u>46,974</u>	<u>(9,951)</u>
Net finance expenses from				
insurance contracts	9,244	22	-	9,266
Total changes in the statement of				
 comprehensive income	<u>(48,582)</u>	<u>923</u>	<u>46,974</u>	<u>(685)</u>
Cash flows				
Premium received	92,205	-	-	92,205
Claims and other insurance service				
expenses paid, including				
investment components	-	-	(36,723)	(36,723)
Insurance acquisition cash flows	(10,479)	-	-	(10,479)
Total cash flows	<u>81,726</u>	<u>-</u>	<u>(36,723)</u>	<u>45,003</u>
Net closing balance	<u>278,869</u>	<u>923</u>	<u>13,582</u>	<u>293,374</u>
Closing assets	212	1	(296)	(83)
Closing liabilities	278,657	922	13,878	293,457
Net closing balance	<u>278,869</u>	<u>923</u>	<u>13,582</u>	<u>293,374</u>

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

4. Insurance and reinsurance contracts (cont'd.)

Movements in carrying amounts (cont'd.)

(a) Life risk - Insurance contracts

Analysis by measurement component - Contracts not measured under PAA

	30.06.2023					
	Estimate of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	CSM			Total RM'000
			Contracts under fair value transition approach RM'000	Other contracts RM'000	Subtotal RM'000	
Opening assets	(1,443)	139	700	521	1,221	(83)
Opening liabilities	236,906	11,294	31,909	13,348	45,257	293,457
Net opening balance	235,463	11,433	32,609	13,869	46,478	293,374
Changes in the statement of comprehensive income						
Changes that relate to current services						
CSM recognised for services provided	-	-	(1,160)	(836)	(1,996)	(1,996)
Change in risk adjustment for non-financial risk for risk expired	-	(348)	-	-	-	(348)
Experience adjustments	(442)	-	-	-	-	(442)
Changes that relate to future services						
Contracts initially recognised in the year	(14,720)	841	-	14,350	14,350	471
Changes in estimates that adjust the CSM	18,529	(793)	(7,273)	(10,463)	(17,736)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	180	-	-	3	3	183
Changes that relate to past services						
Adjustments to liabilities for incurred claims	43	-	-	-	-	43
Insurance service result	3,590	(300)	(8,433)	3,054	(5,379)	(2,089)
Net finance expenses from insurance contracts	(780)	672	564	348	912	804
Total changes in the statement of comprehensive income	2,810	372	(7,869)	3,402	(4,467)	(1,285)
Cash flows	(170,431)	-	-	-	-	(170,431)
Net closing balance	67,842	11,805	24,740	17,271	42,011	121,658
Closing assets	(67,846)	4,309	7,813	14,106	21,919	(41,618)
Closing liabilities	135,688	7,496	16,927	3,165	20,092	163,276
Net closing balance	67,842	11,805	24,740	17,271	42,011	121,658

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

4. Insurance and reinsurance contracts (cont'd.)

Movements in carrying amounts (cont'd.)

(a) Life risk - Insurance contracts (cont'd.)

Analysis by measurement component - Contracts not measured under PAA (cont'd.)

	31.12.2022 (Restated)					Total RM'000
	Estimate of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	CSM		Subtotal RM'000	
Contracts under fair value transition approach RM'000			Other contracts RM'000			
Opening assets	-	-	-	-	-	-
Opening liabilities	204,488	10,068	34,500	-	34,500	249,056
Net opening balance	204,488	10,068	34,500	-	34,500	249,056
Changes in the statement of comprehensive income						
Changes that relate to current services						
CSM recognised for services provided	-	-	(2,896)	(839)	(3,735)	(3,735)
Change in risk adjustment for non-financial risk for risk expired	-	(630)	-	-	-	(630)
Experience adjustments	(5,878)	-	-	-	-	(5,878)
Changes that relate to future services						
Contracts initially recognised in the year	(22,420)	1,011	-	22,168	22,168	759
Changes in estimates that adjust the CSM	6,660	752	323	(7,735)	(7,412)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	185	-	1	-	1	186
Changes that relate to past services						
Adjustments to liabilities for incurred claims	(653)	-	-	-	-	(653)
Insurance service result	(22,106)	1,133	(2,572)	13,594	11,022	(9,951)
Net finance expenses from insurance contracts	8,078	232	681	275	956	9,266
Total changes in the statement of comprehensive income	(14,028)	1,365	(1,891)	13,869	11,978	(685)
Cash flows	45,003	-	-	-	-	45,003
Net closing balance	235,463	11,433	32,609	13,869	46,478	293,374
Closing assets	(1,443)	139	700	521	1,221	(83)
Closing liabilities	236,906	11,294	31,909	13,348	45,257	293,457
Net closing balance	235,463	11,433	32,609	13,869	46,478	293,374

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

4. Insurance and reinsurance contracts (cont'd.)

Movements in carrying amounts (cont'd.)

(a) Life risk - Reinsurance contracts

Analysis by remaining coverage and incurred claims

	30.06.2023			
	<u>Assets for remaining coverage</u>		<u>Assets for</u>	
	<u>Excluding</u>	<u>Loss-recovery</u>	<u>incurred</u>	<u>Total</u>
	<u>loss-recovery</u>	<u>component</u>	<u>claims</u>	<u>RM'000</u>
	<u>component</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Opening assets	5,036	867	8,158	14,061
Opening liabilities	(43)	-	10	(33)
Net opening balance	<u>4,993</u>	<u>867</u>	<u>8,168</u>	<u>14,028</u>
Changes in the statement of comprehensive income				
Allocation of reinsurance				
premiums paid	(3,034)	-	-	(3,034)
Amounts recoverable from reinsurers				
Recoveries of incurred claims				
and other insurance				
service expenses	-	-	4	4
Recoveries and reversals				
of recoveries of losses on onerous				
underlying contracts	-	(173)	-	(173)
Adjustments to assets for				
incurred claims	-	-	870	870
	<u>-</u>	<u>(173)</u>	<u>874</u>	<u>701</u>
Investment components	(26)	-	26	-
Net expenses from reinsurance	<u>(3,060)</u>	<u>(173)</u>	<u>900</u>	<u>(2,333)</u>
Net finance income from				
reinsurance contracts	469	-	-	469
Total changes in the statement of	<u>(2,591)</u>	<u>(173)</u>	<u>900</u>	<u>(1,864)</u>
comprehensive income				
Cash flows				
Premiums paid	1,287	-	-	1,287
Amounts received	-	-	(962)	(962)
Total cash flows	<u>1,287</u>	<u>-</u>	<u>(962)</u>	<u>325</u>
Net closing balance	<u>3,689</u>	<u>694</u>	<u>8,106</u>	<u>12,489</u>
Closing assets	3,731	694	8,101	12,526
Closing liabilities	(42)	-	5	(37)
Net closing balance	<u>3,689</u>	<u>694</u>	<u>8,106</u>	<u>12,489</u>

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

4. Insurance and reinsurance contracts (cont'd.)

Movements in carrying amounts (cont'd.)

(a) Life risk - Reinsurance contracts (cont'd.)

Analysis by remaining coverage and incurred claims (cont'd.)

	31.12.2022 (Restated)			
	Assets for remaining coverage		Assets for	
	Excluding	Loss-recovery	incurred	Total
	loss-recovery	component	claims	RM'000
	component	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000
Opening assets	5,533	-	8,569	14,102
Opening liabilities	-	-	-	-
Net opening balance	5,533	-	8,569	14,102
Changes in the statement of comprehensive income				
Allocation of reinsurance				
premiums paid	(6,346)	-	-	(6,346)
Amounts recoverable from reinsurers				
Recoveries of incurred claims and other insurance service expenses	-	-	1,853	1,853
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	867	-	867
Adjustments to assets for incurred claims	-	-	1,741	1,741
	-	867	3,594	4,461
Investment components	(573)	-	573	-
Net expenses from reinsurance contracts	(6,919)	867	4,167	(1,885)
Net finance income from reinsurance contracts	724	-	-	724
Total changes in the statement of comprehensive income	(6,195)	867	4,167	(1,161)
Cash flows				
Premiums paid	5,655	-	-	5,655
Amounts received	-	-	(4,568)	(4,568)
Total cash flows	5,655	-	(4,568)	1,087
Net closing balance	4,993	867	8,168	14,028
Closing assets	5,036	867	8,158	14,061
Closing liabilities	(43)	-	10	(33)
Net closing balance	4,993	867	8,168	14,028

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

4. Insurance and reinsurance contracts (cont'd.)

Movements in carrying amounts (cont'd.)

(a) Life risk - Reinsurance contracts (cont'd.)

Analysis by measurement component - Contracts not measured under PAA

	30.06.2023					
	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	CSM			Total
			Contracts under fair value transition approach	Other contracts	Subtotal	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	11,214	2,052	1,515	(720)	795	14,061
Opening liabilities	(45)	3	9	-	9	(33)
Net opening balance	11,169	2,055	1,524	(720)	804	14,028
Changes in the statement of comprehensive income						
Changes that relate to current services						
CSM recognised for services provided	-	-	(22)	44	22	22
Change in risk adjustment for non-financial risk for risk expired	-	(56)	-	-	-	(56)
Experience adjustments	(2,996)	-	-	-	-	(2,996)
Changes that relate to future services						
Contracts initially recognised in the year	1,044	146	-	(959)	(959)	231
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	12	(383)	(371)	(371)
Changes in estimates that adjust the CSM	686	(78)	(686)	78	(608)	-
Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts	(33)	-	-	-	-	(33)
Changes that relate to past services						
Adjustments to assets for incurred claims	870	-	-	-	-	870
Net expenses from reinsurance contracts	(429)	12	(696)	(1,220)	(1,916)	(2,333)
Net finance income from reinsurance contracts	361	104	25	(21)	4	469
Total changes in the statement of comprehensive income	(68)	116	(671)	(1,241)	(1,912)	(1,864)
Cash flows	325	-	-	-	-	325
Net closing balance	11,426	2,171	853	(1,961)	(1,108)	12,489
Closing assets	11,465	2,168	854	(1,961)	(1,107)	12,526
Closing liabilities	(39)	3	(1)	-	(1)	(37)
Net closing balance	11,426	2,171	853	(1,961)	(1,108)	12,489

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

4. Insurance and reinsurance contracts (cont'd.)

Movements in carrying amounts (cont'd.)

(a) Life risk - Reinsurance contracts (cont'd.)

Analysis by measurement component - Contracts not measured under PAA (cont'd.)

	31.12.2022 (Restated)					
	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	CSM			Total
			Contracts under fair value transition approach	Other contracts	Subtotal	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	12,012	1,936	154	-	154	14,102
Opening liabilities	-	-	-	-	-	-
Net opening balance	12,012	1,936	154	-	154	14,102
Changes in the statement of comprehensive income						
Changes that relate to current services						
CSM recognised for services provided	-	-	(154)	24	(130)	(130)
Change in risk adjustment for non-financial risk for risk expired	-	(97)	-	-	-	(97)
Experience adjustments	(4,266)	-	-	-	-	(4,266)
Changes that relate to future services						
Contracts initially recognised in the year	1,544	180	-	(985)	(985)	739
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	20	151	171	171
Changes in estimates that adjust the CSM	(1,622)	7	1,501	114	1,615	-
Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts	(43)	-	-	-	-	(43)
Changes that relate to past services						
Adjustments to assets for incurred claims	1,741	-	-	-	-	1,741
Net expenses from reinsurance contracts	(2,646)	90	1,367	(696)	671	(1,885)
Net finance income from reinsurance contracts	716	29	3	(24)	(21)	724
Total changes in the statement of comprehensive income	(1,930)	119	1,370	(720)	650	(1,161)
Cash flows	1,087	-	-	-	-	1,087
Net closing balance	11,169	2,055	1,524	(720)	804	14,028
Closing assets	11,214	2,052	1,515	(720)	795	14,061
Closing liabilities	(45)	3	9	-	9	(33)
Net closing balance	11,169	2,055	1,524	(720)	804	14,028

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

4. Insurance and reinsurance contracts (cont'd.)

Movements in carrying amounts (cont'd.)

(b) Participating - Insurance contracts

Analysis by remaining coverage and incurred claims

	30.06.2023			
	<u>Liabilities for remaining coverage</u>		<u>Liabilities for incurred claims</u>	<u>Total</u>
	<u>Excluding loss component</u>	<u>Loss component</u>	<u>RM'000</u>	<u>RM'000</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Opening assets	-	-	-	-
Opening liabilities	3,114,331	16,876	227,013	3,358,220
Net opening balance	<u>3,114,331</u>	<u>16,876</u>	<u>227,013</u>	<u>3,358,220</u>
Changes in the statement of comprehensive income				
Insurance revenue				
Contracts under the fair value transition approach	(95,340)	-	-	(95,340)
Other contracts	(11,028)	-	-	(11,028)
	<u>(106,368)</u>	<u>-</u>	<u>-</u>	<u>(106,368)</u>
Insurance service expenses				
Incurring claims and other insurance service expenses	3	(1,980)	99,707	97,730
Amortisation of insurance acquisition cash flows	4,201	-	-	4,201
Losses and reversal of losses on onerous contracts	-	(108)	-	(108)
Adjustments to liabilities for incurred claims	-	-	(701)	(701)
	<u>4,204</u>	<u>(2,088)</u>	<u>99,006</u>	<u>101,122</u>
Investment components	(254,553)	-	254,553	-
Insurance service result	<u>(356,717)</u>	<u>(2,088)</u>	<u>353,559</u>	<u>(5,246)</u>
Net finance expenses from insurance contracts	163,548	759	-	164,307
Income tax expenses	4,074	-	6,406	10,480
Total changes in the statement of comprehensive income	<u>(189,095)</u>	<u>(1,329)</u>	<u>359,965</u>	<u>169,541</u>
Cash flows				
Premiums received	172,109	-	-	172,109
Claims and other insurance service expenses paid, including investment components	-	-	(115,250)	(115,250)
Insurance acquisition cash flows	(18,726)	-	-	(18,726)
Total cash flows	<u>153,383</u>	<u>-</u>	<u>(115,250)</u>	<u>38,133</u>
Closing liabilities	<u>3,078,619</u>	<u>15,547</u>	<u>471,728</u>	<u>3,565,894</u>
Closing assets	-	-	-	-
Closing liabilities	3,078,619	15,547	471,728	3,565,894
Net closing balance	<u>3,078,619</u>	<u>15,547</u>	<u>471,728</u>	<u>3,565,894</u>

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

4. Insurance and reinsurance contracts (cont'd.)

Movements in carrying amounts (cont'd.)

(b) Participating - Insurance contracts (cont'd.)

Analysis by remaining coverage and incurred claims (cont'd.)

	31.12.2022 (Restated)			
	<u>Liabilities for remaining coverage</u>		Liabilities for	
	Excluding	Loss	incurred	Total
	loss component	component	claims	RM'000
	RM'000	RM'000	RM'000	RM'000
Opening assets	-	-	-	-
Opening liabilities	3,369,893	-	193,192	3,563,085
Opening liabilities	<u>3,369,893</u>	<u>-</u>	<u>193,192</u>	<u>3,563,085</u>
Changes in the statement of comprehensive income				
Insurance revenue				
Contracts under the fair value transition approach	(192,423)	-	-	(192,423)
Other contracts	(1,203)	-	-	(1,203)
	<u>(193,626)</u>	<u>-</u>	<u>-</u>	<u>(193,626)</u>
Insurance service expenses				
Incurred claims and other insurance service expenses	(365)	(8)	150,025	149,652
Amortisation of insurance acquisition cash flows	4,455	-	-	4,455
Losses and reversal of losses on onerous contracts	-	16,817	-	16,817
Adjustments to liabilities for incurred claims	-	-	(2,090)	(2,090)
	<u>4,090</u>	<u>16,809</u>	<u>147,935</u>	<u>168,834</u>
Investment components	<u>(375,807)</u>	<u>-</u>	<u>375,807</u>	<u>-</u>
Insurance service result	<u>(565,343)</u>	<u>16,809</u>	<u>523,742</u>	<u>(24,792)</u>
Net finance expenses from insurance contracts	28,978	67	-	29,045
Income tax expenses	(3,875)	-	1,607	(2,268)
Total changes in the statement of comprehensive income	<u>(540,240)</u>	<u>16,876</u>	<u>525,349</u>	<u>1,985</u>
Cash flows				
Premiums received	331,769	-	-	331,769
Claims and other insurance service expenses paid, including investment components	-	-	(491,528)	(491,528)
Insurance acquisition cash flows	(47,658)	-	-	(47,658)
Others - unallocated cash flows	567	-	-	567
Total cash flows	<u>284,678</u>	<u>-</u>	<u>(491,528)</u>	<u>(206,850)</u>
Closing liabilities	<u>3,114,331</u>	<u>16,876</u>	<u>227,013</u>	<u>3,358,220</u>
Closing assets	-	-	-	-
Closing liabilities	3,114,331	16,876	227,013	3,358,220
Net closing balance	<u>3,114,331</u>	<u>16,876</u>	<u>227,013</u>	<u>3,358,220</u>

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

4. Insurance and reinsurance contracts (cont'd.)

Movements in carrying amounts (cont'd.)

(b) Participating - Insurance contracts (cont'd.)

Analysis by measurement component - Contracts not measured under PAA

	30.06.2023					Total RM'000
	Estimate of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	CSM			
			Contracts under fair value transition approach RM'000	Other contracts RM'000	Subtotal RM'000	
Opening assets	-	-	-	-	-	-
Opening liabilities	3,112,932	57,143	181,829	6,316	188,145	3,358,220
Net opening balance	3,112,932	57,143	181,829	6,316	188,145	3,358,220
Changes in the statement of comprehensive income						
Changes that relate to current services						
CSM recognised for services provided	-	-	(15,676)	(523)	(16,199)	(16,199)
Change in risk adjustment for non-financial risk for risk expired	-	(3,254)	-	-	-	(3,254)
Experience adjustments	23,647	16	-	-	-	23,663
Revenue recognised for incurred policyholder tax expenses	(8,647)	-	-	-	-	(8,647)
Changes that relate to future services						
Contracts initially recognised in the year	(6,951)	1,642	-	5,610	5,610	301
Changes in estimates that adjust the CSM	(11,272)	(1,180)	25,103	(12,651)	12,452	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	12,164	-	(9,506)	(3,067)	(12,573)	(409)
Changes that relate to past services						
Adjustments to liabilities for incurred claims	(701)	-	-	-	-	(701)
Insurance service result	8,240	(2,776)	(79)	(10,631)	(10,710)	(5,246)
Net finance expenses from insurance contracts	162,766	1,490	32	19	51	164,307
Income tax expenses	10,480	-	-	-	-	10,480
Total changes in the statement of comprehensive income	181,486	(1,286)	(47)	(10,612)	(10,659)	169,541
Cash flows	38,133	-	-	-	-	38,133
Closing liabilities	3,332,551	55,857	181,782	(4,296)	177,486	3,565,894
Closing assets	-	-	-	-	-	-
Closing liabilities	3,332,551	55,857	181,782	(4,296)	177,486	3,565,894
Net closing balance	3,332,551	55,857	181,782	(4,296)	177,486	3,565,894

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

4. Insurance and reinsurance contracts (cont'd.)

Movements in carrying amounts (cont'd.)

(b) Participating - Insurance contracts (cont'd.)

Analysis by measurement component - Contracts not measured under PAA (cont'd.)

	31.12.2022 (Restated)					Total RM'000
	Estimate of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	CSM			
			Contracts under fair value transition approach RM'000	Other contracts RM'000	Subtotal RM'000	
Opening assets	-	-	-	-	-	-
Opening liabilities	3,269,774	70,687	222,624	-	222,624	3,563,085
Net opening balance	3,269,774	70,687	222,624	-	222,624	3,563,085
Changes in the statement of comprehensive income						
Changes that relate to current services						
CSM recognised for services provided	-	-	(29,789)	(515)	(30,304)	(30,304)
Change in risk adjustment for non-financial risk for risk expired	-	(6,267)	-	-	-	(6,267)
Experience adjustments	1,295	-	-	-	-	1,295
Revenue recognised for incurred policyholder tax expenses	(4,243)	-	-	-	-	(4,243)
Changes that relate to future services						
Contracts initially recognised in the year	(21,653)	4,684	-	18,655	18,655	1,686
Changes in estimates that adjust the CSM	27,216	(15,476)	(3,707)	(8,033)	(11,740)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	26,286	-	(7,338)	(3,817)	(11,155)	15,131
Changes that relate to past services						
Adjustments to liabilities for incurred claims	(2,090)	-	-	-	-	(2,090)
Insurance service result	26,811	(17,059)	(40,834)	6,290	(34,544)	(24,792)
Net finance expenses from insurance contracts	25,465	3,515	39	26	65	29,045
Income tax expenses	(2,268)	-	-	-	-	(2,268)
Total changes in the statement of comprehensive income	50,008	(13,544)	(40,795)	6,316	(34,479)	1,985
Cash flows	(206,850)	-	-	-	-	(206,850)
Closing liabilities	3,112,932	57,143	181,829	6,316	188,145	3,358,220
Closing assets	-	-	-	-	-	-
Closing liabilities	3,112,932	57,143	181,829	6,316	188,145	3,358,220
Net closing balance	3,112,932	57,143	181,829	6,316	188,145	3,358,220

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

4. Insurance and reinsurance contracts (cont'd.)

Movements in carrying amounts (cont'd.)

(b) Participating - Reinsurance contracts

Analysis by remaining coverage and incurred claims

	30.06.2023			
	Assets for remaining coverage			
	Excluding loss-recovery component RM'000	Loss- recovery component RM'000	Assets for incurred claims RM'000	Total RM'000
Opening assets	(9,251)	4,943	6,139	1,831
Opening liabilities	(12,728)	(471)	6,549	(6,650)
Opening assets	(21,978)	4,472	12,687	(4,819)
Changes in the statement of comprehensive income				
Allocation of reinsurance				
premiums paid	(9,256)	-	-	(9,256)
Amounts recoverable from reinsurers				
Recoveries of incurred claims and other insurance service expenses	-	-	90	90
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	(1,030)	-	(1,030)
Adjustments to assets for incurred claims	-	-	8,655	8,655
	-	(1,030)	8,745	7,715
Investment components	(321)	-	321	-
Net expenses from reinsurance contracts	(9,577)	(1,030)	9,066	(1,541)
Net finance income from reinsurance contracts	(301)	-	-	(301)
Total changes in the statement of comprehensive income	(9,878)	(1,030)	9,066	(1,842)
Cash flows				
Premiums paid	7,665	-	-	7,665
Amounts received	-	-	(9,236)	(9,236)
Total cash flows	7,665	-	(9,236)	(1,571)
Closing assets	(24,191)	3,442	12,517	(8,232)
Closing assets	(4,557)	3,784	1,399	626
Closing liabilities	(19,634)	(342)	11,118	(8,858)
Net closing balance	(24,191)	3,442	12,517	(8,232)

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

4. Insurance and reinsurance contracts (cont'd.)

Movements in carrying amounts (cont'd.)

(b) Participating - Reinsurance contracts (cont'd.)

Analysis by remaining coverage and incurred claims (cont'd.)

	31.12.2022 (Restated)			
	Assets for remaining coverage			
	Excluding loss-recovery component RM'000	Loss- recovery component RM'000	Assets for incurred claims RM'000	Total RM'000
Opening assets	(24,088)	-	14,273	(9,815)
Opening liabilities	-	-	-	-
Opening assets	(24,088)	-	14,273	(9,815)
Changes in the statement of comprehensive income				
Allocation of reinsurance				
premiums paid	(20,460)	-	-	(20,460)
Amounts recoverable from reinsurers				
Recoveries of incurred claims and other insurance service expenses	-	-	12,102	12,102
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	4,472	-	4,472
Adjustments to assets for incurred claims	-	-	8,299	8,299
	-	4,472	20,401	24,873
Investment components	(1,569)	-	1,569	-
Effect of changes in non-performance risk of reinsurers	-	-	-	-
Net expenses from reinsurance contracts	(22,029)	4,472	21,970	4,413
Net finance income from reinsurance contracts	775	-	-	775
Total changes in the statement of comprehensive income	(21,254)	4,472	21,970	5,188
Cash flows				
Premiums paid	23,364	-	-	23,364
Amounts received	-	-	(23,556)	(23,556)
Total cash flows	23,364	-	(23,556)	(192)
Closing assets	(21,978)	4,472	12,687	(4,819)
Closing assets	(9,251)	4,943	6,139	1,831
Closing liabilities	(12,727)	(471)	6,548	(6,650)
Net closing balance	(21,978)	4,472	12,687	(4,819)

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Notes to the unaudited condensed interim financial statements
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4. Insurance and reinsurance contracts (cont'd.)

Movements in carrying amounts (cont'd.)

(b) Participating - Reinsurance contracts (cont'd.)

Analysis by measurement component - Contracts not measured under PAA

	30.06.2023					
	Estimate of present value of future cash flows	Risk adjustment for non- financial risk	CSM			Total
			Contracts under fair value transition approach	Other contracts	Subtotal	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	(4,450)	1,777	5,150	(646)	4,504	1,831
Opening liabilities	(4,913)	1,484	(2,466)	(755)	(3,221)	(6,650)
Opening assets	(9,363)	3,261	2,684	(1,401)	1,283	(4,819)
Changes in the statement of comprehensive income						
Changes that relate to current services						
CSM recognised for services received	-	-	(98)	231	133	133
Change in risk adjustment for non-financial risk for risk expired	-	(195)	-	-	-	(195)
Experience adjustments	(9,105)	-	-	-	-	(9,105)
Changes that relate to future services						
Contracts initially recognised in the year	497	174	-	(571)	(571)	100
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	(102)	(433)	(535)	(535)
Changes in estimates that adjust the CSM	2,946	(21)	(2,697)	(228)	(2,925)	-
Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts	(594)	-	-	-	-	(594)
Changes that relate to past services						
Adjustments to assets for incurred claims	8,655	-	-	-	-	8,655
Net expenses from reinsurance contracts	2,399	(42)	(2,897)	(1,001)	(3,898)	(1,541)
Net finance income from reinsurance contracts	(465)	125	65	(26)	39	(301)
Total changes in the statement of comprehensive income	1,934	83	(2,832)	(1,027)	(3,859)	(1,842)
Cash flows	(1,571)	-	-	-	-	(1,571)
Closing assets	(9,000)	3,344	(148)	(2,428)	(2,576)	(8,232)
Closing assets	(994)	375	1,686	(441)	1,245	626
Closing liabilities	(8,006)	2,969	(1,834)	(1,987)	(3,821)	(8,858)
Net closing balance	(9,000)	3,344	(148)	(2,428)	(2,576)	(8,232)

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Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

4. Insurance and reinsurance contracts (cont'd.)

Movements in carrying amounts (cont'd.)

(b) Participating - Reinsurance contracts (cont'd.)

Analysis by measurement component - Contracts not measured under PAA (cont'd.)

	Estimate of present value of future cash flows RM'000	Risk adjustment for non- financial risk RM'000	31.12.2022 (Restated)			Total RM'000
			CSM		Subtotal RM'000	
			Contracts under fair value transition approach RM'000	Other contracts RM'000		
Opening assets	(13,784)	3,660	309	-	309	(9,815)
Opening liabilities	-	-	-	-	-	-
Opening assets	(13,784)	3,660	309	-	309	(9,815)
Changes in the statement of comprehensive income						
Changes that relate to current services						
CSM recognised for services received	-	-	(465)	175	(290)	(290)
Change in risk adjustment for non-financial risk for risk expired	-	(326)	-	-	-	(326)
Experience adjustments	(7,742)	-	-	-	-	(7,742)
Changes that relate to future services						
Contracts initially recognised in the year	1,255	410	-	(1,635)	(1,635)	30
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	4,622	(179)	4,443	4,443
Changes in estimates that adjust the CSM	2,081	(552)	(1,788)	259	(1,529)	-
Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts	(1)	-	-	-	-	(1)
Changes that relate to past services						
Adjustments to assets for incurred claims	8,299	-	-	-	-	8,299
Net expenses from reinsurance contracts	3,892	(468)	2,369	(1,380)	989	4,413
Net finance income from reinsurance contracts	721	69	6	(21)	(15)	775
Total changes in the statement of comprehensive income	4,613	(399)	2,375	(1,401)	974	5,188
Cash flows	(192)	-	-	-	-	(192)
Closing assets	(9,363)	3,261	2,684	(1,401)	1,283	(4,819)
Closing assets	(4,450)	1,777	5,150	(646)	4,504	1,831
Closing liabilities	(4,913)	1,484	(2,466)	(755)	(3,221)	(6,650)
Net closing balance	(9,363)	3,261	2,684	(1,401)	1,283	(4,819)

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

4. Insurance and reinsurance contracts (cont'd.)

Movements in carrying amounts (cont'd.)

(c) Non-life - Insurance contracts

Analysis by remaining coverage and incurred claims

	<u>Liabilities for remaining coverage</u>		<u>Liabilities for incurred claims</u>		<u>Total</u> RM'000
	<u>Excluding loss component</u> RM'000	<u>Loss component</u> RM'000	<u>Estimates of present value of future cash flows</u> RM'000	<u>Risk adjustment for non-financial risk</u> RM'000	
Opening assets	(31,773)	-	930	625	(30,218)
Opening liabilities	109,020	1,252	41,333	52,139	203,744
Opening liabilities	77,247	1,252	42,263	52,764	173,526
Changes in the statement of comprehensive income					
Insurance revenue	(79,157)	-	(89)	-	(79,246)
Insurance service expenses					
Incurred claims and other insurance service expenses	-	-	72,650	(7,919)	64,731
Insurance acquisition cash flows	11,142	-	-	-	11,142
Losses and reversal of losses on onerous contracts	-	583	-	-	583
Adjustments to liabilities for incurred claims	-	-	(351)	-	(351)
	11,142	583	72,299	(7,919)	76,105
Investment components	(2,359)	-	2,359	-	-
Insurance service result	(70,374)	583	74,569	(7,919)	(3,141)
Net finance expenses from insurance contracts	1,650	-	-	-	1,650
Total changes in the statement of comprehensive income	(68,724)	583	74,569	(7,919)	(1,491)
Cash flows					
Premiums received	82,852	-	-	-	82,852
Claims and other insurance service expenses paid	-	-	(77,683)	-	(77,683)
Insurance acquisition cash flows	(11,423)	-	-	-	(11,423)
Total cash flows	71,429	-	(77,683)	-	(6,254)
Closing liabilities	79,952	1,835	39,149	44,845	165,781
Closing assets	(28,124)	318	929	-	(26,877)
Closing liabilities	108,076	1,517	38,220	44,845	192,658
Net closing balance	79,952	1,835	39,149	44,845	165,781

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

4. Insurance and reinsurance contracts (cont'd.)

Movements in carrying amounts (cont'd.)

(c) Non-life - Insurance contracts (cont'd.)

Analysis by remaining coverage and incurred claims (cont'd.)

	31.12.2022 (Restated)				
	<u>Liabilities for remaining coverage</u>		<u>Liabilities for incurred claims</u>		Total
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	-	-	-	-	-
Opening liabilities	72,425	2,847	37,179	49,749	162,200
Opening liabilities	72,425	2,847	37,179	49,749	162,200
Changes in the statement of comprehensive income					
Insurance revenue	(219,886)	-	(471)	-	(220,357)
Insurance service expenses					
Incurred claims and other insurance service expenses	-	-	141,424	3,015	144,439
Insurance acquisition cash flows	43,090	-	-	-	43,090
Losses and reversal of losses on onerous contracts	-	(1,595)	-	-	(1,595)
Adjustments to liabilities for incurred claims	-	-	(1,731)	-	(1,731)
	43,090	(1,595)	139,693	3,015	184,203
Investment components	(3,914)	-	3,914	-	-
Insurance service result	(180,710)	(1,595)	143,136	3,015	(36,154)
Net finance expenses from insurance contracts	3,342	-	-	-	3,342
Total changes in the statement of comprehensive income	(177,368)	(1,595)	143,136	3,015	(32,812)
Cash flows					
Premiums received	223,976	-	-	-	223,976
Claims and other insurance service expenses paid	-	-	(138,052)	-	(138,052)
Insurance acquisition cash flows	(41,786)	-	-	-	(41,786)
Total cash flows	182,190	-	(138,052)	-	44,138
Closing liabilities	77,247	1,252	42,263	52,764	173,526
Closing assets	(31,773)	-	930	625	(30,218)
Closing liabilities	109,020	1,252	41,333	52,139	203,744
Net closing balance	77,247	1,252	42,263	52,764	173,526

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

4. Insurance and reinsurance contracts (cont'd.)

Movements in carrying amounts (cont'd.)

(c) Non-life - Reinsurance contracts

Analysis by remaining coverage and incurred claims

	<u>Liabilities for remaining coverage</u>		30.06.2023		
	<u>Excluding loss component</u>	<u>Loss component</u>	<u>Liabilities for incurred claims</u>	<u>Risk adjustment for non-financial risk</u>	<u>Total</u>
	RM'000	RM'000	Estimates of present value of future cash flows RM'000	RM'000	RM'000
Opening assets	24,397	837	4,451	-	29,685
Opening liabilities	(30,185)	-	10,057	3,948	(16,180)
Opening assets	(5,788)	837	14,508	3,948	13,505
Changes in the statement of comprehensive income					
Allocation of reinsurance premiums paid	(26,699)	-	-	-	(26,699)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses	-	-	20,248	(284)	19,964
Recoveries and reversal of recoveries of claims on onerous contracts	(74)	501	-	-	427
Adjustments to assets for incurred claims	-	-	2,786	-	2,786
	(74)	501	23,034	(284)	23,177
Reinsurance investment components	(7)	-	7	-	-
Net expenses from reinsurance contracts	(26,780)	501	23,041	(284)	(3,522)
Net finance income from reinsurance contracts	44	-	-	-	44
Total changes in the statement of comprehensive income	(26,736)	501	23,041	(284)	(3,478)
Cash flows					
Premiums paid	3,467	-	-	-	3,467
Amounts received	-	-	(2,914)	-	(2,914)
Total cash flows	3,467	-	(2,914)	-	553
Closing assets	(29,057)	1,338	34,635	3,664	10,580
Closing assets	24,229	1,338	4,330	-	29,897
Closing liabilities	(53,286)	-	30,305	3,664	(19,317)
Net closing balance	(29,057)	1,338	34,635	3,664	10,580

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

4. Insurance and reinsurance contracts (cont'd.)

Movements in carrying amounts (cont'd.)

(c) Non-life - Reinsurance contracts (cont'd.)

Analysis by remaining coverage and incurred claims (cont'd.)

	31.12.2022 (Restated)				
	<u>Liabilities for remaining coverage</u>		<u>Liabilities for incurred claims</u>		Total
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	7,068	911	5,131	6,782	19,892
Opening liabilities	-	-	-	-	-
Opening assets	7,068	911	5,131	6,782	19,892
Changes in the statement of comprehensive income					
Allocation of reinsurance premiums paid	(43,032)	-	-	-	(43,032)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses	-	-	25,284	(2,834)	22,450
Recoveries and reversal of recoveries of claims on onerous contracts	-	(74)	-	-	(74)
Adjustments to assets for incurred claims	-	-	9,804	-	9,804
	-	(74)	35,088	(2,834)	32,180
Reinsurance investment components	(524)	-	524	-	-
Net expenses from reinsurance contracts	(43,556)	(74)	35,612	(2,834)	(10,852)
Net finance income from reinsurance contracts	34	-	-	-	34
Total changes in the statement of comprehensive income	(43,522)	(74)	35,612	(2,834)	(10,818)
Cash flows					
Premiums paid	30,666	-	-	-	30,666
Amounts received	-	-	(26,235)	-	(26,235)
Total cash flows	30,666	-	(26,235)	-	4,431
Closing assets	(5,788)	837	14,508	3,948	13,505
Closing assets	24,397	837	4,451	-	29,685
Closing liabilities	(30,185)	-	10,057	3,948	(16,180)
Net closing balance	(5,788)	837	14,508	3,948	13,505

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

4. Insurance and reinsurance contracts (cont'd.)

Effect of contracts initially recognised in the year

(a) Life risk

Insurance contracts

	30.06.2023		
	Profitable contracts issued	Onerous contracts issued	Total
	RM'000	RM'000	RM'000
Claims and other insurance service expenses payable	39,011	6,406	45,417
Insurance acquisition cash flows	8,863	556	9,419
Estimates of present value of cash outflows	47,874	6,962	54,836
Estimates of present value of cash inflows	(62,978)	(6,578)	(69,556)
Risk adjustment for non-financial risk	754	87	841
CSM	14,350	-	14,350
Losses recognised on initial recognition	-	471	471

	31.12.2022 (Restated)		
	Profitable contracts issued	Onerous contracts issued	Total
	RM'000	RM'000	RM'000
Claims and other insurance service expenses payable	53,317	9,004	62,321
Insurance acquisition cash flows	11,954	836	12,790
Estimates of present value of cash outflows	65,271	9,840	75,111
Estimates of present value of cash inflows	(88,340)	(9,191)	(97,531)
Risk adjustment for non-financial risk	901	110	1,011
CSM	22,168	-	22,168
Losses recognised on initial recognition	-	759	759

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

4. Insurance and reinsurance contracts (cont'd.)

Effect of contracts initially recognised in the year (cont'd.)

(a) Life risk (cont'd.)

Reinsurance contracts

	30.06.2023		
	Contracts initiated without loss-recovery component RM'000	Contracts initiated with loss-recovery component RM'000	Total RM'000
Estimates of present value of cash inflows	2,746	2,159	4,905
Estimates of present value of cash outflows	(2,530)	(1,331)	(3,861)
Risk adjustment for non-financial risk	76	70	146
Income recognised on initial recognition	-	(231)	(231)
CSM	292	667	959

	31.12.2022 (Restated)		
	Contracts initiated without loss-recovery component RM'000	Contracts initiated with loss-recovery component RM'000	Total RM'000
Estimates of present value of cash inflows	3,858	3,011	6,869
Estimates of present value of cash outflows	(3,568)	(1,757)	(5,325)
Risk adjustment for non-financial risk	103	77	180
Income recognised on initial recognition	-	(739)	(739)
CSM	393	592	985

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

4. Insurance and reinsurance contracts (cont'd.)

Effect of contracts initially recognised in the year (cont'd.)

(b) Participating

Insurance contracts

	30.06.2023		
	Profitable contracts issued	Onerous contracts issued	Total
	RM'000	RM'000	RM'000
Claims and other insurance service expenses payable	97,183	6,584	103,767
Insurance acquisition cash flows	19,425	1,773	21,198
Estimates of present value of cash outflows	116,608	8,357	124,965
Estimates of present value of cash inflows	(123,690)	(8,226)	(131,916)
Risk adjustment for non-financial risk	1,472	170	1,642
CSM	5,610	-	5,610
Losses recognised on initial recognition	-	301	301

	31.12.2022 (Restated)		
	Profitable contracts issued	Onerous contracts issued	Total
	RM'000	RM'000	RM'000
Claims and other insurance service expenses payable	162,232	21,814	184,046
Insurance acquisition cash flows	37,160	8,269	45,429
Estimates of present value of cash outflows	199,392	30,083	229,475
Estimates of present value of cash inflows	(222,430)	(28,698)	(251,128)
Risk adjustment for non-financial risk	4,383	301	4,684
CSM	18,655	-	18,655
Losses recognised on initial recognition	-	1,686	1,686

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

4. Insurance and reinsurance contracts (cont'd.)

Effect of contracts initially recognised in the year (cont'd.)

(b) Participating (cont'd.)

Reinsurance contracts

	30.06.2023		
	Contracts initiated without loss-recovery component RM'000	Contracts initiated with loss-recovery component RM'000	Total RM'000
Estimates of present value of cash inflows	6,151	473	6,624
Estimates of present value of cash outflows	(5,713)	(414)	(6,127)
Risk adjustment for non-financial risk	163	11	174
Income recognised on initial recognition	-	(100)	(100)
CSM	601	(30)	571

	31.12.2022 (Restated)		
	Contracts initiated without loss-recovery component RM'000	Contracts initiated with loss-recovery component RM'000	Total RM'000
Estimates of present value of cash inflows	15,795	111	15,906
Estimates of present value of cash outflows	(14,549)	(102)	(14,651)
Risk adjustment for non-financial risk	407	3	410
Income recognised on initial recognition	-	(30)	(30)
CSM	1,653	(18)	1,635

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

4. Insurance and reinsurance contracts (cont'd.)

Significant judgements and estimates

1. Fulfilment cash flows

Fulfilment cash flows comprise:

- estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risk.

The Company's objective in estimating future cash flows is to determine the expected value of fulfillment that reflects the company's best estimate, plus explicit risk adjustments that reflect the company's estimate for non-financial risk.

Estimates of future cash flows

In estimating future cash flows, the Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Company's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, the Company takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted. The Company derives cost inflation assumptions from the inflation margin, added onto the base risk-free yield.

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

4. Insurance and reinsurance contracts (cont'd.)

Significant judgements and estimates (cont'd.)

1. Fulfilment cash flows (cont'd.)

Estimates of future cash flows (cont'd.)

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include:

- claims handling, maintenance and administration costs;
- recurring commissions payable on instalment premiums receivable within the contract boundary;
- costs that the Company will incur in providing investment services;
- costs that the Company will incur in performing investment activities to the extent that the Company performs them to enhance benefits from insurance coverage for policyholders by generating an investment return from which policyholders will benefit if an insured event occurs; and
- income tax and other costs specifically chargeable to the policyholders under the terms of the contracts.

Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows are attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. The Company generally allocates insurance acquisition cash flows to groups of contracts based on the total premiums for each group, claims handling costs based on the number of claims for each group, and maintenance and administration costs based on the number of in-force contracts within each group. Other costs are recognised in profit or loss as they are incurred.

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

4. Insurance and reinsurance contracts (cont'd.)

Significant judgements and estimates (cont'd.)

1. Fullfiment cash flows (cont'd.)

Contract boundaries

The assessment of the contract boundary, which defines which future cash flows are included in the measurement of a contract, requires judgement and consideration of the Company's substantive rights and obligations under the contract.

Insurance contracts	Some term assurance and critical illness contracts issued by the Company have annual terms that are guaranteed to be renewable each year. The Company determines that the cash flows related to future renewals (i.e. the guaranteed renewable terms) of these contracts are outside the contract boundary. This is because the premium charged for each year reflects the Company's expectation of its exposure to risk for that year and, on renewal, the Company can reprice the premium to reflect the reassessed risks for the next year based on claims experience and expectations for the respective portfolio. Any renewal of the contract is treated as a new contract and is recognised, separately from the initial contract, when the recognition criteria are met.
Reinsurance contracts	<p>Each of the Company's quota share reinsurance contracts has an annual term, covers underlying contracts issued within the term on a risk-attaching basis and provides unilateral rights to both the Company and the reinsurer to terminate the cession of new business at any time by giving three months' notice to the other party. On initial recognition, the cash flows within the reinsurance contract boundary are determined to be those arising from underlying contracts that the Company expects to issue and cede under the reinsurance contract within the next three months. Subsequently, expected cash flows beyond the end of this initial notice period are considered cash flows of new reinsurance contracts and are recognised, separately from the initial contract, as they fall within the rolling three-month notice period.</p> <p>Each of the Company's excess of loss and stop loss reinsurance contracts has an annual term and covers claims from underlying contracts incurred within the year (i.e. loss occurring). Cash flows within the contract boundary are those arising from underlying claims incurred during the year.</p>

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

4. Insurance and reinsurance contracts (cont'd.)

Significant judgements and estimates (cont'd.)

1. Fullfiment cash flows (cont'd.)

Life risk and participating contracts

Assumptions about mortality/longevity, morbidity and policyholder behaviour that are used in estimating future cash flows are developed by product type at local entity level, reflecting recent experience and the profiles of policyholders within a group of insurance contracts.

Mortality/longevity and morbidity assumptions are generally developed using a blend of national mortality data, industry trends and the local entity's recent experience. Experience is monitored through regular studies, the results of which are reflected both in the pricing of new products and in the measurement of existing contracts.

	Underwritten	Auto-accepted	EPF Annuity
2023			
Male	128% of Malaysian M2011-2013 (M)	Reinsurance Risk Rates	120% of A90(M)
Female	108% of Malaysian M2011-2013 (F)	Reinsurance Risk Rates	120% of A90(F)
2022			
Male	128% of Malaysian M2011-2013 (M)	Reinsurance Risk Rates	120% of A90(M)
Female	108% of Malaysian M2011-2013 (F)	Reinsurance Risk Rates	120% of A90(F)

The assumptions used, including loss ratios and future claims inflation, are derived from the historical experience, although judgement is applied to assess the extent to which past trends might not apply in the future and future trends are expected to emerge.

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

4. Insurance and reinsurance contracts (cont'd.)

Significant judgements and estimates (cont'd.)

1. Fullfiment cash flows (cont'd.)

Discount rates

Cash flows arising from participating contracts is discounted using the best estimate fund-based investment return. The assets that back the cash flow varying based on the returns of the underlying are not held seperately from the asset that back the cash flow that do not vary based on the returns of the underlying. Applying MFRS17 B77 we apply the discount rate that is appropriate for the cash flows as a whole, and the discount rate reflects the variability of the cash flows.

All other cash flows are discounted using risk-free yield curve observed and published via the Bond Pricing Agency of Malaysia. The yield curve is interpolated between the last available market data point and an ultimate forward rate, which reflects long-term real interest rate and inflation expectations.

As at the Valuation Date the risk-free yields are obtained as below:

Years to Maturity	1	2	3	5	7	10	15	20
Yearly Rate	3.27%	3.38%	3.50%	3.62%	3.78%	3.92%	4.08%	4.18%

Illiquidity Premium

To reflect the liquidity characteristics of the insurance contracts, the risk-free yield curves are adjusted by an illiquidity premium where applicable to certain contract groups that are assessed as "illiquid contracts". Illiquidity premiums calculatd by comparing the expected investment profile of the contract group, and taking the excess return under the expected investment profile over the risk-free yield.

As at the Valuation Date we deteremined that 3 of our contract groups are assessed to be "illiquid" and we apply an illiquidity premium of 0.15% onto the yearly discount rate. These contract groups are:

- non-participating Whole Life and Endowment contracts that do not carry any unitised account;
- group mortgage contracts; and
- individual investment-linked contracts with significant riders attached.

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

4. Insurance and reinsurance contracts (cont'd.)

Significant judgements and estimates (cont'd.)

I. Fullfiment cash flows (cont'd.)

Risk adjustments for non-financial risk

Risk adjustments for non-financial risk are determined to reflect the compensation that the individual issuing entity would require for bearing non-financial risk, separately for the non-life and other contracts, and are allocated to groups of contracts based on an analysis of the risk profiles of the groups.

The approach of determing the fulfillment with risk adjustment is via adjustments in the projection assumptions used for the BEL FCF. The amount of RA would then be:

- VFA (participating): the excess of the discounted value of the total FCF projected at BEL+RA level over the discounted value at BEL;
- VFA (investment-linked): the excess of the discounted value of the entity FCF projected at BEL+RA level over the discounted value at BEL;
- GMM: the excess of the discounted value of the FCF projected at BEL+RA level over the discounted value at BEL; and
- PAA: the excess of the undiscounted value of the liability for remaining coverage at the BEL+RA level over the liability for remaining coverage at BEL.

II. Contractual service margin

Determination of coverage units

The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each year based on the number of coverage units provided in the year, which is determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

For all contracts, the basis for determining the coverage unit is driven by the level of contractual benefits that the entity is obliged to pay to the policyholder.

Type of contract	Basis for driving coverage unit
Participating Annuity	(before annuity commences) surrender value, or mortality benefit if higher (after annuity commences) discounted value of life annuity
Participating others	Max (surrender value, asset share, insurance benefit)
Non-participating	Max (surrender value, insurance benefit)
Investment-linked	Insurance benefit
Medical contracts	Remaining claimable medical benefit

Risk mitigation option

The Company uses reinsurance contracts to mitigate the insurance risk.

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

4. Insurance and reinsurance contracts (cont'd.)

Significant judgements and estimates (cont'd.)

III. Investment components

The Company identifies the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. These include circumstances in which an insured event occurs or the contract matures or is terminated without an insured event occurring. Investment components are excluded from insurance revenue and insurance service expenses.

For reinsurance contracts held, the investment component is an amount that the Company would receive under all possible scenarios, whether had there been no claims recovered, small claims recovered (resulting in a reinsurance profit sharing being paid) or excessive claims recovered (resulting in a reinsurance loss carried forward).

IV. Fair value of insurance contracts

The Company has applied the fair value approach on transition to MFRS 17. The Company has measured the fair value of insurance contracts as the sum of (a) the present value of the net cash flows expected to be generated by the contracts, determined using a discounted cash flow technique; and (b) an additional margin, determined using a confidence level technique.

The cash flows considered in the fair value measurement are consistent with those that were within the contract boundary. Therefore, the cash flows related to expected future renewals of insurance contracts are not considered in determining the fair value of those contracts if they are outside the contract boundary.*a

The Company's approach to measuring fair value differs from the MFRS 17 requirements for measuring fulfilment cash flows in certain respects. These differences gave rise to a CSM at the date of acquisition or transition. In particular, in measuring fair value the Company:

- considers the cash flows included in the measurement of fulfilment cash flows but adjusts them to reflect the perspective of market participants. For example, expense cash flows are increased to cover a reasonable level of general overheads that are not directly attributable to fulfilling the insurance contracts but that a market participant acquiring the contracts would expect to bear; and
- uses the risk free discount rates applied in measuring fulfilment cash flows but increases the rates to reflect the effect of the Company's non-performance risk.

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

4. Insurance and reinsurance contracts (cont'd.)

Contractual service margin

	30.06.2023							
	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	More than 10 years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Insurance contracts								
Life risk	3,882	3,408	3,175	2,916	2,683	10,844	15,103	42,011
Participating	29,093	24,461	20,980	17,960	15,328	47,664	22,000	177,486
	<u>32,975</u>	<u>27,869</u>	<u>24,155</u>	<u>20,876</u>	<u>18,011</u>	<u>58,508</u>	<u>37,103</u>	<u>219,497</u>
Reinsurance contracts								
Life risk	93	82	73	67	61	232	500	1,108
Participating	297	206	168	144	124	405	1,232	2,576
	<u>390</u>	<u>288</u>	<u>241</u>	<u>211</u>	<u>185</u>	<u>637</u>	<u>1,732</u>	<u>3,684</u>
	31.12.2022 (Restated)							
	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	More than 10 years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Insurance contracts								
Life risk	4,215	3,715	3,474	3,212	2,979	11,970	16,913	46,478
Participating	27,680	23,241	20,142	17,367	14,929	47,394	37,392	188,145
	<u>31,895</u>	<u>26,956</u>	<u>23,616</u>	<u>20,579</u>	<u>17,908</u>	<u>59,364</u>	<u>54,305</u>	<u>234,623</u>
Reinsurance contracts								
Life risk	91	77	65	55	47	162	307	804
Participating	173	135	109	88	70	229	479	1,283
	<u>264</u>	<u>212</u>	<u>174</u>	<u>143</u>	<u>117</u>	<u>391</u>	<u>786</u>	<u>2,087</u>

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5. Subordinated notes

	30.06.2023	31.12.2022
	RM'000	RM'000
		Restated
RM200.0 million Tier 2 subordinated notes, net of expenses	199,018	198,973
Add: interest payable	29	87
	<u>199,047</u>	<u>199,060</u>

In 29 December 2021, the Company issued subordinated notes of RM200.0 million nominal value for a period of 10 years on a 10 non-callable 5 basis with a coupon rate of 5.30% per annum.

The subordinated notes are unsecured liabilities and classified as Tier 2 capital under Risk Based Capital Framework for Insurers.

Reconciliation of changes in liabilities arising from financing activities:

	30.06.2023	31.12.2022
	RM'000	RM'000
		Restated
At 1 January	199,060	199,035
Issuance	-	-
Transaction cost	-	(58)
Amortisation of transaction cost	45	83
Accrued interest	5,257	10,600
Interest paid	(5,315)	(10,600)
At 30 June	<u>199,047</u>	<u>199,060</u>

The fair value of subordinated notes are amounted to RM222,004,000, estimated based on discounted cash flow model using current yield curve appropriate for the remaining term to maturity.

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6. Insurance revenue

	Life risk		Participating		Non-life		Total	
	01.01.2023 to 30.06.2023 RM'000	01.01.2022 to 30.06.2022 RM'000 Restated	01.01.2023 to 30.06.2023 RM'000	01.01.2022 to 30.06.2022 RM'000 Restated	01.01.2023 to 30.06.2023 RM'000	01.01.2022 to 30.06.2022 RM'000 Restated	01.01.2023 to 30.06.2023 RM'000	01.01.2022 to 30.06.2022 RM'000 Restated
Contracts not measured under the PAA								
Amounts relating to changes in liabilities for remaining coverage								
- CSM recognised for services provided	1,996	1,768	16,199	10,370	-	-	18,195	12,138
- Change in risk adjustment for non-financial risk for risk expired	347	372	3,209	2,998	-	-	3,556	3,370
- Expected incurred claims and other insurance service expenses	18,823	18,919	74,284	74,449	-	-	93,107	93,368
Other	(18)	16	8,475	512	-	-	8,457	528
Recovery of insurance acquisition cash flows	1,024	186	4,201	1,105	-	-	5,225	1,291
	<u>22,172</u>	<u>21,261</u>	<u>106,368</u>	<u>89,434</u>	<u>-</u>	<u>-</u>	<u>128,540</u>	<u>110,695</u>
Contracts measured under the PAA	-	-	-	-	79,246	120,938	79,246	120,938
Total insurance revenue	<u>22,172</u>	<u>21,261</u>	<u>106,368</u>	<u>89,434</u>	<u>79,246</u>	<u>120,938</u>	<u>207,786</u>	<u>231,633</u>

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7. Insurance service expense

	Life risk		Participating		Non-life		Total	
	01.01.2023 to 30.06.2023 RM'000	01.01.2022 to 30.06.2022 RM'000 Restated	01.01.2023 to 30.06.2023 RM'000	01.01.2022 to 30.06.2022 RM'000 Restated	01.01.2023 to 30.06.2023 RM'000	01.01.2022 to 30.06.2022 RM'000 Restated	01.01.2023 to 30.06.2023 RM'000	01.01.2022 to 30.06.2022 RM'000 Restated
Insurance service expense								
Incurring claims and other insurance service expense								
- Reported claims	8,895	6,730	46,918	29,077	57,272	50,269	113,085	86,076
- IBNR & RA	(85)	(10)	(2,675)	(7)	(7,918)	24,609	(10,678)	24,592
- Insurance acquisition expense_PAA	-	-	-	-	11,142	37,933	11,142	37,933
- Insurance acquisition expense experience adjustment	18	10	4	(60)	-	-	22	(50)
- Incurred maintenance expenses	9,534	9,682	53,483	49,595	15,377	10,798	78,394	70,075
	<u>18,362</u>	<u>16,412</u>	<u>97,730</u>	<u>78,605</u>	<u>75,873</u>	<u>123,609</u>	<u>191,965</u>	<u>218,626</u>
Amortisation of insurance acquisition cash flows	1,024	186	4,201	1,105	-	-	5,225	1,291
Lossess and reversal of losses on onerous contracts	654	372	(108)	23,503	583	2,271	1,129	26,146
Adjustments to liabilities for incurred claims	43	(458)	(701)	(861)	(351)	(2,173)	(1,009)	(3,492)
Total insurance service expense	<u>20,083</u>	<u>16,512</u>	<u>101,122</u>	<u>102,352</u>	<u>76,105</u>	<u>123,707</u>	<u>197,310</u>	<u>242,571</u>

Notes to the unaudited condensed interim financial statements
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8. Net expenses from reinsurance contracts

	01.01.2023 to 30.06.2023			Total RM'000
	Life risk RM'000	Participating RM'000	Non-life RM'000	
Allocation of reinsurance premiums	3,034	9,256	26,699	38,989
Amounts recoverable from reinsurers				
Recoveries of incurred claims and other insurance service expenses	(4)	(90)	(19,964)	(20,058)
Recoveries and reversal of recoveries of claims on onerous contracts	173	1,030	(427)	776
Adjustment to assets for incurred claims	(870)	(8,655)	(2,786)	(12,311)
Total net finance expenses from reinsurance contracts	2,333	1,541	3,522	7,396

	01.01.2022 to 30.06.2022 (Restated)			Total RM'000
	Life risk RM'000	Participating RM'000	Non-life RM'000	
Allocation of reinsurance premiums	3,195	10,272	22,215	35,682
Amounts recoverable from reinsurers				
Recoveries of incurred claims and other insurance service expenses	-	-	(7,757)	(7,757)
Recoveries and reversal of recoveries of claims on onerous contracts	(355)	(2,663)	(3,249)	(6,267)
Adjustment to assets for incurred claims	(1,679)	(7,807)	(6,557)	(16,043)
Total net finance expenses from reinsurance contracts	1,161	(198)	4,652	5,615

9. Fair value gains/(losses)

	01.01.2023 to 30.06.2023	01.01.2022 to 30.06.2022 Restated
Financial instruments:		
Malaysian Government securities	30,659	(52,309)
Government investment issues	12,971	(17,493)
Malaysian Government guaranteed bonds	17,515	(30,482)
Quoted equity securities	(30,791)	(19,236)
Quoted unit and property trust funds	51,553	(35,646)
Unquoted equity securities	1,000	1,000
Unquoted debts securities	31,999	(57,602)
	114,906	(211,768)

Notes to the unaudited condensed interim financial statements
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10. Investment return

	01.01.2023 to 30.06.2023			Total RM'000
	Life risk RM'000	Participating RM'000	Non-life RM'000	
Net finance expenses from insurance contracts				
Changes in fair value of underlying items	-	172,641	-	172,641
Experience adjustment in underlying items	-	(8,474)	-	(8,474)
Interest accretion	804	140	1,650	2,594
Total net finance expenses from insurance contracts	804	164,307	1,650	166,761
Net finance income from reinsurance contracts	(469)	301	(44)	(212)
01.01.2022 to 30.06.2022 (Restated)				
	Life risk RM'000	Participating RM'000	Non-life RM'000	Total RM'000
Net finance expenses from insurance contracts				
Changes in fair value of underlying items	-	(123,456)	-	(123,456)
Experience adjustment in underlying items	-	17,139	-	17,139
Interest accretion	(9,647)	3,135	1,619	(4,893)
Total net finance expenses from insurance contracts	(9,647)	(103,182)	1,619	(111,210)
Net finance income from reinsurance contracts	274	(461)	(13)	(200)

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11. Earnings per share

Earnings per share is calculated by dividing profit for the financial period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial period.

	01.01.2023	01.01.2022
	to	to
	30.06.2023	30.06.2022
		Restated
Profit/(Loss) attributable to ordinary equity holders: (RM'000)	11,714	(24,138)
Weighted average number of shares in issue ('000)	100,284	100,284
Basic and diluted earnings per share: (sen)	<u>11.68</u>	<u>(24.07)</u>

There were no potential dilutive ordinary shares as at the reporting date.

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

12. Capital commitments

	30.06.2023	31.12.2022
	RM'000	RM'000
Approved and contracted for:		
Property and equipment	<u>569</u>	<u>-</u>
Approved but not contracted for:		
Property and equipment	<u>54,925</u>	<u>65,312</u>

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13. Significant related party disclosures

(a) Related parties

The related parties and their relationship with the Company as at 30 June 2023 are as follows:

Name	Relationship
Sanlam Life Insurance Limited	Holding company of SEM
Sanlam Emerging Markets Proprietary Limited ("SEM")	Immediate holding company
SEM South East Asia Sdn Bhd	Subsidiary of SEM
Pacific & Orient Insurance Co. Berhad	Associate of SEM
Koperasi MCIS Berhad	Corporate shareholder

The Directors are of the opinion that the related party transactions were carried out on terms and conditions no more favourable than those available on similar transactions with unrelated parties, unless otherwise stated.

	01.01.2023 to 30.06.2023 RM'000	01.01.2022 to 30.06.2022 RM'000 Restated
Transactions with related parties:		
(i) Rental and utility expenses		
Koperasi MCIS Berhad	<u>(2,019)</u>	<u>(1,962)</u>
(ii) Premium for insurance cover paid		
Pacific & Orient Insurance Co. Berhad	<u>(49)</u>	<u>(45)</u>
(iii) Secretarial fees received/receivable		
SEM South East Asia Sdn Bhd	<u>-</u>	<u>14</u>
(vi) End-to-end watch list and sanctions screening solution service paid/payable		
SEM	<u>-</u>	<u>(21)</u>

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13. Significant related party disclosures (cont'd.)

(a) Related parties (cont'd.)

	01.01.2023 to 30.06.2023 RM'000	01.01.2022 to 30.06.2022 RM'000 Restated
Transactions with related parties (cont'd.)		
(v) Management support, internal audit support and actuarial audit paid/payable		
Sanlam Life Insurance Limited	27	(163)
	<hr/>	<hr/>
Balances with related party:		
(i) Recovery from		
SEM South East Asia Sdn Bhd	-	14
	<hr/>	<hr/>

14. Regulatory capital requirement

The capital structure of the Company as prescribed under the RBC Framework is provided below:

	30.06.2023 RM'000	31.12.2022 RM'000 Restated
<u>Tier 1 capital</u>		
Share capital (paid-up)	125,024	125,024
Reserves, including retained profits	782,036	803,153
	<hr/>	<hr/>
	907,060	928,177
<u>Tier 2 Capital</u>		
Eligible reserves	206,965	206,978
Deductions	(29,267)	(28,208)
Total capital available	<hr/>	<hr/>
	1,084,758	1,106,947

Notes to the unaudited condensed interim financial statements
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15. Fair value measurement

The following table provides the fair value measurement hierarchy of the Company's assets:

	Fair value measurement using			
	Level 1 - Quoted market price in active market	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total fair value
30 June 2023	RM'000	RM'000	RM'000	RM'000
Assets measured at fair value:				
Investment properties	-	-	300	300
FVTPL (Note 3(a)):				
Malaysian Government securities	-	979,342	-	979,342
Government investment issues	-	227,797	-	227,797
Malaysian Government guaranteed bonds	-	474,609	-	474,609
Unquoted debt securities	-	1,608,139	-	1,608,139
Quoted equity securities	337,609	-	-	337,609
Quoted exchange traded funds	197,530	-	-	197,530
Quoted unit and property trust funds	47,806	-	-	47,806
Unquoted equity securities	-	-	48,950	48,950
Unquoted unit trust funds	-	112,461	-	112,461
Deposits with financial institutions	-	288,198	-	288,198
	582,945	3,690,546	48,950	4,322,441
Assets measured at revalued amounts:				
- Property and equipment	-	-	9,755	9,755
	582,945	3,690,546	59,005	4,332,496

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

15. Fair value measurement (cont'd.)

The following table provides the fair value measurement hierarchy of the Company's assets: (cont'd.)

	Fair value measurement using			
	Level 1 - Quoted market price in active market RM'000	Level 2 - Significant observable inputs RM'000	Level 3 - Significant unobservable inputs RM'000	Total fair value RM'000
31 December 2022 (Restated)				
Assets measured at fair value:				
Investment properties	-	-	300	300
FVTPL (Note 3(a)):				
Malaysian Government securities	-	1,038,929	-	1,038,929
Government investment issues	-	214,929	-	214,929
Malaysian Government guaranteed bonds	-	487,140	-	487,140
Unquoted debt securities	-	1,506,202	-	1,506,202
Quoted equity securities	367,171	-	-	367,171
Quoted exchange traded funds	175,500	-	-	175,500
Quoted unit and property trust funds	46,945	-	-	46,945
Unquoted equity securities	-	-	47,950	47,950
Unquoted unit trust funds	-	94,604	-	94,604
Deposits with financial institutions	-	283,340	-	283,340
	589,616	3,625,144	47,950	4,262,710
Assets measured at revalued amounts:				
- Property and equipment	-	-	9,840	9,840
	589,616	3,625,144	58,090	4,272,850

The Company categorises its fair value measurements in accordance to the fair value hierarchy which is based on the priority of inputs to the valuation. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets, a lower priority to valuation techniques based on observable inputs and the lowest priority to valuation techniques based on unobservable inputs. An active market for the asset is a market in which transactions for the asset occur with sufficient frequency and volume to provide reliable pricing information on an on-going basis.

Notes to the unaudited condensed interim financial statements
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15. Fair value measurement (cont'd.)

A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three-level hierarchy is defined as follows:

Level 1 - Quoted prices in active markets

Fair value measurements that reflect unadjusted, quoted prices in active markets for identical assets that the Company has the ability to access at the measurement date. Valuations are based on quoted prices reflecting market transactions involving assets or liabilities identical to those being measured.

Level 2 - Valuation technique supported by observable inputs

Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the financial asset or financial liabilities, either directly or indirectly. These include quoted prices for similar financial assets and financial liabilities in active markets, quoted prices for identical or similar financial assets and financial liabilities in inactive markets, inputs that are observable that are no prices (such as interest rates, credit risks, etc.) and inputs that are derived from or corroborated by observable market data.

Level 3 - Valuation technique supported by unobservable inputs

Fair value measurements using significant non market observable inputs. These include valuations for financial assets and financial liabilities that are derived using data, some or all of which is not market observable, including assumptions about risks.

There has been no transfers of financial assets between Level 1 and Level 2 during the six-month period/year ended 30 June 2023 and 31 December 2022.

Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

15. Fair value measurement (cont'd.)

Reconciliation from opening to closing balances of Level 3 fair value hierarchy is provided as follows:

Valuation methods and assumptions for properties and investment properties

Revalued properties

The revalued land and buildings consist of office building, shop office and an apartment, which are located in various states in Malaysia.

The fair value of the properties was determined by using the cost method, other than fair value of an apartment which was determined by using the sales comparison method. Under the cost method, the apportionment value attributable to the land is adopted whilst making due allowances for factors such as location, plot, size, accessibility and other relevant factors in determining the value of the land, while current estimates on construction costs to erect equivalent buildings. Appropriate adjustments are then made for factors of obsolescence and existing physical condition of the building in determining the cost of the building. The comparison method entails comparing and adopting recent sales evidences involving other similar properties in the vicinity, adjusted for differences in location, size and shapes, accessibility, infrastructure available, improvements made on the site and other value considerations.

The properties' fair values are based on valuations performed by Raine & Horne International Zaki + Partners Sdn. Bhd., a registered independent valuer.

The Company has determined that the highest and best use of the properties is their current use.

Reconciliation of Level 3 fair value measurement:

	<u>Apartment</u>	<u>Shop office/ shop house</u>	<u>Office building</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
As at 1 January 2022	250	6,182	3,821	10,253
Revaluation deficit	-	(111)	(139)	(250)
Depreciation recognised in profit or loss under management expenses	(10)	(71)	(82)	(163)
As at 31 December 2022 / 1 January 2023	240	6,000	3,600	9,840
Depreciation recognised in profit or loss under management expenses	(5)	(38)	(42)	(85)
As at 30 June 2023	<u>235</u>	<u>5,962</u>	<u>3,558</u>	<u>9,755</u>

Notes to the unaudited condensed interim financial statements
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15. Fair value measurement (cont'd.)

Valuation methods and assumptions for properties and investment properties (cont'd.)

Revalued properties (cont'd.)

Description of valuation techniques used and key inputs to valuation of the properties are stated below:

Type of property	Valuation techniques	Key inputs		per sq. ft.
Apartment	Comparison method	Price per square foot	Building	RM235
Multi-storey shop office /shop house	Cost method	Price per square foot	Land Building	RM1,950 RM90
7 ½-storey office building	Cost method	Price per square foot	Land Building	RM450 RM60

Significant increases/(decreases) in unobservable inputs in isolation would result in a significantly higher/(lower) fair value of the properties.

Investment properties

The fair value of investment properties was determined by using cost method. Under the cost method, the apportionment value attributable to the land is adopted and making due allowances to factors of location, plot, size, accessibility and other relevant factor in determining the value of the land, while current estimates on constructional costs to erect equivalent buildings with appropriate adjustments are then made for factors of obsolescence and existing physical condition of the building are adopted in determining the cost of the building.

The properties' fair values are based on valuations performed by Raine & Horne International Zaki + Partners Sdn. Bhd., a registered independent valuer.

The Company has determined that the highest and best use of the properties is their current use.

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15. Fair value measurement (cont'd.)

Valuation methods and assumptions for properties and investment properties (cont'd.)

Investment properties (cont'd.)

Reconciliation of Level 3 fair value measurement:

Shop office/shop house	RM'000
As at 31 December 2022/1 January 2023	300
Transfer to non-current assets held for sale	-
As at 30 June 2023	<u>300</u>

Description of valuation techniques used and key inputs to valuation on investment properties are stated below:

Type of property	Valuation technique	Key inputs	per sq. ft.
Multi-storey shop office / shop house	Cost method	Price per square foot	Land RM211 Building RM61

Significant increases/(decreases) in unobservable inputs in isolation would result in a significantly higher/(lower) fair value of the properties.

Unquoted equity securities

Reconciliation of Level 3 fair value measurement:

	30.06.2023	31.12.2022
	RM'000	RM'000
		Restated
As at 1 January 2023 / 1 January 2022	47,950	46,950
Fair value gains	1,000	1,000
As at 30 June 2023 / 31 December 2022	<u>48,950</u>	<u>47,950</u>

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16. Insurance funds

The Company's activities are organised by fund and segregated into the Shareholders' and Life funds in accordance with the Financial Services Act, 2013. The condensed statement of financial position, income statement and statement of cash flows by fund are presented as follows:

Statements of financial position by fund
As at 30 June 2023

	Shareholders' fund			Life funds			Total		
	30.06.2023	31.12.2022	01.01.2022	30.06.2023	31.12.2022	01.01.2022	30.06.2023	31.12.2022	01.01.2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
		Restated	Restated		Restated	Restated		Restated	Restated
Assets									
Property and equipment	27	30	25	39,625	36,924	54,126	39,652	36,954	54,151
Investment properties	-	-	-	300	300	300	300	300	300
Right-of-use assets	-	-	-	15,204	17,585	22,007	15,204	17,585	22,007
Intangible assets	-	-	-	26,827	25,303	4,036	26,827	25,303	4,036
Investments*	433,081	409,533	428,311	3,891,330	3,855,191	4,026,573	4,324,411	4,264,724	4,454,884
Insurance contract assets	-	-	-	68,495	30,301	209	68,495	30,301	209
Reinsurance contract assets	-	-	-	43,049	45,577	24,177	43,049	45,577	24,177
Other receivables	9,918	7,319	2,449	41,305	43,583	42,539	51,223	50,902	44,988
Cash and bank balances	326	54	168	31,690	47,363	38,652	32,016	47,417	38,820
Non-current assets held for sale	-	-	-	1,246	1,246	4,002	1,246	1,246	4,002
Total assets	443,352	416,936	430,953	4,159,071	4,103,373	4,216,621	4,602,423	4,520,309	4,647,574

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Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

16. Insurance funds (cont'd.)

The Company's activities are organised by fund and segregated into the Shareholders' and Life funds in accordance with the Financial Services Act, 2013. The condensed statement of financial position, income statement and statement of cash flows by fund are presented as follows

Statements of financial position by fund
As at 30 June 2023

	Shareholders' fund			Life funds			Total		
	30.06.2023	31.12.2022	01.01.2022	30.06.2023	31.12.2022	01.01.2022	30.06.2023	31.12.2022	01.01.2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
		Restated	Restated		Restated	Restated			Restated
Total equity*	315,992	220,055	255,895	8,944	93,167	59,926	324,936	313,222	315,821
Liabilities									
Insurance contract liabilities*	-	-	-	3,929,743	3,863,336	3,983,217	3,929,743	3,863,336	3,983,217
Reinsurance contract liabilities	-	-	-	28,212	22,863	-	28,212	22,863	-
Deferred tax liabilities*	1,977	490	1,029	35,752	22,026	30,632	37,729	22,516	31,661
Lease liabilities	-	-	-	16,079	18,526	22,511	16,079	18,526	22,511
Other payables*	(73,664)	(2,669)	(24,966)	136,200	79,259	119,090	62,536	76,590	94,124
Provision for taxation	-	-	(40)	4,141	4,196	1,245	4,141	4,196	1,205
Subordinated notes	199,047	199,060	199,035	-	-	-	199,047	199,060	199,035
Total liabilities	127,360	196,881	175,058	4,150,127	4,010,206	4,156,695	4,277,487	4,207,087	4,331,753
Total equity and liabilities	443,352	416,936	430,953	4,159,071	4,103,373	4,216,621	4,602,423	4,520,309	4,647,574

* Included herein are inter-fund transactions and balances which are eliminated in presenting the Company's total results.

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Notes to the unaudited condensed interim financial statements
For the six-month period ended 30 June 2023

16. Insurance funds (cont'd.)

Income statement by fund
For the six-month period ended 30 June 2023

	Shareholders' Fund		Life Funds		Total	
	01.01.2023 to 30.06.2023 RM'000	01.01.2022 to 30.06.2022 RM'000 Restated	01.01.2023 to 30.06.2023 RM'000	01.01.2022 to 30.06.2022 RM'000 Restated	01.01.2023 to 30.06.2023 RM'000	01.01.2022 to 30.06.2022 RM'000 Restated
Insurance revenue	-	-	207,786	231,633	207,786	231,633
Insurance service expenses	(418)	(1,055)	(196,892)	(241,516)	(197,310)	(242,571)
Net expenses from reinsurance contracts	-	-	(7,396)	(5,615)	(7,396)	(5,615)
Insurance service result	(418)	(1,055)	3,498	(15,498)	3,080	(16,553)
Investment income	8,397	7,787	76,988	76,297	85,385	84,084
Realised gains/(losses)	55	53	5,229	(3,654)	5,284	(3,601)
Fair value gains/(losses)*	5,767	(5,773)	109,139	(205,995)	114,906	(211,768)
Investment return	14,219	2,067	191,356	(133,352)	205,575	(131,285)
Net finance (expense)/income from insurance contracts	-	-	(166,761)	111,210	(166,761)	111,210
Net finance income from reinsurance contracts	-	-	212	200	212	200
Net financial results	14,219	2,067	24,807	(21,942)	39,026	(19,875)
Other operating revenue	-	-	-	(209)	-	(209)
Other operating expenses	(3,315)	(1,926)	(36)	(39)	(3,351)	(1,965)
Finance cost	(5,302)	(5,295)	(386)	(506)	(5,688)	(5,801)
Profit before taxation	5,184	(6,209)	27,883	(38,194)	33,067	(44,403)
Taxation	(2,832)	(94)	(18,521)	20,359	(21,353)	20,265
Net profit/(loss) for the period/ Total comprehensive income/(loss) for the period	2,352	(6,303)	9,362	(17,835)	11,714	(24,138)

* Included herein are inter-fund transactions which are eliminated in presenting the Company's total results.

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16. Insurance funds (cont'd.)

Statements of cash flows by fund
For the six-month period ended 30 June 2023

	Shareholders' Fund		Life Funds		Total	
	01.01.2023 to 30.06.2023 RM'000	01.01.2022 to 30.06.2022 RM'000 Restated	01.01.2023 to 30.06.2023 RM'000	01.01.2022 to 30.06.2022 RM'000 Restated	01.01.2023 to 30.06.2023 RM'000	01.01.2022 to 30.06.2022 RM'000 Restated
Cash flows from:						
Operating activities	28,373	(134,783)	(26,898)	(289,943)	1,475	(424,726)
Investing activities	-	-	(9,640)	(6,187)	(9,640)	(6,187)
Financing activities	-	-	(2,380)	(2,294)	(2,380)	(2,294)
Net (decrease)/increase in cash and cash equivalents	28,373	(134,783)	(38,918)	(298,424)	(10,545)	(433,207)
At beginning of period	16,471	227,332	314,288	640,723	330,759	868,055
At end of period	44,844	92,549	275,370	342,299	320,214	434,848
Cash and cash equivalents comprise of:						
Cash and bank balances	326	722	31,690	37,356	32,016	38,078
Short term deposits with original maturity periods of less than 3 months	44,518	91,827	243,680	304,943	288,198	396,770
	44,844	92,549	275,370	342,299	320,214	434,848

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17. Seasonal or cyclical factors

The operations of the Company were not materially affected by any seasonal or cyclical fluctuations during the interim financial period.

18. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current financial period ended 30 June 2023.

19. Change in estimates

The Company value policy liabilities using a prospective actuarial valuation. The expected future liabilities are determined using best estimate assumptions with the appropriate risk adjustment to reflect the uncertainty of adverse deviation from expected experience. Valuation assumptions used includes mortality, morbidity, lapse, expense, risk-free interest rate plus illiquidity premium, and participating life funds' yield derived based on asset liability method. For calculating the CSM, the fair value approach is used for all in-force policies sold before 2022, and the full retrospective approach is used for all policies sold in 2022 onwards.

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

20. Issues, repurchases, and repayments of debts and equity securities

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the interim financial period.

21. Significant events during the period

There were no significant events subsequent to the end of the interim reporting period that have not been reported in the unaudited condensed interim financial statements.

22. Material events subsequent to the end of the period

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

23. Contingent liabilities

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

24. Effect of changes in composition of the Company

There were no changes in the composition of the Company during the interim period.