



HONG LEONG MSIG TAKAFUL BERHAD
Company No. 200601018337 (738090-M)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

HONG LEONG MSIG TAKAFUL BERHAD
Registration No. 200601018337 (738090-M)
(Incorporated in Malaysia)

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UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	31.12.2020			30.6.2020		
		Takaful Operator RM'000	Family Takaful Fund RM'000	Company RM'000	Takaful Operator RM'000	Family Takaful Fund RM'000	Company RM'000
Assets							
Property and equipments		9,204	-	9,204	7,072	-	7,072
Right-of-use assets		306	-	306	725	-	725
Intangible assets		3,637	-	3,637	3,806	-	3,806
Financial assets							
- fair value through profit or loss	3 (a)	206,936	644,223	844,925	207,295	562,894	764,257
- amortised cost	3 (b)	-	32,067	32,067	-	19,147	19,147
Tax recoverable		703	-	703	2,269	-	2,269
Retakaful assets	4	-	42,818	42,818	-	52,125	52,125
Takaful receivables		-	15,646	15,646	-	6,511	6,511
Qard receivables		329	-	-	329	-	-
Other receivables		25,513	4,135	6,428	23,101	5,101	7,573
Due from related companies		-	-	-	350	-	350
Cash and cash equivalents		9,702	126,214	135,916	5,067	124,195	129,262
		<u>256,330</u>	<u>865,103</u>	<u>1,091,650</u>	<u>250,014</u>	<u>769,973</u>	<u>993,097</u>

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UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 (CONTINUED)

	Note	31.12.2020			30.6.2020		
		Takaful Operator RM'000	Family Takaful Fund RM'000	Company RM'000	Takaful Operator RM'000	Family Takaful Fund RM'000	Company RM'000
Shareholders' equity							
Share capital		200,000	-	200,000	200,000	-	200,000
Retained profit		5,577	-	5,577	5,480	-	5,480
Total equity		205,577	-	205,577	205,480	-	205,480
Liabilities							
Takaful contract liabilities	4	-	782,653	776,418	-	690,504	684,572
Lease liabilities		320	-	320	749	-	749
Tax payables		-	3,420	3,420	-	2,550	2,550
Takaful payables		2,267	25,828	28,095	1,621	24,871	26,492
Expense liabilities		11,835	-	11,835	12,341	-	12,341
Qard payables		-	329	-	-	329	-
Other payables		31,591	48,642	57,012	26,059	48,804	54,234
Deferred tax liabilities		4,003	4,231	8,234	2,983	2,915	5,898
Due to related companies		737	-	737	781	-	781
Total liabilities		50,753	865,103	886,073	44,534	769,973	787,617
Total equity and liabilities		256,330	865,103	1,091,650	250,014	769,973	993,097

These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to the unaudited condensed interim financial statements.

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UNAUDITED CONDENSED STATEMENT OF INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020

	6 months ended 31.12.2020			6 months ended 31.12.2019		
	Takaful Operator RM'000	Family Takaful Fund RM'000	Company RM'000	Takaful Operator RM'000	Family Takaful Fund RM'000	Company RM'000
Gross contributions	-	152,696	152,696	-	131,949	131,949
Contributions ceded to retakaful	-	(32,653)	(32,653)	-	(26,184)	(26,184)
Net Contributions	-	120,043	120,043	-	105,765	105,765
Wakalah income	40,084	-	-	35,497	-	-
Share of investment profit from Family Takaful	1,291	-	-	1,133	-	-
Investment Income	4,057	11,699	17,047	4,423	10,401	15,957
Realised gains	2,094	7,601	9,695	364	2,803	3,167
Fair value gains	4,127	17,253	21,077	1,767	2,718	4,485
Other operating income	896	-	429	769	337	768
Other income	52,549	36,553	48,248	43,953	16,259	24,377
Gross benefits and claims paid	-	(29,757)	(29,757)	-	(45,065)	(45,065)
Claims ceded to retakaful	-	18,504	18,504	-	26,889	26,889
Gross changes to Takaful contract liabilities	-	(100,789)	(100,486)	-	(67,464)	(67,464)
Change in Takaful contract liabilities ceded to retakaful	-	(221)	(221)	-	2,158	2,158
Net benefits and claims	-	(112,263)	(111,960)	-	(83,482)	(83,482)

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UNAUDITED CONDENSED STATEMENT OF INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020 (CONTINUED)

	6 months ended 31.12.2020			6 months ended 31.12.2019		
	Takaful Operator RM'000	Family Takaful Fund RM'000	Company RM'000	Takaful Operator RM'000	Family Takaful Fund RM'000	Company RM'000
Wakalah expenses	-	(40,084)	-	-	(35,497)	-
Fees and Commissions expenses	(20,900)	-	(20,900)	(17,866)	-	(17,866)
Management expenses	(29,421)	-	(29,421)	(24,316)	-	(24,316)
Change to expense liability	506	-	506	(196)	-	(196)
Other operating expenses	-	(1,530)	(1,063)	(1,086)	(1,780)	(2,529)
Other expenses	(49,814)	(41,614)	(50,878)	(43,464)	(37,277)	(44,907)
Profit before zakat and taxation	2,735	2,719	5,454	489	1,265	1,754
Tax expense attributable to participants	-	(2,719)	(2,719)	-	(1,265)	(1,265)
Profit before taxation attributable to						
Takaful Operator	2,735	-	2,735	489	-	489
Taxation	(2,638)	-	(2,638)	(1,923)	-	(1,923)
Profit/(loss) after zakat and taxation	97	-	97	(1,434)	-	(1,434)
Earning per share (sen)	0.05	-	0.05	(0.72)	-	(0.72)

These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to the unaudited condensed interim financial statements.

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**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
 FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

	Issued and fully paid ordinary shares		Distributable	Total
	Number of shares	Share Capital	(Accumulated losses)/Retained profit	
	'000	RM'000	RM'000	RM'000
At 1 July 2019	200,000	200,000	(7,460)	192,540
Loss for the financial period	-	-	(1,434)	(1,434)
At 31 December 2019	<u>200,000</u>	<u>200,000</u>	<u>(8,894)</u>	<u>191,106</u>
At 1 July 2020	200,000	200,000	5,480	205,480
Profit for the financial period	-	-	97	97
At 31 December 2020	<u>200,000</u>	<u>200,000</u>	<u>5,577</u>	<u>205,577</u>

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**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

	6 months ended 31.12.2020 RM'000	6 months ended 31.12.2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit/(loss) for the financial year	97	(1,434)
Adjustments for:		
Depreciation of property and equipments	247	164
Gain on disposal of investments	(9,695)	(3,167)
Depreciation of right-of-use assets	419	-
Finance cost on lease liabilities	16	-
Amortisation of intangible assets	661	782
Fair value gain on financial assets	(21,077)	(4,485)
Amortisation of premiums/(accretion of discounts)-net	261	(3)
Profits and dividend income	(17,307)	(15,954)
Taxation	5,357	3,188
Operating loss before changes in working capital	(41,021)	(20,909)
Proceeds from disposal of investments	63,382	49,891
Maturity of investments	14,492	10,254
Purchase of investments	(126,865)	(109,046)
Increase in amortised cost financial assets	(12,920)	(15,135)
Decrease/(increase) in retakaful assets	9,307	(28,815)
Increase in takaful receivables	(9,135)	(7)
Decrease in other receivables	1,146	1,116
Decrease in amount due from related companies	350	-
(Decrease)/increase in expenses liabilities	(506)	196
Increase in family takaful contract liabilities	91,846	75,016
Increase in takaful payables	1,603	9,411
Increase/(decrease) in other payables	2,778	(3,195)
(Decrease)/increase in amount due to related companies	(44)	402
Tax paid	(5,587)	(30,821)
Profit received	13,544	13,021
Dividend received	2,575	2,342
Net cash generated from/(used in) operating activities	9,946	(17,570)

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**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020 (CONTINUED)**

	6 months ended 31.12.2020 <u>RM'000</u>	6 months ended 31.12.2019 <u>RM'000</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property and equipments	-	115
Purchase of property and equipments	(2,379)	(544)
Purchase of intangible assets	<u>(493)</u>	<u>(1,474)</u>
Net cash used in investing activities	<u>(2,872)</u>	<u>(1,903)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(404)	-
Payment of finance cost on lease liabilities	<u>(16)</u>	<u>-</u>
Net cash used in financing activities	<u>(420)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	6,654	(19,472)
Cash and cash equivalents at beginning of the financial period	129,262	88,524
Cash and cash equivalents at the end of the financial period	<u>135,916</u>	<u>69,052</u>
Cash and cash equivalents comprise:		
Cash and bank balances	6,967	7,146
Short term deposits	<u>128,949</u>	<u>61,906</u>
	<u>135,916</u>	<u>69,052</u>

These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to the unaudited condensed interim financial statements.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed interim financial statements for the six months ended 31 December 2020 of Hong Leong MSIG Takaful Berhad ("the Company") have been prepared in accordance with MFRS 134: Interim Financial Reporting as issued by the Malaysian Accounting Standards Board (MASB) and Guidelines issued by Bank Negara Malaysia (BNM).

The unaudited condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited financial statements for the financial year ended 30 June 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation applied in the unaudited condensed financial statements are consistent with those adopted in the annual audited financial statements for the financial year ended 30 June 2020 except for the adoption of the following amendments to published standards that are applicable to the Company but not yet effective:

- Amendments to MFRS 101 'Classification of liabilities as current or non current - effective 1 January 2023.

Clarify that a liability is classified as non current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date. A loan is classified as non-current if a covenant is breached after the reporting date.

The amendments shall be applied retrospectively.

The adoption of the above amendments does not have any significant impact to the financial statements.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

3. FINANCIAL ASSETS

(a) Fair value through profit or loss

i) The Company's financial assets are summarised by categories as follows:

	Takaful Operator RM'000	Family Takaful Fund RM'000	Company RM'000
<u>31 December 2020</u>			
Government Investment Issues	2,896	66,564	69,460
Sukuks	133,973	416,033	550,007
Equity securities quoted in Malaysia	30,302	149,261	179,563
Unit and property trust funds	31,780	6,883	38,663
Investments in investment-linked funds	6,235	-	-
Accrued profit	1,750	5,482	7,232
Total	<u>206,936</u>	<u>644,223</u>	<u>844,925</u>
<u>30 June 2020</u>			
Government Investment Issues	2,866	49,290	52,156
Sukuks	147,180	371,748	518,928
Equity securities quoted in Malaysia	24,577	124,906	149,483
Unit and property trust funds	24,966	8,096	33,062
Investments in investment-linked funds	5,932	-	-
Structured investments	-	4,466	4,466
Accrued profit	1,774	4,388	6,162
Total	<u>207,295</u>	<u>562,894</u>	<u>764,257</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

3. FINANCIAL ASSETS (CONTINUED)

(a) Fair value through profit or loss (continued)

ii) Carrying value of financial instruments:

	Takaful Operator RM'000	Family Takaful Fund RM'000	Company RM'000
<u>FVTPL</u>			
At 1 July 2020	207,295	562,894	764,257
Purchases	11,280	115,680	126,961
Maturities	(1,000)	(13,492)	(14,492)
Disposals	(16,830)	(46,552)	(63,382)
Fair value gain recorded in profit or loss	6,221	24,854	30,772
Accretion of discount, net of amortisation of premium	(6)	(255)	(261)
Movement in accrued profit	(24)	1,094	1,070
At 31 December 2020	<u>206,936</u>	<u>644,223</u>	<u>844,925</u>
<u>FVTPL</u>			
At 1 July 2019	203,969	469,807	668,040
Purchases	25,048	191,902	216,950
Maturities	(11,600)	(3,650)	(15,250)
Disposals	(14,981)	(111,457)	(126,438)
Fair value gain recorded in profit or loss	4,932	15,926	20,662
Accretion of discount, net of amortisation of premium	(42)	(11)	(53)
Movement in accrued profit	(31)	377	346
At 30 June 2020	<u>207,295</u>	<u>562,894</u>	<u>764,257</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

3. FINANCIAL ASSETS (CONTINUED)

(a) Fair value through profit or loss (continued)

iii) Fair value hierarchy

The table below shows the financial assets recorded at fair value by their valuation method.

Level 1:

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

Level 2:

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3:

Inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	Takaful Operator RM'000	Family Takaful Fund RM'000	Company RM'000
FVTPL			
<u>31 December 2020</u>			
Level 1	62,082	156,144	218,226
Level 2	144,854	488,079	626,699
	<u>206,936</u>	<u>644,223</u>	<u>844,925</u>
	Takaful Operator RM'000	Family Takaful Fund RM'000	Company RM'000
FVTPL			
<u>30 June 2020</u>			
Level 1	49,543	133,002	182,545
Level 2	157,752	429,892	581,712
	<u>207,295</u>	<u>562,894</u>	<u>764,257</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

3. FINANCIAL ASSETS (CONTINUED)

(b) Amortised cost

	Family Takaful Fund RM'000	Company RM'000
	<u>RM'000</u>	<u>RM'000</u>
<u>31 December 2020</u>		
Fixed and cash deposits with licensed financial institutions	31,819	31,819
Accrued profit	248	248
	<u>32,067</u>	<u>32,067</u>
<u>30 June 2020</u>		
Fixed and cash deposits with licensed financial institutions	18,988	18,988
Accrued profit	159	159
	<u>19,147</u>	<u>19,147</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

4. TAKAFUL CONTRACT LIABILITIES

The Family Takaful contract liabilities and its movements are further analysed as follows:

	31.12.2020			30.6.2020		
	Gross RM'000	Re-takaful RM'000	Net RM'000	Gross RM'000	Re-takaful RM'000	Net RM'000
Certificateholders' liabilities	669,818	(33,273)	636,545	595,958	(33,494)	562,464
Net asset value attributable to certificateholders	59,705	-	59,705	54,753	-	54,753
Actuarial liabilities	729,523	(33,273)	696,250	650,711	(33,494)	617,217
Claims liabilities	16,315	(9,545)	6,770	25,974	(18,631)	7,343
Unallocated surplus	36,815	-	36,815	13,819	-	13,819
	<u>782,653</u>	<u>(42,818)</u>	<u>739,835</u>	<u>690,504</u>	<u>(52,125)</u>	<u>638,379</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

4. TAKAFUL CONTRACT LIABILITIES (CONTINUED)

	31.12.2020			30.6.2020		
	Gross RM'000	Re-takaful RM'000	Net RM'000	Gross RM'000	Re-takaful RM'000	Net RM'000
At 30 June 2020 / 30 June 2019	690,504	(52,125)	638,379	542,641	(36,889)	505,752
Contribution received	152,696	(32,653)	120,043	290,423	(60,212)	230,211
Liabilities paid for death, maturities, surrenders, benefits and claims	(29,757)	18,504	(11,253)	(81,105)	33,907	(47,198)
Movement in claims liabilities	9,659	(9,086)	573	(8,475)	6,736	(1,739)
Reserve on new policies	7,296	(3,523)	3,773	4,028	(43)	3,985
Change in assumptions	(1,166)	2,797	1,631	2,138	244	2,382
Miscellaneous	(23,146)	33,268	10,122	(15,035)	4,132	(10,903)
Net asset value attributable to unit holders	4,952	-	4,952	2,880	-	2,880
Fees deducted	(40,084)	-	(40,084)	(77,960)	-	(77,960)
Investment income	11,699	-	11,699	37,238	-	37,238
Surplus distributed to Takaful Operator	-	-	-	(3,134)	-	(3,134)
Transfer surplus distribution to other liabilities	-	-	-	(3,135)	-	(3,135)
At 31 December 2020 / 30 June 2020	<u>782,653</u>	<u>(42,818)</u>	<u>739,835</u>	<u>690,504</u>	<u>(52,125)</u>	<u>638,379</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

5. TOTAL CAPITAL AVAILABLE

The capital structure of the company as at the date of the statement of financial position, consisting of all funds as prescribed under the RBCT Framework is provided below:

	31.12.2020	30.06.2020
	RM'000	RM'000
Eligible Tier 1 capital		
- Share capital	200,000	200,000
- Reserves, including retained profits	42,407	19,314
Eligible Tier 2 capital		
- Eligible reserves	329	329
Amount deducted from capital	(3,966)	(4,134)
Total capital available	<u>238,770</u>	<u>215,509</u>

6. ITEMS OF AN UNUSUAL NATURE

The results of the Company for the financial period under review were not substantially affected by any item, transaction or event of a material and unusual nature.

7. SEASONAL OR CYCLICAL FACTORS

The operations of the Company for the financial period under review were not significantly affected by seasonality or cyclical factors.

8. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

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

9. DEBTS AND EQUITY SECURITIES

There were no issuance, cancellation, repurchases, resale and repayment of debt and equity securities during the financial period under review.

10. CHANGES IN THE COMPOSITION OF THE COMPANY

There were no changes in the composition of the Company during the financial period under review.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
(CONTINUED)**

11. RELATED PARTY TRANSACTIONS

All related party transactions are entered into the normal course of business and were carried out on normal commercial terms.

12. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

There were no significant events during the financial period under review.

13. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the financial period under review that have not been reported in the Report.