



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 2022**

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

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HONG LEONG MSIG TAKAFUL BERHAD
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(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	31.12.2022			30.6.2022		
		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		14,689	-	14,689	12,835	-	12,835
Right-of-use assets		11,373	-	11,373	12,222	-	12,222
Intangible assets		5,355	-	5,355	5,583	-	5,583
Financial assets							
- fair value through profit or loss	3 (a)	171,602	1,139,399	1,306,111	170,389	859,467	1,025,112
- amortised cost	3 (b)	-	-	-	1,897	14,234	16,131
Deferred tax assets		4,226	349	4,575	5,502	3,244	8,746
Tax recoverable		3,827	-	3,827	1,447	-	1,447
Retakaful assets	4	-	59,394	59,394	-	61,669	61,669
Takaful receivables		-	20,565	20,565	-	16,404	16,404
Other receivables		27,991	6,669	14,234	45,140	6,472	18,563
Due from related companies		-	-	-	584	-	584
Cash and cash equivalents		36,203	126,318	162,521	18,558	231,572	250,130
		<u>275,266</u>	<u>1,352,694</u>	<u>1,602,644</u>	<u>274,157</u>	<u>1,193,062</u>	<u>1,429,426</u>

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UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (CONTINUED)

	Note	31.12.2022			30.6.2022		
		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		9,030	-	9,030	9,003	-	9,003
Total equity		209,030	-	209,030	209,003	-	209,003
Liabilities							
Takaful contract liabilities	4	-	1,254,074	1,249,184	-	1,088,980	1,084,236
Lease liabilities		11,830	-	11,830	12,552	-	12,552
Tax payables		-	3,805	3,805	-	2,767	2,767
Takaful payables		8,467	9,555	18,022	7,214	25,711	32,925
Expense liabilities		18,011	-	18,011	19,560	-	19,560
Other payables		27,401	85,260	92,235	25,445	75,604	68,000
Deferred tax liabilities		-	-	-	-	-	-
Due to related companies		527	-	527	383	-	383
Total liabilities		66,236	1,352,694	1,393,614	65,154	1,193,062	1,220,423
Total equity and liabilities		275,266	1,352,694	1,602,644	274,157	1,193,062	1,429,426

These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to the unaudited condensed interim financial statements.

HONG LEONG MSIG TAKAFUL BERHAD
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UNAUDITED CONDENSED STATEMENT OF INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2022

	6 months ended 31.12.2022			6 months ended 31.12.2021		
	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	-	326,088	326,088	-	203,228	203,228
Contributions ceded to retakaful	-	(41,839)	(41,839)	-	(36,209)	(36,209)
Net Contributions	-	284,249	284,249	-	167,019	167,019
Wakalah income	85,336	-	-	59,113	-	-
Surplus sharing from Family Takaful	-	-	-	-	631	631
Share of investment profit from Family Takaful	1,415	-	-	1,802	-	-
Investment Income	4,028	21,021	26,464	4,411	17,051	23,264
Realised gains/(loss)	(920)	(6,739)	(7,659)	783	3,742	4,525
Fair value gains/(loss)	3,830	35,377	39,060	(676)	4,484	3,712
Other operating income	3,079	-	2,704	1,793	-	1,294
Other income	96,768	49,659	60,569	67,226	25,908	33,426
Gross benefits and claims paid	-	(99,374)	(99,374)	-	(37,578)	(37,578)
Claims ceded to retakaful	-	36,975	36,975	-	21,827	21,827
Gross changes to Takaful contract liabilities	-	(180,406)	(180,259)	-	(113,839)	(113,743)
Change in Takaful contract liabilities ceded to retakaful	-	(419)	(419)	-	(1,371)	(1,371)
Net benefits and claims	-	(243,224)	(243,077)	-	(130,961)	(130,865)

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UNAUDITED CONDENSED STATEMENT OF INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2022 (CONTINUED)

	6 months ended 31.12.2022			6 months ended 31.12.2021		
	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	-	(85,336)	-	-	(59,113)	-
Fees and Commissions expenses	(52,947)	-	(52,947)	(39,730)	-	(39,730)
Management expenses	(43,840)	-	(43,840)	(33,470)	-	(33,470)
Change to expense liability	1,548	-	1,548	544	-	544
Other operating expenses	(227)	(1,417)	(1,269)	-	(1,269)	(770)
Other expenses	(95,466)	(86,753)	(96,508)	(72,655)	(60,382)	(73,426)
Profit/(loss) before zakat and taxation	1,302	3,931	5,233	(5,429)	1,584	(3,845)
Tax expense attributable to participants	-	(3,931)	(3,931)	-	(1,584)	(1,584)
Profit/(loss) before taxation attributable to Takaful Operator	1,302	-	1,302	(5,429)	-	(5,429)
Taxation	(1,275)	-	(1,275)	(1,893)	-	(1,893)
Profit/(loss) after zakat and taxation	27	-	27	(7,322)	-	(7,322)
Earning per share (sen)	0.01	-	0.01	(3.66)	-	(3.66)

These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 30 June 2022 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 2022**

	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 2021	200,000	200,000	12,929	212,929
Loss for the financial period	-	-	(7,322)	(7,322)
At 31 December 2021	<u>200,000</u>	<u>200,000</u>	<u>5,607</u>	<u>205,607</u>
At 1 July 2022	200,000	200,000	9,003	209,003
Profit for the financial period	-	-	27	27
At 31 December 2022	<u>200,000</u>	<u>200,000</u>	<u>9,030</u>	<u>209,030</u>

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**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

	6 months ended 31.12.2022 RM'000	6 months ended 31.12.2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit/(loss) for the financial period	27	(7,322)
Adjustments for:		
Depreciation of property and equipments	506	268
Loss/(gain) on disposal of investments	7,660	(4,524)
Depreciation of right-of-use assets	849	436
Finance cost on lease liabilities	341	173
Amortisation of intangible assets	1,013	803
Fair value gain on financial assets	(39,060)	(3,712)
Amortisation of premiums-net	485	447
Profits and dividend income	(26,949)	(23,710)
Taxation	5,206	3,477
Operating loss before changes in working capital	(49,922)	(33,664)
Proceeds from disposal of investments	53,702	37,520
Maturity of investments	15,000	5,000
Purchase of investments	(316,649)	(116,140)
Decrease in amortised cost financial assets	16,131	19,087
Decrease/(increase) in retakaful assets	2,275	(5,002)
Increase in takaful receivables	(4,161)	(11,935)
Decrease/(increase) in other receivables	4,329	(4,299)
Decrease in amount due from related companies	584	320
Decrease in expenses liabilities	(1,549)	(545)
Increase in family takaful contract liabilities	164,948	123,872
(Decrease)/increase in takaful payables	(14,903)	9,344
Increase in other payables	24,235	3,006
Increase in amount due to related companies	144	228
	(105,836)	26,792
Tax paid	(2,771)	(2,771)
Profit received	18,190	19,392
Dividend received	6,686	3,376
Net cash (used in)/generated from operating activities	(83,731)	46,789

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**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2022 (CONTINUED)**

	6 months ended 31.12.2022 <u>RM'000</u>	6 months ended 31.12.2021 <u>RM'000</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipments	(3,145)	(2,533)
Purchase of intangible assets	-	(62)
Net cash used in investing activities	<u>(3,145)</u>	<u>(2,595)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(392)	(260)
Payment of finance cost on lease liabilities	<u>(341)</u>	<u>(173)</u>
Net cash used in financing activities	<u>(733)</u>	<u>(433)</u>
Net (decrease)/increase in cash and cash equivalents	(87,609)	43,761
Cash and cash equivalents at beginning of the financial period	250,130	110,315
Cash and cash equivalents at the end of the financial period	<u>162,521</u>	<u>154,076</u>
Cash and cash equivalents comprise:		
Cash and bank balances	25,748	10,874
Short term deposits	<u>136,773</u>	<u>143,202</u>
	<u>162,521</u>	<u>154,076</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 2022 and the accompanying explanatory notes attached to the unaudited condensed interim financial statements.

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 2022 of Hong Leong MSIG Takaful Berhad ("the Company") have been prepared under historical cost convention, except for financial assets at fair value through profit or loss which are stated at fair value.

The unaudited condensed interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Guidelines on Financial Reporting for Takaful Operators 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 2022. The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Company since the financial year ended 30 June 2022.

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 2022 and modified for the adoption of the following accounting standards applicable for financial period beginning on or after 1 July 2022:

- Amendments to MFRS 16 Leases - Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101 - Non-current Liabilities with Covenants

The adoption of the above amendments is not expected to have significant impact to the financial statements.

The preparation of unaudited condensed interim financial statements in conformity with the MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of unaudited condensed interim financial statements, and the reported amounts of income and expenses during the reported financial period. It also requires the Directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

3. FINANCIAL ASSETS

(a) Fair value through profit or loss ("FVTPL")

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 2022</u>			
Government Investment Issues	2,616	216,569	219,185
Sukuks	124,099	758,642	882,741
Equity securities quoted in Malaysia	25,183	139,979	165,162
Unit and property trust funds	12,855	13,006	25,861
Investments in investment-linked funds	4,890	-	-
Accrued profit	1,959	11,203	13,162
Total	<u>171,602</u>	<u>1,139,399</u>	<u>1,306,111</u>
<u>30 June 2022</u>			
Government Investment Issues	2,594	188,555	191,149
Sukuks	125,039	524,677	649,716
Equity securities quoted in Malaysia	23,665	127,555	151,220
Unit and property trust funds	12,349	9,621	21,970
Investments in investment-linked funds	4,744	-	-
Accrued profit	1,998	9,059	11,057
Total	<u>170,389</u>	<u>859,467</u>	<u>1,025,112</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 ("FVTPL") (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 2022	170,389	859,467	1,025,113
Purchases	6,824	309,857	316,681
Maturities	(7,000)	(8,000)	(15,000)
Disposals	(1,449)	(52,253)	(53,702)
Fair value gain recorded in profit or loss	2,910	28,638	31,401
Accretion of discount, net of amortisation of premium	(32)	(454)	(486)
Movement in accrued profit	(40)	2,144	2,104
At 31 December 2022	<u>171,602</u>	<u>1,139,399</u>	<u>1,306,111</u>
<u>FVTPL</u>			
At 1 July 2021	190,829	702,548	888,535
Purchases	58,000	293,964	351,964
Maturities	(15,900)	(14,100)	(30,000)
Disposals	(51,792)	(70,173)	(121,965)
Fair value gain / (loss) recorded in profit or loss	(11,008)	(54,602)	(65,512)
Accretion of discount, net of amortisation of premium	(15)	(901)	(916)
Movement in accrued profit	275	2,731	3,006
At 30 June 2022	<u>170,389</u>	<u>859,467</u>	<u>1,025,112</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 ("FVTPL") (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 2022</u>			
Level 1	38,038	152,985	191,023
Level 2	133,564	986,414	1,115,088
	<u>171,602</u>	<u>1,139,399</u>	<u>1,306,111</u>
FVTPL			
<u>30 June 2022</u>			
Level 1	36,014	137,177	173,191
Level 2	134,375	722,290	851,921
	<u>170,389</u>	<u>859,467</u>	<u>1,025,112</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

3. FINANCIAL ASSETS (CONTINUED)

(b) Amortised cost

	Takaful Operator RM'000	Family Takaful Fund RM'000	Company RM'000
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>31 December 2022</u>			
Fixed and cash deposits with licensed financial institutions	-	-	-
Accrued profit	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<u>30 June 2022</u>			
Fixed and cash deposits with licensed financial institutions	1,888	14,074	15,962
Accrued profit	9	160	169
	<u>1,897</u>	<u>14,234</u>	<u>16,131</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

4. TAKAFUL CONTRACT LIABILITIES

	31.12.2022			30.6.2022		
	Gross RM'000	Re-takaful RM'000	Net RM'000	Gross RM'000	Re-takaful RM'000	Net RM'000
Total Family Takaful Fund	1,254,074	(59,394)	1,194,680	1,088,980	(61,669)	1,027,311
Elimination of investment in investment-linked funds	(4,890)	-	(4,890)	(4,744)	-	(4,744)
Total Company	<u>1,249,184</u>	<u>(59,394)</u>	<u>1,189,790</u>	<u>1,084,236</u>	<u>(61,669)</u>	<u>1,022,567</u>

Family Takaful contract liabilities

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

	31.12.2022			30.6.2022		
	Gross RM'000	Re-takaful RM'000	Net RM'000	Gross RM'000	Re-takaful RM'000	Net RM'000
Certificateholders' liabilities	1,116,015	(27,849)	1,088,166	945,517	(28,268)	917,249
Net asset value attributable to certificateholders	55,017	-	55,017	47,610	-	47,610
Actuarial liabilities	1,171,032	(27,849)	1,143,183	993,127	(28,268)	964,859
Claims liabilities	52,825	(31,545)	21,280	68,626	(33,401)	35,225
Unallocated surplus	30,217	-	30,217	27,227	-	27,227
	<u>1,254,074</u>	<u>(59,394)</u>	<u>1,194,680</u>	<u>1,088,980</u>	<u>(61,669)</u>	<u>1,027,311</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

4. TAKAFUL CONTRACT LIABILITIES (CONTINUED)

	31.12.2022			30.6.2022		
	Gross RM'000	Re-takaful RM'000	Net RM'000	Gross RM'000	Re-takaful RM'000	Net RM'000
At the beginning of the financial period/year	1,088,980	(61,669)	1,027,311	807,368	(36,317)	771,051
Contribution received	326,088	(41,839)	284,249	544,414	(75,234)	469,180
Liabilities paid for death, maturities, surrenders, benefits and claims	(99,374)	36,975	(62,399)	(106,398)	53,244	(53,154)
Movement in claims liabilities	15,801	(1,856)	13,945	(48,096)	19,909	(28,187)
Reserve on new certificates	5,387	1,487	6,874	47,060	(3,964)	43,096
Change in assumptions	-	-	-	4,960	(4,180)	780
Miscellaneous	(25,900)	7,508	(18,392)	25,474	(15,127)	10,347
Net asset value attributable to unit holders	7,407	-	7,407	8,504	-	8,504
Fees deducted	(85,336)	-	(85,336)	(146,018)	-	(146,018)
Investment income	21,021	-	21,021	(26,268)	-	(26,268)
Surplus distributed to Takaful Operator	-	-	-	(10,525)	-	(10,525)
Transfer surplus distribution to other liabilities	-	-	-	(11,495)	-	(11,495)
At the end of the financial period/year	<u>1,254,074</u>	<u>(59,394)</u>	<u>1,194,680</u>	<u>1,088,980</u>	<u>(61,669)</u>	<u>1,027,311</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 Risk-Based Capital Framework for Takaful Operators ("RBCT Framework") issued by BNM is provided below:

	31.12.2022	30.6.2022
	<u>RM'000</u>	<u>RM'000</u>
Eligible Tier 1 capital		
- Share capital	200,000	200,000
- Reserves, including retained profits	39,273	36,256
Amount deducted from capital	<u>(20,906)</u>	<u>(20,754)</u>
Total capital available	<u>218,367</u>	<u>215,502</u>

The Company has met the minimum capital requirements as prescribed by RBCT Framework as at reporting date.

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.