

Company No.

200801013654 (814942-M)

**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022**

Company No.

200801013654 (814942-M)

## **MANULIFE INSURANCE BERHAD**

(Incorporated in Malaysia)

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## MANULIFE INSURANCE BERHAD

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### UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	As at 30.06.2022 RM'000	As at 31.12.2021 RM'000
<b>ASSETS</b>			
Property and equipment		18,611	18,907
Investment property		45,712	45,712
Intangible assets	12	38,382	40,152
Loans and receivables		291,143	306,446
Available-for-sale financial assets	13(a)	3,237,637	3,361,030
Financial asset at fair value through profit or loss	13(b)	2,031,984	2,073,074
Reinsurance assets	14	7,183	10,829
Insurance receivables		8,245	14,797
Right-of-use assets		823	1,098
Current tax assets	16	22,245	22,245
Cash and cash equivalents		100,630	119,131
<b>TOTAL ASSETS</b>		<b>5,802,595</b>	<b>6,013,421</b>
<b>EQUITY, POLICYHOLDERS' FUND AND LIABILITIES</b>			
Share capital		200,000	200,000
Retained earnings		429,351	419,112
Fair value reserves		(12,045)	10,272
<b>TOTAL EQUITY</b>		<b>617,306</b>	<b>629,384</b>
Insurance contract liabilities	15	4,127,662	4,356,799
Insurance claim liabilities		88,625	75,912
Financial liability at fair value through profit or loss		107	-
Deferred tax liabilities		16,360	47,254
Reinsurance liabilities		752	1,702
Insurance payables		776,987	759,105
Lease liabilities		874	1,206
Current tax liabilities	16	343	4,028
Other payables		173,579	138,031
<b>TOTAL LIABILITIES</b>		<b>5,185,289</b>	<b>5,384,037</b>
<b>TOTAL EQUITY, POLICYHOLDERS' FUND AND LIABILITIES</b>		<b>5,802,595</b>	<b>6,013,421</b>

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

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### UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022

	<b>30.06.2022</b>	<b>Cumulative 6 months ended 30.06.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Premium income		
Gross premiums	519,026	473,575
Premiums ceded to reinsurers	(37,892)	(48,180)
Net premiums	481,134	425,395
Investment income	100,969	101,349
Net realised gains	29,878	99,842
Net fair value losses	(203,109)	(2,637)
Fee income	1,926	1,742
Other operating income	1,685	1,760
<b>Total revenue</b>	<b>412,483</b>	<b>627,451</b>
Gross benefits and claims paid and payable	(377,927)	(400,668)
Claims ceded to reinsurers	21,645	18,606
Gross change in insurance contract liabilities	96,417	(91,565)
Change in insurance contract liabilities ceded to reinsurers	950	757
<b>Net claims</b>	<b>(258,915)</b>	<b>(472,870)</b>
Fee and commission expenses	(68,487)	(37,378)
Investment expenses	(5,027)	(4,919)
Management expenses	(82,876)	(71,287)
Other operating income/(expenses)	15,886	(9,541)
<b>Other expenses</b>	<b>(140,504)</b>	<b>(123,125)</b>
<b>Profit before taxation</b>	<b>13,064</b>	<b>31,456</b>
Taxation	(2,825)	(5,185)
<b>Net profit for the financial period</b>	<b>10,239</b>	<b>26,271</b>
<b>Net profit attributable to:</b>		
Equity holder of the Company	10,239	26,271
Basic and diluted earnings per share (sen)	2.93	7.51

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

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### UNAUDITED CONDENSED STATEMENT OF TOTAL COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022

	<u>30.06.2022</u>	<u>Cumulative 6 months ended 30.06.2021</u>
	RM'000	RM'000
<b>Net profit for the financial period</b>	10,239	26,271
<b>Other comprehensive loss, net of tax:</b>		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:-		
Fair value change on available-for-sale financial assets:		
- Gross fair value change	(170,093)	(179,697)
- Deferred tax	15,056	16,052
	(155,037)	(163,645)
Change in insurance contract liabilities arising from unrealised net fair value changes	132,720	137,432
Net loss	(22,317)	(26,213)
<b>Net other comprehensive loss to be reclassified to profit or loss in subsequent periods</b>	(22,317)	(26,213)
<b>Other comprehensive loss for the financial period</b>	(22,317)	(26,213)
<b>Total comprehensive (loss)/income for the financial period</b>	<u>(12,078)</u>	<u>58</u>
<b>Total comprehensive (loss)/income attributable to:</b>		
Equity holder of the Company	<u>(12,078)</u>	<u>58</u>

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### UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022

	<b>Share capital</b>	<b>Non-distributable Fair value reserve</b>	<b>Distributable Retained earnings</b>	<b>Total equity</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January 2022</b>	200,000	10,272	419,112	629,384
Net profit for the financial period	-	-	10,239	10,239
Other comprehensive loss for the financial period	-	(22,317)	-	(22,317)
Total comprehensive (loss)/income for the financial period	-	(22,317)	10,239	(12,078)
<b>At 30 June 2022</b>	<u>200,000</u>	<u>(12,045)</u>	<u>429,351</u>	<u>617,306</u>
<b>At 1 January 2021</b>	200,000	41,506	357,133	598,639
Net profit for the financial period	-	-	26,271	26,271
Other comprehensive loss for the financial period	-	(26,213)	-	(26,213)
Total comprehensive (loss)/income for the financial period	-	(26,213)	26,271	58
<b>At 30 June 2021</b>	<u>200,000</u>	<u>15,293</u>	<u>383,404</u>	<u>598,697</u>

Included in the retained earnings are surplus from Non-participating life fund (net of deferred tax) of approximately RM 108,883,000 (1 January 2022: RM 96,585,000; 30 June 2021: RM 91,335,000; 1 January 2021: RM 68,652,000). These amounts are only distributable upon the actual recommended transfer from Non-participating Life Fund to the Shareholders' fund by the Appointed Actuary.

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### UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022

	6 months ended 30.06.2022	6 months ended 30.06.2021
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit for the financial period	10,239	26,271
Adjustments for non-cash items	59,493	(182,344)
Operating income/(loss) before changes in operating assets and liabilities	69,732	(156,073)
Purchase of investments	(1,720,161)	(1,919,090)
Proceeds from disposal and maturity of investments	1,548,896	1,908,004
Interest income received	66,880	58,377
Dividend income received	36,177	43,792
Rental income received	1,091	986
Decrease in insurance receivables	6,552	7,649
Decrease/(increase) in reinsurance assets	2,696	(5,711)
Decrease/(increase) in loan receivables	2,203	(10,009)
(Increase)/decrease in other receivables	(5,781)	2,440
Decrease/(increase) in fixed and call deposits	18,284	(44,256)
(Decrease)/increase in insurance contract liabilities	(96,417)	91,565
Increase in insurance claims liabilities	12,713	15,565
Increase in payables	55,474	37,075
Cash (used in)/generated from operations	(1,661)	30,314
Interest paid	(31)	(31)
Income taxes paid	(14,637)	(19,567)
Net cash (outflow)/inflow from operating activities	(16,329)	10,716
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(671)	(495)
Purchase of intangible assets	(670)	(438)
Net cash outflow from investing activities	(1,341)	(933)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of lease liabilities	(831)	(498)
Net cash outflow from financing activities	(831)	(498)
Net (decrease)/increase during the financial period	(18,501)	9,285
Cash and cash equivalents at 1 January	119,131	84,747
Cash and cash equivalents at 30 June	100,630	94,032

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### **UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022 (CONTINUED)**

#### **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the unaudited condensed statement of cash flows comprise the following:

	<b>As at 30.06.2022</b>	<b>As at 30.06.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	73,615	90,018
Short-term deposits*	27,015	4,014
Cash and cash equivalents	<u>100,630</u>	<u>94,032</u>

\* Short-term deposits with original maturities of less than 3 months.

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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

#### 1. BASIS OF PREPARATION

The condensed interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting and International Accounting Standard (“IAS”) 34: Interim Financial Reporting and should be read in conjunction with the Company’s audited financial statements for the financial year ended 31 December 2021, which were prepared in accordance with the Malaysian Financial Reporting Standards (“MFRSs”) and International Financial Reporting Standards (“IFRSs”).

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to gain an understanding of the changes in the financial position and performance of the Company since the financial year ended 31 December 2021.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Company in the unaudited condensed interim financial statements are consistent with those adopted in the Company’s audited financial statements for the financial year ended 31 December 2021, except for the adoption of the following amendments/interpretation to MFRS:

<u>Description</u>	<u>Effective Date</u>
Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 <i>Leases</i> )	1 April 2021
Annual Improvements to MFRS Standards 2018 – 2020 (Amendments to MFRS 1, MFRS 9, MFRS 141)	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i> )	1 January 2022
Property, Plant and Equipment – Proceeds before Intended Use (Amendments to MFRS 116 <i>Property, Plant and Equipment</i> )	1 January 2022
Reference to the Conceptual Framework (Amendments to MFRS 3 <i>Business Combinations</i> )	1 January 2022

The adoption of the above amendments/interpretation to standards issued by Malaysian Accounting Standards Board (“MASB”) in the current financial year do not have any material impact to the financial statements of the Company.

#### 3. SEASONAL/CYCLICAL FACTORS

The business operations of the Company are subject to the sales cycle of the life insurance business.

#### 4. UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the financial period ended 30 June 2022.

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

#### **5. CHANGE IN ESTIMATES**

There were no changes in the basis used for accounting estimates for the current financial period ended 30 June 2022, other than as disclosed in Note 15.

#### **6. DEBT AND EQUITY SECURITIES**

There were no issuances, cancellation, repurchases, resale and repayment of debt and equity securities during the current financial period ended 30 June 2022.

#### **7. DIVIDENDS**

No dividend has been paid or declared by the Company since the end of the previous financial year.

#### **8. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD**

There is no material event subsequent to the end of the period under review that has not been reported in the interim financial statements for the current financial period to date.

#### **9. CHANGES IN COMPOSITION OF THE COMPANY**

There is no change in the Company's composition for the current financial period to date.

#### **10. CONTINGENT LIABILITIES**

There were no contingent liabilities as at the date of this report since the last annual statement of financial position date.

#### **11. SIGNIFICANT EVENTS**

There is no significant event during the financial period to date.

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

#### 12. INTANGIBLE ASSET

	Exclusive right RM'000	Computer software RM'000	Computer software in progress RM'000	Distribution agreement RM'000	Total RM'000
<b>Cost</b>					
At 1 January 2021	43,000	15,361	2,648	28,739	89,748
Additions	-	153	878	-	1,031
At 31 December 2021/1 January 2022	43,000	15,514	3,526	28,739	90,779
Additions	-	-	670	-	670
Write-off	-	(1)	-	-	(1)
At 30 June 2022	43,000	15,513	4,196	28,739	91,448
<b>Accumulated amortisation</b>					
At 1 January 2021	35,709	6,589	-	85	42,383
Amortisation during the financial year	5,966	2,294	-	(16)	8,244
At 31 December 2021/1 January 2022	41,675	8,883	-	69	50,627
Amortisation during the financial period	1,325	1,093	-	22	2,440
Write-off	-	(1)	-	-	(1)
At 30 June 2022	43,000	9,975	-	91	53,066
<b>Net carrying amount</b>					
At 30 June 2022	-	5,538	4,196	28,648	38,382
At 31 December 2021	1,325	6,631	3,526	28,670	40,152

The Exclusive Right is a definite life intangible asset and relates to a 10-year exclusive bancassurance agreement entered between the Company and Alliance Bank Malaysia Berhad ("ABMB") on 13 June 2013. The Exclusive Right is amortised over the duration of the agreement and the annual amortisation amount is calculated with reference to the benefits generated from the partnership (which is defined as the annualized premium equivalent) in which the Company expects to recognise the related revenue.

The Distribution Agreement relates to a 20-year distribution right entered between the Company and an agency leadership corporation on 23 September 2019. The Distribution Agreement is amortised over the duration of the agreement and the annual amortisation amount is calculated based on the consumption pattern of the distribution, which is the contracted number of agents.

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

#### 13. FINANCIAL ASSETS

##### (a) Available-for-sale

	<b>As at 30.06.2022</b>	<b>As at 31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Equity securities		
- Quoted in Malaysia	507,862	629,191
- Quoted outside Malaysia	117,222	131,774
- Unquoted in Malaysia	1,944	1,944
Real estate investment trusts	11,698	18,644
Unit trust funds – Investment in subsidiaries* (i)	675,003	636,297
Malaysian Government Securities	343,089	275,260
Government Investment Issues	270,565	247,994
Corporate debt securities		
- Unquoted	1,287,726	1,398,381
Accrued interest	22,528	21,545
	<u>3,237,637</u>	<u>3,361,030</u>
Current	1,422,150	1,572,867
Non-current	<u>1,815,487</u>	<u>1,788,163</u>
	<u>3,237,637</u>	<u>3,361,030</u>

\* Being investment in unit trust funds managed by a related company.

##### (i) Unit trust funds – investment in subsidiaries

	<b>2022 RM'000</b>	<b>2021 RM'000</b>
At fair value:		
Available-for-sale	<u>675,003</u>	<u>636,297</u>

Details of the Company's unit trust funds – investment in subsidiaries in Malaysia are as follows:

Name of wholesale unit trust fund	Principal activities	% of ownership held by the Company	
		2022	2021
Manulife Cash Management Fund	Investment in money market fund	84.7	88.2
Manulife Wholesale Corporate Bond Fund	Investment in corporate bonds	88.6	88.0
Manulife Wholesale Government Bond Fund	Investment in sovereign bonds	88.6	87.9

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

#### 13. FINANCIAL ASSETS (CONTINUED)

##### (b) Fair value through profit or loss - designated upon initial recognition

	As at 30.06.2022	As at 31.12.2021
	RM'000	RM'000
Equity securities		
- Quoted in Malaysia	700,490	786,964
- Quoted outside Malaysia	6,927	19,489
Private equity funds		
- Unquoted outside Malaysia	28,454	19,122
Real estate investment trusts	9,838	8,478
Unit trust funds*	166,232	180,784
Malaysian Government Securities	149,434	78,047
Government Investment Issues	121,932	117,396
Corporate debt securities		
- Unquoted	664,751	634,838
Mutual funds		
- Quoted outside Malaysia	173,471	217,928
Forward foreign exchange contract	-	933
Accrued interest	10,455	9,095
	<u>2,031,984</u>	<u>2,073,074</u>
Current	1,156,310	1,291,430
Non-current	<u>875,674</u>	<u>781,644</u>
	<u>2,031,984</u>	<u>2,073,074</u>

During the six months period ended 30 June 2022, there were no changes in classification of financial assets nor transfer between fair value hierarchy of financial assets as a result of a change in the purpose or the use of these financial assets.

#### 14. REINSURANCE ASSETS/(LIABILITIES)

	As at 30.06.2022	As at 31.12.2021
	RM'000	RM'000
Reinsurance assets on:		
- Insurance claims liabilities	<u>7,183</u>	<u>10,829</u>
Reinsurance liabilities on:		
- Insurance contract liabilities	<u>(752)</u>	<u>(1,702)</u>

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

#### 15. INSURANCE CONTRACT LIABILITIES

	Gross		Net	
	As at 30.06.2022 RM'000	As at 31.12.2021 RM'000	As at 30.06.2022 RM'000	As at 31.12.2021 RM'000
Actuarial liabilities	2,793,148	2,807,390	2,793,900	2,809,092
Unallocated surplus	72,436	26,535	72,436	26,535
Fair value reserve	(9,269)	123,451	(9,269)	123,451
Asset revaluation reserve	2,069	2,069	2,069	2,069
Investment-linked policyholders' account	1,269,278	1,397,354	1,269,278	1,397,354
	<u>4,127,662</u>	<u>4,356,799</u>	<u>4,128,414</u>	<u>4,358,501</u>
Current	1,462,413	1,604,312	1,463,233	1,605,009
Non-current	2,665,249	2,752,487	2,665,181	2,753,492
	<u>4,127,662</u>	<u>4,356,799</u>	<u>4,128,414</u>	<u>4,358,501</u>

The life insurance contract liabilities and its movements are further analysed as follows:

	Gross		Net	
	As at 30.06.2022 RM'000	As at 31.12.2021 RM'000	As at 30.06.2022 RM'000	As at 31.12.2021 RM'000
At 1 January	4,356,799	4,360,216	4,358,501	4,364,473
Inforce reserve movement	28,276	81,467	27,454	79,376
New business reserve	17,820	23,961	17,692	23,497
Discount rate and other changes	(60,338)	(19,229)	(60,338)	(19,229)
Unallocated surplus	45,901	36,821	45,901	36,821
Fair value reserve, net of tax	(132,720)	(153,701)	(132,720)	(153,701)
Asset revaluation reserve				
- Revaluation adjustment	-	(523)	-	(523)
- Reversal of accumulated depreciation on revaluation	-	231	-	231
	-	(292)	-	(292)
Investment-linked policyholders' account	(128,076)	27,556	(128,076)	27,556
At 30 June/31 December	<u>4,127,662</u>	<u>4,356,799</u>	<u>4,128,414</u>	<u>4,358,501</u>

As the Non-participating life fund's unallocated surplus and fair value reserve are classified as equity, only the associated Participating life fund's unallocated surplus and fair value reserve are included in the above presentation.

For the current period ended 30 June 2022, the applicable assumption changes resulted in lower actuarial liabilities of RM60.3 million (30 June 2021: lower actuarial liabilities of RM30.2 million), with a corresponding increase in unallocated surplus for the participating business of RM32.5 million (30 June 2021: increase in unallocated surplus of RM18.6 million) and increase in net profit before tax of RM27.8 million (30 June 2021: increase in net profit before tax of RM11.6 million).

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

#### 16. CURRENT TAX ASSET/(LIABILITY)

	<b>As at 30.06.2022</b>	<b>As at 31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Current tax asset	22,245	22,245
Current tax liability	(343)	(4,028)
	<u>21,902</u>	<u>18,217</u>

Included in the current tax asset are a pending appeal case arising from two notices of additional assessment ("Form JA") of RM22.2 million for Years of Assessment 2017 and 2018, and tax paid in excess to the Inland Revenue Board ("IRB"). The High Court rejected the Company's application for leave to apply for judicial review in a decision delivered on 14<sup>th</sup> July 2021. The Company will not be appealing against the decision of the High Court. A mention date for the Company's application to the Special Commissioner of Income Tax on the assessments has been fixed on 6<sup>th</sup> September 2022.

The Company has made the above tax payment in 2021. In line with the opinion by the external advisor and the letter from the Ministry of Finance to Life Insurance Association of Malaysia and Malaysia Takaful Association dated 25<sup>th</sup> February 2022, the Company strongly believes that there are good grounds to contest the additional assessment and hence has treated the above tax payment as tax recoverable.

#### 17. FINANCIAL ASSET/(LIABILITY) AT FAIR VALUE THROUGH PROFIT OR LOSS

##### Derivatives

The table below shows the fair value of derivative financial instruments, recorded as asset or liability, together with their notional amounts. The notional amount, recorded gross, is the amount of the derivative's underlying asset and is the basis upon which changes in the value of derivatives are measured.

	Notional amount RM'000	Fair value (loss)/gain recognised as		Net carrying amount RM'000
		Financial Asset RM'000	Financial Liability RM'000	
<b>30 June 2022</b>				
<b>Hedging derivative:</b>				
Forward foreign exchange contract				
- Less than 1 year	94,706	-	(107)	(107)
<b>31 December 2021</b>				
<b>Hedging derivative:</b>				
Forward foreign exchange contract				
- Less than 1 year	119,952	933	-	933

There is no change in risks and policies associated with the derivatives and its related accounting policies since the financial year ended 31 December 2021.

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

#### 18. SIGNIFICANT RELATED PARTY TRANSACTIONS

Related party transactions have been entered into in the normal course of business under negotiated terms with the respective parties. The significant related party transactions during the financial period between the Company and its related parties are set out as below:

	<b>30.06.2022</b>	<b>Cumulative 6 months ended 30.06.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Expenses/(income):</b>		
<b>Intermediate holding company</b>		
Reimbursement of personnel expenses	1,621	1,918
Reimbursement of software maintenance expenses	2,342	2,178
Provision of IT infrastructure support and maintenance services		
- Paid and payable	8,421	5,704
- Waiver of prior year's expenses	-	(2,232)
Reimbursement of overhead expenses	(364)	(383)
Reimbursement of finance support expenses	98	90
Reimbursement of HR support expenses	340	311
Provision of staff claims system	16	15
Reimbursement of consultation fee	73	16
Provision of compliance support	38	-
Reimbursement of travelling expenses	11	-
Reimbursement of education and training expenses	-	33
Provision of IT development services	-	129
	<hr/>	<hr/>
<b>Subsidiaries of ultimate holding company</b>		
Provision of IT infrastructure support and maintenance services	1,565	40
Investment consulting services	207	-
	<hr/>	<hr/>
<b>Subsidiaries of immediate holding company</b>		
Outsourcing fee income	(1,402)	(1,253)
Outsourcing fee expenses	174	-
Fund management expenses	5,850	5,906
Rental of office premises	(346)	(348)
Management fees and maintenance charges	50	50
	<hr/>	<hr/>
<b>Immediate holding company</b>		
Outsourcing fee income	(547)	(499)
Outsourcing fee expenses	501	251
Rental income	(43)	(45)
Rental expenses	758	813
	<hr/>	<hr/>



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

#### 19. FINANCIAL INSTRUMENTS

##### Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- i) Available-for-sale (“AFS”);
- ii) Fair value through profit or loss - designated upon initial recognition (“FVTPL”);
- iii) Loans and receivables excluding prepayments (“LAR”); and
- iv) Other financial liabilities measured at amortised cost (“OL”).

	<u>AFS</u>	<u>FVTPL</u>	<u>LAR</u>	<u>OL</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>30 June 2022</b>					
<b>Financial assets</b>					
Loans and receivables	-	-	283,857	-	283,857
AFS financial assets	3,237,637	-	-	-	3,237,637
Financial assets at FVTPL	-	2,031,984	-	-	2,031,984
Insurance receivables	-	-	8,245	-	8,245
Cash and cash equivalents	-	-	100,630	-	100,630
	<u>3,237,637</u>	<u>2,031,984</u>	<u>392,732</u>	<u>-</u>	<u>5,662,353</u>
<b>Financial liabilities</b>					
Financial liability at FVTPL	-	-	107	-	107
Insurance payables	-	-	-	776,987	776,987
Other payables	-	-	-	173,579	173,579
	<u>-</u>	<u>-</u>	<u>107</u>	<u>950,566</u>	<u>950,673</u>
<b>31 December 2021</b>					
<b>Financial assets</b>					
Loans and receivables	-	-	297,348	-	297,348
AFS financial assets	3,361,030	-	-	-	3,361,030
Financial assets at FVTPL	-	2,073,074	-	-	2,073,074
Insurance receivables	-	-	14,797	-	14,797
Cash and cash equivalents	-	-	119,131	-	119,131
	<u>3,361,030</u>	<u>2,073,074</u>	<u>431,276</u>	<u>-</u>	<u>5,865,380</u>
<b>Financial liabilities</b>					
Insurance payables	-	-	-	759,105	759,105
Other payables	-	-	-	138,031	138,031
	<u>-</u>	<u>-</u>	<u>-</u>	<u>897,136</u>	<u>897,136</u>

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

#### 20. DETERMINATION OF FAIR VALUES AND FAIR VALUE HIERARCHY

##### a) Freehold property and investment property

The fair value of the Company's freehold property and investment property is determined based on the income method conducted by an independent qualified valuer.

Under the income method, the market value of the properties is determined based on the net annual income which is derived by deducting the annual outgoings from the gross annual income and capitalising the net income by a suitable rate of return consistent with the type and quality of the investment.

##### Fair value hierarchy

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 – Fair value is derived from unadjusted quoted price in active markets for identical properties that the entity can access at the measurement date.

Level 2 – Fair value is estimated using inputs that are observable for the properties, either directly or indirectly.

Level 3 – Fair value is estimated using unobservable inputs for the properties.

The fair value of freehold property and investment property is classified within Level 3 of the fair value hierarchy. The fair value of the properties is as follows:

	Freehold property		Investment property	
	As at 30.06.2022 RM'000	As at 31.12.2021 RM'000	As at 30.06.2022 RM'000	As at 31.12.2021 RM'000
Carrying amount	10,256	10,369	45,712	45,712
Fair value as stated in valuation report*	10,369	10,369	45,712	45,712

\* Based on the valuation conducted by an independent qualified valuer as at 31 December 2021.

Description of valuation techniques used and significant unobservable inputs to valuation of freehold properties and investment properties:

	Valuation technique	Significant unobservable inputs	Range
2021			
Freehold/ investment property	Income method	Term period's net yield Reversionary period's net yield Void factor Average rental for term period Average rental for reversionary period Outgoings for term period Outgoings for reversionary period	5.00% - 6.50% 6.00% 5.00% RM4.55 psf RM4.69 psf RM1.70 psf RM1.75 psf

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

#### 20. DETERMINATION OF FAIR VALUES AND FAIR VALUE HIERARCHY (CONTINUED)

##### a) Freehold property and investment property (continued)

Significant increase or decrease in each of the unobservable inputs used in the valuation would result in a correspondingly higher or lower fair value of the properties.

The reconciliation from beginning to ending balances for the freehold property and investment property are as follows:

	<u>Freehold property</u>		<u>Investment property</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
At 1 January	10,369	10,604	45,712	46,802
Additions	-	288	-	-
Depreciation charge for the period/year	(113)	(231)	-	-
Fair value loss	-	(292)	-	(1,090)
At 30 June/31 December	<u>10,256</u>	<u>10,369</u>	<u>45,712</u>	<u>45,712</u>

##### b) Financial assets and financial liabilities

###### (i) Determination of fair values

The fair values of the Company's financial assets and financial liabilities are determined as follows:

- (i) The carrying amounts of financial assets and financial liabilities, such as loans and receivables, insurance receivables, cash and cash equivalents, insurance payables and other payables (other than amount payable under Distribution Agreement) are reasonable approximations of their fair values due to the relatively short term maturity of these balances and the immaterial impact of discounting;
- (ii) The carrying amount of amount payable under Distribution Agreement discounted using the discount rate that reflects the current market assessment of the time value of money, are reasonable approximations of their fair values;
- (iii) The fair values of quoted equities and investments in real estate investment trusts are based on quoted market prices as at the reporting date;
- (iv) The fair values of Malaysian Government Securities, Government Investment Issues and unquoted corporate debt securities are based on indicative market prices;
- (v) The fair values of negotiable instruments of deposit are calculated using the discounted cash flow method based on the maturity of the instruments at discount rates representing the average market rates quoted by at least two licensed banks;
- (vi) The fair values of mutual funds and unit trust funds are based on the net asset values of the underlying funds as at the reporting date; and
- (vii) The fair values of forward foreign exchange contracts are based on valuations provided by the financial institutions making reference to quoted market prices.

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

#### **20. DETERMINATION OF FAIR VALUES AND FAIR VALUE HIERARCHY (CONTINUED)**

##### **b) Financial assets and financial liabilities (continued)**

###### **(i) Determination of fair values**

The fair values of the Company's financial assets and financial liabilities are determined as follows: (continued)

- (viii) The fair values of private equity funds are measured based on the private equity funds' net asset value or fair values reported in the investees' financial statements.

###### **(ii) Fair value hierarchy**

The Company categorises its fair value measurements according to a three-level hierarchy. The hierarchy prioritises the inputs used by the Company's valuation techniques for determining the fair value of the financial instruments.

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 – Fair value measurements that reflect unadjusted, quoted prices in active markets for identical assets and liabilities 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 – Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, inputs that are observable that are not prices (such as interest rates, credit risks, etc.) and inputs that are derived from or corroborated by observable market data.

Level 3 – Fair value measurements using significant non-market observable inputs. These include valuations for assets and liabilities that are derived using data, some or all of which is not market observable, including assumptions about risk.

In determining the fair value of its financial instruments, the Company uses observable market data, when available, and minimises the use of unobservable inputs to the extent possible when determining fair value.

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

#### 20. DETERMINATION OF FAIR VALUES AND FAIR VALUE HIERARCHY (CONTINUED)

##### b) Financial assets and financial liabilities (continued)

##### (ii) Fair value hierarchy (continued)

The following table presents the Company's financial assets and liabilities that are carried at fair value as at reporting date.

	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
<b>30 June 2022</b>				
<b>AFS financial assets</b>				
Equity securities				
- Quoted in Malaysia	507,862	507,862	-	-
- Quoted outside Malaysia	117,222	117,222	-	-
Real estate investment trusts	11,698	11,698	-	-
Unit trust funds	675,003	675,003	-	-
Malaysian Government Securities	343,089	-	343,089	-
Government Investment Issues	270,565	-	270,565	-
Corporate debt securities				
- Unquoted	1,287,726	-	1,287,726	-
Accrued interest	22,528	-	22,528	-
	<u>3,235,693</u>	<u>1,311,785</u>	<u>1,923,908</u>	<u>-</u>
<b>Financial assets at FVTPL</b>				
Equity securities				
- Quoted in Malaysia	700,490	700,490	-	-
- Quoted outside Malaysia	6,927	6,927	-	-
Private equities				
- Unquoted outside Malaysia	28,454	-	-	28,454
Real estate investment trusts	9,838	9,838	-	-
Unit trust funds	166,232	166,232	-	-
Malaysian Government Securities	149,434	-	149,434	-
Government Investment Issues	121,932	-	121,932	-
Corporate debt securities				
- Unquoted	664,751	-	664,751	-
Mutual funds				
- Quoted outside Malaysia	173,471	173,471	-	-
Accrued interest	10,455	-	10,455	-
	<u>2,031,984</u>	<u>1,056,958</u>	<u>946,572</u>	<u>28,454</u>
	<u>5,267,677</u>	<u>2,368,743</u>	<u>2,870,480</u>	<u>28,454</u>
<b>Financial liabilities at FVTPL</b>				
Forward foreign exchange contract	107	-	107	-

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#### 20. DETERMINATION OF FAIR VALUES AND FAIR VALUE HIERARCHY (CONTINUED)

##### b) Financial assets and financial liabilities (continued)

##### (ii) Fair value hierarchy (continued)

The following table presents the Company's financial assets and liabilities that are carried at fair value as at reporting date. (continued)

	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
<b>31 December 2021</b>				
<b>AFS financial assets</b>				
Equity securities				
- Quoted in Malaysia	629,191	629,191	-	-
- Quoted outside Malaysia	131,774	131,774	-	-
Real estate investment trusts	18,644	18,644	-	-
Unit trust funds	636,297	636,297	-	-
Malaysian Government Securities	275,260	-	275,260	-
Government Investment Issues	247,994	-	247,994	-
Corporate debt securities				
- Unquoted	1,398,381	-	1,398,381	-
Accrued interest	21,545	-	21,545	-
	<u>3,359,086</u>	<u>1,415,906</u>	<u>1,943,180</u>	<u>-</u>
<b>Financial assets at FVTPL</b>				
Equity securities				
- Quoted in Malaysia	786,964	786,964	-	-
- Quoted outside Malaysia	19,489	19,489	-	-
Private equities				
- Unquoted outside Malaysia	19,122	-	-	19,122
Real estate investment trusts	8,478	8,478	-	-
Unit trust funds	180,784	180,784	-	-
Malaysian Government Securities	78,047	-	78,047	-
Government Investment Issues	117,396	-	117,396	-
Corporate debt securities				
- Unquoted	634,838	-	634,838	-
Mutual funds				
- Quoted outside Malaysia	217,928	217,928	-	-
Forward foreign exchange contracts	933	-	933	-
Accrued interest	9,095	-	9,095	-
	<u>2,073,074</u>	<u>1,213,643</u>	<u>840,309</u>	<u>19,122</u>
	<u>5,432,160</u>	<u>2,629,549</u>	<u>2,783,489</u>	<u>19,122</u>

Unquoted equity securities of RM1,944,444 (31 December 2021: RM1,944,444) of the Company as disclosed in Note 13(a) are not disclosed in the fair value hierarchy above as they are measured at cost as fair value is not readily available.

There were no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy during the current and previous financial periods.

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

#### 20. DETERMINATION OF FAIR VALUES AND FAIR VALUE HIERARCHY (CONTINUED)

##### b) Financial assets and financial liabilities (continued)

##### (iii) Financial assets which are measured at fair value using significant unobservable inputs (Level 3)

The reconciliation from beginning to ending balance for the investment in private equity funds:

	<b>Private Equity Funds RM'000</b>	<b>Total RM'000</b>
At 1 January 2021	-	-
Total loss recognised in profit or loss	(125)	(125)
Capital contributions	19,246	19,246
Currency movement	1	1
At 31 December 2021/1 January 2022	<u>19,122</u>	<u>19,122</u>
Total gain recognised in profit or loss	144	144
Capital contributions	7,829	7,829
Currency movement	1,359	1,359
At 30 June 2022	<u>28,454</u>	<u>28,454</u>

Description of valuation methodology and significant unobservable inputs to valuation of private equity funds:

	<b>Fair Value RM'000</b>	<b>Valuation Methodology</b>	<b>Unobservable Input</b>	<b>Input Values</b>
<b>2022</b>				
Private equity funds	28,454	Net asset value ("NAV")	NAV	NAV
<b>2021</b>				
Private equity funds	19,122	Net asset value ("NAV")	NAV	NAV

#### 21. TOTAL CAPITAL ASSETS

The capital structure of the Company as prescribed under the Risk-Based Capital Framework is as below:

	<b>As at 30.06.2022 RM'000</b>	<b>As at 31.12.2021 RM'000</b>
<b>Eligible Tier 1 Capital</b>		
Share capital (paid-up)	200,000	200,000
Retained earnings of the Company*	320,019	322,527
Eligible contract liabilities	601,583	519,677
	<u>1,121,602</u>	<u>1,042,204</u>
<b>Eligible Tier 2 Capital</b>		
Eligible reserves	(19,244)	135,792
Amounts deducted from capital	(42,744)	(45,242)
<b>Total Capital Available</b>	<u>1,059,614</u>	<u>1,132,754</u>

\* Only distributable retained earnings of the Company are included in the determination of Total Capital Available.

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

#### 22. CAPITAL AND OTHER COMMITMENTS

	<u>As at 30.06.2022</u> RM'000	<u>As at 31.12.2021</u> RM'000
<b>Other commitments</b>		
<b>Exclusive bancassurance agreement</b>		
- Authorised but not provided for	(i) <u>3,000</u>	<u>4,500</u>
<b>Distribution agreement</b>		
- Authorised but not provided for	(ii) <u>5,363</u>	<u>5,363</u>
<b>Investment in Private Equity Funds</b>		
At 1 January	30,505	-
Capital committed during the financial period/year	-	49,751
Capital called during the financial period/year	(7,829)	(19,246)
Currency movement	<u>2,336</u>	<u>-</u>
At 30 June 2022/31 December 2021	(iii) <u>25,012</u>	<u>30,505</u>

- (i) The Company is committed to pay annual fees under the terms of the exclusive bancassurance agreement. The annual fees will be expensed off to the profit or loss in the year of settlement.
- (ii) The Company is committed to pay annual consultancy fees under the terms of the Distribution Agreement. The annual consultancy fees will be amortised to profit or loss over 20 years.
- (iii) The Company is committed to deliver the capital contributions pursuant to the terms of the Limited Partnership Agreements.



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

#### 23. INSURANCE FUNDS

The Company's activities are managed by funds and segregated into Life fund, Investment-linked funds and Shareholders' fund in accordance with the Financial Services Act 2013.

The Company's unaudited condensed statement of financial position and statement of profit or loss have been further analysed by funds as follows:

#### Interim Statement of Financial Position by Funds as at 30 June 2022

	Shareholder's Fund	Insurance Funds		Elimination	Total
		Life Fund	Investment- linked funds		
Assets	RM'000	RM'000	RM'000	RM'000	RM'000
Property and equipment	-	18,611	-	-	18,611
Investment property	-	45,712	-	-	45,712
Intangible assets	28,649	9,733	-	-	38,382
Loans and receivables	177,402	152,872	107,501	(146,632)	291,143
Available-for-sale financial assets	442,460	2,795,177	-	-	3,237,637
Financial assets at fair value through profit or loss	-	865,015	1,166,969	-	2,031,984
Reinsurance assets	-	7,183	-	-	7,183
Insurance receivables	-	8,245	-	-	8,245
Right-of-use assets	823	-	-	-	823
Current tax assets	-	22,245	-	-	22,245
Cash and cash equivalents	16,428	66,923	17,279	-	100,630
<b>Total assets</b>	<b>665,762</b>	<b>3,991,716</b>	<b>1,291,749</b>	<b>(146,632)</b>	<b>5,802,595</b>
<b>Equity, Policyholders' Funds and Liabilities</b>					
Share capital	200,000	-	-	-	200,000
Retained earnings	429,351	-	-	-	429,351
Fair value reserves	(12,045)	-	-	-	(12,045)
<b>Total equity</b>	<b>617,306</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>617,306</b>
Insurance contract liabilities	-	2,858,384	1,269,278	-	4,127,662
Insurance claim liabilities	-	88,625	-	-	88,625
Financial liability at fair value through profit or loss	-	-	107	-	107
Deferred tax liabilities	24,994	(4,323)	(4,311)	-	16,360
Reinsurance liabilities	-	752	-	-	752
Insurance payables	-	776,987	-	-	776,987
Lease liabilities	874	-	-	-	874
Current tax liabilities	(9,761)	68	10,036	-	343
Other payables	32,349	271,223	16,639	(146,632)	173,579
<b>Total equity, policyholders' funds and liabilities</b>	<b>665,762</b>	<b>3,991,716</b>	<b>1,291,749</b>	<b>(146,632)</b>	<b>5,802,595</b>

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

#### 23. INSURANCE FUNDS (CONTINUED)

##### Interim Statement of Financial Position by Funds as at 31 December 2021

Assets	Shareholder's Fund RM'000	Insurance Funds		Elimination RM'000	Total RM'000
		Life Fund RM'000	Investment- linked funds RM'000		
Property and equipment	-	18,907	-	-	18,907
Investment property	-	45,712	-	-	45,712
Intangible assets	29,995	10,157	-	-	40,152
Loans and receivables	210,352	196,783	80,785	(181,474)	306,446
Available-for-sale financial assets	442,603	2,918,427	-	-	3,361,030
Financial assets at fair value through profit or loss	-	749,897	1,323,177	-	2,073,074
Reinsurance assets	-	10,829	-	-	10,829
Insurance receivables	-	14,797	-	-	14,797
Right-of-use asset	1,098	-	-	-	1,098
Current tax assets	-	22,245	-	-	22,245
Cash and cash equivalents	19,906	80,641	18,584	-	119,131
<b>Total assets</b>	<b>703,954</b>	<b>4,068,395</b>	<b>1,422,546</b>	<b>(181,474)</b>	<b>6,013,421</b>
<b>Equity, Policyholders' Funds and Liabilities</b>					
Share capital	200,000	-	-	-	200,000
Retained earnings	419,112	-	-	-	419,112
Fair value reserves	10,272	-	-	-	10,272
<b>Total equity</b>	<b>629,384</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>629,384</b>
Insurance contract liabilities	-	2,959,445	1,397,354	-	4,356,799
Insurance claim liabilities	-	75,912	-	-	75,912
Deferred tax liabilities	29,356	8,373	9,525	-	47,254
Reinsurance liabilities	-	1,702	-	-	1,702
Insurance payables	-	759,105	-	-	759,105
Lease liabilities	1,206	-	-	-	1,206
Current tax liability	(4,861)	1,273	7,616	-	4,028
Other payables	48,869	262,585	8,051	(181,474)	138,031
<b>Total equity, policyholders' funds and liabilities</b>	<b>703,954</b>	<b>4,068,395</b>	<b>1,422,546</b>	<b>(181,474)</b>	<b>6,013,421</b>

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

#### 23. INSURANCE FUNDS (CONTINUED)

##### Statement of Profit or Loss by Funds for the six months period ended 30 June 2022

	Shareholder's fund	Insurance funds		Elimination	Total
		Life fund	Investment- linked funds		
	RM'000	RM'000	RM'000	RM'000	RM'000
Premium income					
Gross premiums	-	353,120	166,362	(456)	519,026
Premiums ceded to reinsurers	-	(37,892)	-	-	(37,892)
Net premiums	-	315,228	166,362	(456)	481,134
Investment income	9,663	74,096	17,210	-	100,969
Net realised gains	898	28,980	-	-	29,878
Net fair value losses	(925)	(41,003)	(161,181)	-	(203,109)
Fee income	-	10,883	-	(8,957)	1,926
Other operating income	-	157	1,528	-	1,685
<b>Total revenue</b>	<b>9,636</b>	<b>388,341</b>	<b>23,919</b>	<b>(9,413)</b>	<b>412,483</b>
Gross benefits and claims paid and payable	-	(215,590)	(162,337)	-	(377,927)
Claims ceded to reinsurers	-	21,645	-	-	21,645
Gross change in insurance contract liabilities	-	(31,660)	128,077	-	96,417
Change in insurance contract liabilities ceded to reinsurers	-	950	-	-	950
<b>Net claims</b>	<b>-</b>	<b>(224,655)</b>	<b>(34,260)</b>	<b>-</b>	<b>(258,915)</b>
Fee and commission expenses	-	(68,487)	-	-	(68,487)
Investment expenses	(91)	(4,936)	-	-	(5,027)
Management expenses	(6,317)	(74,221)	(11,783)	9,445	(82,876)
Other operating (expenses)/income	(6,347)	141	22,124	(32)	15,886
<b>Other (expenses)/income</b>	<b>(12,755)</b>	<b>(147,503)</b>	<b>10,341</b>	<b>9,413</b>	<b>(140,504)</b>
(Loss)/profit from operations	(3,119)	16,183	-	-	13,064
Transfer from/(to) revenue account	16,183	(16,183)	-	-	-
<b>Profit before taxation</b>	<b>13,064</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,064</b>
Taxation	(2,825)	-	-	-	(2,825)
<b>Net profit for the financial period</b>	<b>10,239</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,239</b>

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## MANULIFE INSURANCE BERHAD

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

#### 23. INSURANCE FUNDS (CONTINUED)

##### Statement of Profit or Loss by Funds for the six months period ended 30 June 2021

	Shareholder's fund	Insurance funds		Elimination	Total
		Life fund	Investment- linked funds		
	RM'000	RM'000	RM'000	RM'000	RM'000
Premium income					
Gross premiums	-	313,830	160,250	(505)	473,575
Premiums ceded to reinsurers	-	(48,180)	-	-	(48,180)
Net premiums	-	265,650	160,250	(505)	425,395
Investment income	11,112	71,787	18,450	-	101,349
Net realised gains	2,542	97,300	-	-	99,842
Net fair value (losses)/gains	(588)	(33,659)	31,610	-	(2,637)
Fee income	-	10,718	-	(8,976)	1,742
Other operating income	-	240	1,520	-	1,760
<b>Total revenue</b>	<b>13,066</b>	<b>412,036</b>	<b>211,830</b>	<b>(9,481)</b>	<b>627,451</b>
Gross benefits and claims paid and payable	-	(195,950)	(204,718)	-	(400,668)
Claims ceded to reinsurers	-	18,606	-	-	18,606
Gross change in insurance contract liabilities	-	(92,388)	823	-	(91,565)
Change in insurance contract liabilities ceded to reinsurers	-	757	-	-	757
<b>Net claims</b>	<b>-</b>	<b>(268,975)</b>	<b>(203,895)</b>	<b>-</b>	<b>(472,870)</b>
Fee and commission expenses	-	(37,378)	-	-	(37,378)
Investment expenses	(99)	(4,820)	-	-	(4,919)
Management expenses	(7,401)	(61,811)	(11,560)	9,485	(71,287)
Other operating (expenses)/income	(3,956)	(9,206)	3,625	(4)	(9,541)
<b>Other expenses</b>	<b>(11,456)</b>	<b>(113,215)</b>	<b>(7,935)</b>	<b>9,481</b>	<b>(123,125)</b>
Profit from operations	1,610	29,846	-	-	31,456
Transfer from/(to) revenue account	29,846	(29,846)	-	-	-
<b>Profit before taxation</b>	<b>31,456</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,456</b>
Taxation	(5,185)	-	-	-	(5,185)
<b>Net profit for the financial period</b>	<b>26,271</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,271</b>

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

#### 23. INSURANCE FUNDS (CONTINUED)

##### Information on cash flows by Funds

	Shareholders' fund	Insurance funds		Total
		Life fund	Investment- linked funds	
30 June 2022	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from:</b>				
Operating activities	(3,478)	(11,546)	(1,305)	(16,329)
Investing activities	-	(1,341)	-	(1,341)
Financing activities	-	(831)	-	(831)
Net decrease in cash and cash equivalents	(3,478)	(13,718)	(1,305)	(18,501)
At beginning of financial year	19,906	80,641	18,584	119,131
At end of financial period	16,428	66,923	17,279	100,630
<b>30 June 2021</b>				
<b>Cash flows from:</b>				
Operating activities	(11,641)	12,314	10,043	10,716
Investing activities	-	(933)	-	(933)
Financing activities	-	(498)	-	(498)
Net (decrease)/increase in cash and cash equivalents	(11,641)	10,883	10,043	9,285
At beginning of financial year	25,850	50,019	8,878	84,747
At end of financial period	14,209	60,902	18,921	95,032

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

#### 24. ADDITIONAL DISCLOSURES UNDER AMENDMENTS TO MFRS 4 *INSURANCE CONTRACTS*

In order to compare with entities applying MFRS 9, the amendments require deferring entities to disclose additional information including contractual cash flows characteristics and credit exposure of the financial assets. The following table presents the Company's financial assets by their contractual cash flows characteristics, which indicate if they are solely payments of principal and interest on the principal outstanding ("SPPI"):

For the six-month period ended 30 June 2022	Fair value as at 1 January 2022 RM'000	Change in fair value* RM'000	Fair value as at 30 June 2022 RM'000	Result of the cash flows characteristics test	Classification and measurement under MFRS 9
<b>Financial assets</b>					
Equity securities					
- Quoted in Malaysia	1,416,155	(207,803)	1,208,352	Non-SPPI	FVTPL
- Quoted outside Malaysia	151,263	(27,114)	124,149	Non-SPPI	FVTPL
- Unquoted	1,944	-	1,944	Non-SPPI	FVTPL
Private equity funds	19,122	9,332	28,454	Non-SPPI	FVTPL
Real estate investment trusts	27,122	(5,586)	21,536	Non-SPPI	FVTPL
Unit trust funds	817,081	24,154	841,235	Non-SPPI	FVTPL
Malaysian Government Securities	353,307	139,216	492,523	SPPI	FVOCI
Government Investment Issues	365,390	27,107	392,497	SPPI	FVOCI
Corporate debt securities					
- Unquoted	2,033,219	(80,742)	1,952,477	SPPI	FVOCI
Mutual funds	217,928	(44,457)	173,471	Non-SPPI	FVTPL
Forward foreign exchange contract	933	(933)	-	Non-SPPI	FVTPL
Accrued interest	30,640	2,343	32,983	SPPI	FVOCI
Loans and receivables	297,348	(13,491)	283,857	SPPI	Amortised cost
Insurance receivables	14,797	(6,552)	8,245	SPPI	Amortised cost
Cash and cash equivalents	119,131	(18,501)	100,630	SPPI	Amortised cost
	<u>5,865,380</u>	<u>(203,027)</u>	<u>5,662,353</u>		

\* Includes purchases, disposals, maturities and realised/unrealised gains/(losses).

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

#### 24. ADDITIONAL DISCLOSURES UNDER AMENDMENTS TO MFRS 4 *INSURANCE CONTRACTS* (CONTINUED)

For the financial year ended 31 December 2021	Fair value as at 1 January 2021 RM'000	Change in fair value* RM'000	Fair value as at 31 December 2021 RM'000	Result of the cash flows characteristics test	Classification and measurement under MFRS 9
<b>Financial assets</b>					
Equity securities					
- Quoted in Malaysia	1,645,725	(229,570)	1,416,155	Non-SPPI	FVTPL
- Quoted outside Malaysia	182,638	(31,375)	151,263	Non-SPPI	FVTPL
- Unquoted	1,944	-	1,944	Non-SPPI	FVTPL
Private equity funds	-	19,122	19,122	Non-SPPI	FVTPL
Real estate investment trusts	20,451	6,671	27,122	Non-SPPI	FVTPL
Unit trust funds	706,220	110,861	817,081	Non-SPPI	FVTPL
Malaysian Government Securities	391,035	(37,728)	353,307	SPPI	FVOCI
Government Investment Issues	279,898	85,492	365,390	SPPI	FVOCI
Corporate debt securities					
- Unquoted	1,791,266	241,953	2,033,219	SPPI	FVOCI
Mutual funds	304,436	(86,508)	217,928	Non-SPPI	FVTPL
Forward foreign exchange contract	1,149	(216)	933	Non-SPPI	FVTPL
Accrued interest	26,423	4,217	30,640	SPPI	FVOCI
Loans and receivables	307,853	(10,505)	297,348	SPPI	Amortised cost
Insurance receivables	16,877	(2,080)	14,797	SPPI	Amortised cost
Cash and cash equivalents	84,747	34,384	119,131	SPPI	Amortised cost
	<u>5,760,662</u>	<u>104,718</u>	<u>5,865,380</u>		

\* Includes purchases, disposals, maturities and realised/unrealised gains/(losses).

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

#### 24. ADDITIONAL DISCLOSURES UNDER AMENDMENTS TO MFRS 4 *INSURANCE CONTRACTS* (CONTINUED)

The following table shows the fair value of financial assets by credit quality:

<b>As at 30 June 2022</b>	<b>AAA RM'000</b>	<b>AA RM'000</b>	<b>A RM'000</b>	<b>Non-rated RM'000</b>	<b>Total RM'000</b>
<b>Financial assets</b>					
Malaysian Government Securities	-	-	-	492,523	492,523
Government Investment Issues	-	-	-	392,497	392,497
Corporate debt securities - Unquoted	926,423	679,816	510	345,728	1,952,477
Accrued interest	12,737	7,553	1	12,692	32,983
Loans and receivables	99,589	-	-	184,268	283,857
Insurance receivables	-	-	-	8,245	8,245
Cash and cash equivalents	87,725	39	12,856	10	100,630
	<u>1,126,474</u>	<u>687,408</u>	<u>13,367</u>	<u>1,435,963</u>	<u>3,263,212</u>
<b>As at 31 December 2021</b>					
<b>Financial assets</b>					
Malaysian Government Securities	-	-	-	353,307	353,307
Government Investment Issues	-	-	-	365,390	365,390
Corporate debt securities - Unquoted	959,014	692,091	8,554	373,560	2,033,219
Accrued interest	12,668	7,221	138	10,613	30,640
Loans and receivables	117,872	-	-	179,476	297,348
Insurance receivables	-	-	-	14,797	14,797
Cash and cash equivalents	110,697	12	8,422	-	119,131
	<u>1,200,251</u>	<u>699,324</u>	<u>17,114</u>	<u>1,297,143</u>	<u>3,213,832</u>