

FWD TAKAFUL BERHAD
200601011780 (731530-M)
(Incorporated in Malaysia)

Unaudited Condensed Interim Financial Statements
For the Six Months Ended 30 June 2022

200601011780 (731530-M)

**FWD Takaful Berhad
(Incorporated in Malaysia)**

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Unaudited interim statement of financial position as at 30 June 2022

		30.06.2022			31.12.2021		
		Takaful	Family	Company	Takaful	Family	Company
	Note	Operator	Takaful		Operator	Takaful	
		RM'000	Fund	RM'000	RM'000	Fund	RM'000
			RM'000			RM'000	
Assets							
Property, plant and equipment		2,667	-	2,667	4,143	-	4,143
Intangible assets		5,571	-	5,571	5,793	-	5,793
Right-of-use assets		2,646	-	2,646	3,829	-	3,829
Investments	13	146,861	1,290,416	1,437,277	153,284	1,389,893	1,543,177
Retakaful assets	14	-	50,848	50,848	-	49,434	49,434
Current tax assets		15,724	-	11,665	13,963	-	10,977
Deferred tax assets		19,531	2,773	22,304	13,963	-	6,556
Other receivables		17,984	11,106	17,935	35,730	9,535	14,543
Takaful receivables		1,820	8,436	10,256	768	1,560	2,328
Cash and cash equivalents		71,196	177,198	248,394	18,079	118,181	136,260
Total assets		284,000	1,540,777	1,809,563	249,552	1,568,603	1,777,040
Shareholders' equity							
Share capital	9	512,500	-	512,500	401,000	-	401,000
Accumulated losses		(295,261)	-	(295,261)	(227,327)	-	(227,327)
Fair value reserves		(645)	-	(645)	780	-	780
Total equity		216,594	-	216,594	174,453	-	174,453

These unaudited interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2021.

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Unaudited interim statement of financial position as at 30 June 2022 (cont'd.)

	Note	30.06.2022			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
Liabilities							
Takaful contract liabilities	14	-	1,498,590	1,498,590	-	1,507,879	1,507,879
Expense reserves		14,902	-	14,902	13,839	-	13,839
Takaful payables		5,837	22,832	28,669	3,167	15,977	19,144
Other payables		44,037	15,296	48,178	54,244	34,354	57,876
Lease liabilities		2,630	-	2,630	3,849	-	3,849
Current tax liabilities		-	4,059	-	-	2,986	-
Deferred tax liabilities		-	-	-	-	7,407	-
Total liabilities		67,406	1,540,777	1,592,969	75,099	1,568,603	1,602,587
Total equity and liabilities		284,000	1,540,777	1,809,563	249,552	1,568,603	1,777,040

These unaudited interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2021.

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Unaudited interim income statement for the six months ended 30 June 2022

	01.01.2022 to 30.06.2022			01.01.2021 to 30.06.2021			
	Note	Takaful Operator RM'000	Family Takaful Fund RM'000	Company RM'000	Takaful Operator RM'000	Family Takaful Fund RM'000	Company RM'000
Operating revenue		69,978	296,566	299,494	50,601	225,873	228,214
Gross contributions		-	275,913	275,913	-	204,840	204,840
Contributions ceded to retakaful operators		-	(15,754)	(15,754)	-	(11,826)	(11,826)
Net earned contributions		-	260,159	260,159	-	193,014	193,014
Wakalah income		67,050	-	-	48,260	-	-
Investment Income		2,928	20,653	23,581	2,341	21,033	23,374
Realised (losses)/gains		(21)	1,011	990	4	5,204	5,208
Fair value gains/(losses)	13(a)	424	(99,424)	(99,000)	5	(9,991)	(9,986)
Other operating income		109	1,428	1,537	109	4,385	4,463
Other income		70,490	(76,332)	(72,892)	50,719	20,631	23,059
Gross benefits and claim paid		-	(139,243)	(139,243)	-	(92,163)	(92,163)
Claims ceded to retakaful operators		-	12,879	12,879	-	10,368	10,368
Gross changes in takaful contract liabilities		-	16,083	16,083	-	(56,291)	(56,291)
Change in retakaful contract liabilities		-	540	540	-	(1,874)	(1,874)
Net benefits and claims		-	(109,741)	(109,741)	-	(139,960)	(139,960)

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Unaudited interim income statement for the six months ended 30 June 2022 (cont'd.)

	01.01.2022 to 30.06.2022			01.01.2021 to 30.06.2021			
	Note	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		-	(67,050)	-	-	(48,260)	-
Fees and commission expense		(38,090)	-	(38,090)	(30,581)	-	(30,581)
Management expenses		(86,401)	-	(86,401)	(72,724)	-	(72,724)
Change in expense reserves		(1,063)	-	(1,063)	(156)	-	(156)
Change in allowance for impairment loss		932	(710)	222	(221)	(1,121)	(1,342)
Other operating expenses		(18,920)	(151)	(19,071)	(6,259)	(178)	(6,406)
Taxation of family takaful business		-	7,205	7,205	-	(1,234)	(1,234)
Other expenses		(143,542)	(60,706)	(137,198)	(109,941)	(50,793)	(112,443)
Operating (loss)/profit before surplus transfers		(73,052)	13,380	(59,672)	(59,222)	22,892	(36,330)
Surplus attributable to shareholders		-	-	-	-	-	-
Surplus distributed to participants		-	-	-	-	-	-
Net surplus retained in takaful fund		-	(13,380)	(13,380)	-	(22,892)	(22,892)
Loss before taxation		(73,052)	-	(73,052)	(59,222)	-	(59,222)
Taxation		5,118	-	5,118	(2,567)	-	(2,567)
Net loss for the period		(67,934)	-	(67,934)	(61,789)	-	(61,789)
Basic and diluted loss per share (sen)				(3,397)			(3,089)

These unaudited interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2021.

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Unaudited interim statement of comprehensive income for the six months ended 30 June 2022

	Note	01.01.2022 to 30.06.2022			01.01.2021 to 30.06.2021		
		Takaful Operator RM'000	Family Takaful Fund RM'000	Company RM'000	Takaful Operator RM'000	Family Takaful Fund RM'000	Company RM'000
Net loss for the period		(67,934)	-	(67,934)	(61,789)	-	(61,789)
<u>Items that may be subsequently reclassified to profit or loss:</u>							
Gross fair value (losses)/gains arising during the financial period	13(a)	(1,875)	(23,768)	(25,643)	(1,704)	(17,852)	(19,556)
Tax effects thereon		450	1,901	2,351	409	1,428	1,837
Net fair value (losses)/gains		(1,425)	(21,867)	(23,292)	(1,295)	(16,424)	(17,719)
Change in Takaful contract liabilities arising from unrealised net fair value losses/(gains)		-	21,867	21,867	-	16,424	16,424
Other comprehensive income for the financial period, net of tax		(1,425)	-	(1,425)	(1,295)	-	(1,295)
Total comprehensive loss for the financial period		(69,359)	-	(69,359)	(63,084)	-	(63,084)

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Unaudited interim statement of changes in equity for the six months ended 30 June 2022

	<u>Issued and fully paid</u>	<u>Non- distributable</u>	<u>Distributable</u>	
	<u>Share capital</u>	<u>Fair value reserve</u>	<u>Accumulated losses</u>	<u>Total</u>
Note	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	261,500	3,074	(109,115)	155,459
Preference shares issued during the financial period	139,500	-	-	139,500
Total comprehensive loss for the financial year	-	(2,294)	(118,212)	(120,506)
At 31 December 2021	<u>401,000</u>	<u>780</u>	<u>(227,327)</u>	<u>174,453</u>
At 1 January 2022	401,000	780	(227,327)	174,453
Preference shares issued during the financial period	111,500	-	-	111,500
Total comprehensive loss for the financial period	-	(1,425)	(67,934)	(69,359)
At 30 June 2022	<u>512,500</u>	<u>(645)</u>	<u>(295,261)</u>	<u>216,594</u>

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Unaudited interim statement of cash flows for the six months ended 30 June 2022

	01.01.2022 to 30.06.2022	01.01.2021 to 30.06.2021
Note	RM'000	RM'000
Cash flows from operating activities		
Net loss for the financial period	(67,934)	(61,789)
Adjustments for:		
Profit from government guaranteed sukuk	(4,157)	(4,075)
Profit from Government Investment Issues	(4,891)	(3,375)
Profit from corporate debt securities	(10,112)	(9,693)
Profit from fixed deposits with licensed Islamic financial institutions	(2,094)	(835)
Dividend income from quoted equity securities	(210)	(297)
Dividend income from collective investment schemes	(7,597)	(10,581)
Fund management fee rebate and investment expense	(2,640)	(2,575)
Realised gains	(1,011)	(5,208)
Taxation of family takaful business	(7,205)	1,234
Amortisation of intangible assets	1,499	1,640
(Decrease)/increase in impairment of receivables	(222)	1,342
Depreciation of right-of-use assets	1,183	1,206
Depreciation of property, plant and equipment	1,511	1,433
Fair value movement of investments	13(a) 99,000	9,846
Net amortisation of investments	13(a) 674	668
Increase in expense reserves	1,063	156
Profit expense on lease liabilities	48	95
Operating loss before changes in working capital	(3,095)	(80,808)
(Increase)/decrease in other receivables	(10,700)	398
Increase in other payables	(9,698)	(7,383)
(Decrease)/increase in takaful contract liabilities	(9,289)	70,369
(Increase)/decrease in retakaful assets	(1,414)	626
Increase in takaful payables	9,525	4,398
Increase in takaful receivables	(7,706)	(1,232)
Purchase of investments	(97,898)	(223,451)
Proceeds from disposal of investments	73,725	129,757
Proceeds from maturities of investments	13(a) 30,000	40,000
Profits received	21,155	17,565
Dividends received	7,618	10,507
Fund management fee rebate received, net of investment expense paid	2,796	2,681
Payment of profit portion of lease liabilities	(48)	(95)
Cash used in operating activities	4,971	(36,668)
Income tax paid	(1,806)	(2,917)
Net cash generated/(used in) operating activities	3,165	(39,585)

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Unaudited interim statement of cash flows for the six months ended 30 June 2022 (cont'd.)

	01.01.2022	01.01.2021
	to	to
	30.06.2022	30.06.2021
Note	RM'000	RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(35)	(216)
Purchase of intangible assets	(1,277)	(1,880)
Net cash used in investing activities	<u>(1,312)</u>	<u>(2,096)</u>
Cash flows from financing activities		
Increase in share capital	9 111,500	139,500
Payment of principal portion of lease liabilities	(1,219)	(1,178)
Net cash generated from financing activities	<u>110,281</u>	<u>138,322</u>
Net increase in cash and cash equivalents	112,134	96,641
Cash and cash equivalents at 1 January	136,260	89,049
Cash and cash equivalents at 30 June	<u>248,394</u>	<u>185,690</u>

Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	01.01.2022	01.01.2021
	to	to
	30.06.2022	30.06.2021
	RM'000	RM'000
Short term deposits with licensed Islamic financial institutions with original maturity period of less than 3 months	227,167	163,408
Cash and bank balances	21,227	22,282
	<u>248,394</u>	<u>185,690</u>

These unaudited interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2021.

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**Notes to the unaudited condensed interim financial statements
For the six months ended 30 June 2022**

1. Basis of preparation

The unaudited condensed interim financial statements of the company have been prepared in accordance with MFRS 134: Interim Financial Reporting as issued by the Malaysian Accounting Standards Board ("MASB"), IAS 34: Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB") and the Guidelines/Circulars issued by Bank Negara Malaysia ("BNM").

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Company for the financial year ended 31 December 2021. The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the financial year ended 31 December 2021. The classification of certain financial statement line items have been amended to conform to the current year presentation. These reclassification adjustments do not affect the total comprehensive loss and total equity of the Company.

2. Summary of significant accounting policies

The accounting policies and the critical accounting estimates and assumptions applied in the preparation of the condensed interim financial statements are consistent with those adopted in the preparation of the Company's audited financial statements for the financial year ended 31 December 2021.

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 31 December 2021.

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3. Auditors' report

The auditors' report on the audited financial statements of the preceding financial year ended 31 December 2021 did not contain any qualification.

4. Seasonality of operations

The business operations of the company are not materially affected by seasonal or cyclical factors for the financial period under review.

5. Unusual items

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

6. Estimates

There were no material changes in the basis used for accounting estimates for the current financial period under review.

7. Debt and equity securities

On 10 February 2022, the company issued 1,115 new preference shares of RM100,000 each. There were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current period under review.

8. Dividends

No dividends was declared nor paid during the current financial period ended 30 June 2022.

9. Share capital

During the financial period ended 30 June 2022, the Company increased its issued and paid-up capital from RM401,000,000 to RM512,500,000 via issuance of 1,115 new preference shares for cash of RM111,500,000 on 10 February 2022 (as disclosed in Note 7).

10. Material events subsequent to the end of the financial period

There were no material events subsequent to the end of the financial period 30 June 2022.

11. Contingent liabilities

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

12. Changes in the composition of the Company

There is no change in the composition of the Company from the previous audited financial statements for the financial year ended 31 December 2021.

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13. Investments

	Takaful Operator RM'000	Family Takaful Fund RM'000	Company RM'000
At 30 June 2022			
Available-for-sale financial assets			
Government investment issues	19,981	120,322	140,303
Government guaranteed sukuk	15,197	110,934	126,131
Corporate debt securities	45,234	246,617	291,851
	<u>80,412</u>	<u>477,873</u>	<u>558,285</u>
Financial assets at fair value through profit or loss			
Government investment issues	-	107,953	107,953
Government guaranteed sukuk	-	60,632	60,632
Corporate debt securities	-	167,494	167,494
Collective investment schemes	66,449	462,816	529,265
Quoted equity securities	-	13,648	13,648
	<u>66,449</u>	<u>812,543</u>	<u>878,992</u>
	<u>146,861</u>	<u>1,290,416</u>	<u>1,437,277</u>
At 31 December 2021			
Available-for-sale financial assets			
Government investment issues	20,938	118,372	139,310
Government guaranteed sukuk	15,475	125,595	141,070
Corporate debt securities	51,026	272,945	323,971
	<u>87,439</u>	<u>516,912</u>	<u>604,351</u>
Financial assets at fair value through profit or loss			
Government investment issues	-	95,096	95,096
Government guaranteed sukuk	-	63,135	63,135
Corporate debt securities	-	158,641	158,641
Collective investment schemes	65,845	540,811	606,656
Quoted equity securities	-	15,298	15,298
	<u>65,845</u>	<u>872,981</u>	<u>938,826</u>
	<u>153,284</u>	<u>1,389,893</u>	<u>1,543,177</u>

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13. Investments (cont'd.)

(a) Carrying values of investments

Investments are carried at fair value. Investments are categorised as either available-for-sale financial assets ("AFS") or financial assets at fair value through profit or loss ("FVTPL").

	AFS	FVTPL	Total
	RM'000	RM'000	RM'000
At 1 January 2021	641,723	762,110	1,403,833
Purchases	54,008	335,335	389,343
Maturities	(60,000)	(10,000)	(70,000)
Disposals	(5,000)	(142,257)	(147,257)
Fair value gains recorded in profit or loss	-	(6,010)	(6,010)
AFS reserves	(25,383)	-	(25,383)
(Amortisation)/accretion adjustment	(997)	(352)	(1,349)
At 31 December 2021/ 1 January 2022	604,351	938,826	1,543,177
Purchases	10,036	88,047	98,083
Maturities	(30,000)	-	(30,000)
Disposals	-	(48,666)	(48,666)
Fair value loss recorded in profit or loss	-	(99,000)	(99,000)
AFS reserves	(25,643)	-	(25,643)
Amortisation adjustment	(459)	(215)	(674)
At 30 June 2022	558,285	878,992	1,437,277

(b) Fair values of investments

The fair value of investments is determined by reference to market closing prices in an active market at reporting date.

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 for the asset or liability that are not based on observable market data (unobservable inputs).

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13. Investments (cont'd.)

(b) Fair values of investments (cont'd.)

	Takaful Operator RM'000	Family Takaful Fund RM'000	Company RM'000
At 30 June 2022			
Level 1	66,449	476,464	542,913
Level 2	80,412	813,952	894,364
	<u>146,861</u>	<u>1,290,416</u>	<u>1,437,277</u>
	Takaful Operator RM'000	Family Takaful Fund RM'000	Company RM'000
At 31 December 2021			
Level 1	65,845	556,109	621,954
Level 2	87,439	833,784	921,223
	<u>153,284</u>	<u>1,389,893</u>	<u>1,543,177</u>

(c) The following investments mature after 12 months:

	Takaful Operator RM'000	Family Takaful Fund RM'000	Company RM'000
At 30 June 2022			
Available-for-sale financial assets	60,344	432,651	492,995
Financial assets at fair value through profit or loss	-	310,859	310,859
	<u>60,344</u>	<u>743,510</u>	<u>803,854</u>
At 31 December 2021			
Available-for-sale financial assets	62,088	461,435	523,523
Financial assets at fair value through profit or loss	-	311,766	311,766
	<u>62,088</u>	<u>773,201</u>	<u>835,289</u>

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14. Takaful contract liabilities

Family Takaful Fund/Company	Gross RM'000	Re-takaful RM'000	Net RM'000
At 30 June 2022			
Provision for outstanding claims	41,405	(23,350)	18,055
Actuarial reserves	363,332	(27,498)	335,834
Net asset value attributable to participants	509,682	-	509,682
Net asset value attributable to unit holders	454,563	-	454,563
Participants' Fund:			
Unallocated surplus	145,662	-	145,662
AFS reserves	(16,054)	-	(16,054)
	<u>1,498,590</u>	<u>(50,848)</u>	<u>1,447,742</u>
Family Takaful Fund/Company	Gross RM'000	Re-takaful RM'000	Net RM'000
At 31 December 2021			
Provision for outstanding claims	37,042	(21,397)	15,645
Actuarial reserves	326,550	(28,037)	298,513
Net asset value attributable to participants	517,405	-	517,405
Net asset value attributable to unit holders	526,473	-	526,473
Participants' Fund:			
Unallocated surplus	94,596	-	94,596
AFS reserves	5,813	-	5,813
	<u>1,507,879</u>	<u>(49,434)</u>	<u>1,458,445</u>

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14. Takaful contract liabilities (cont'd.)

Family Takaful Fund/Company (cont'd.)

The movement of the family takaful contract liabilities and participant's fund are further analysed as follows:

Note	2022			2021		
	Gross RM'000	Re-takaful RM'000	Net RM'000	Gross RM'000	Re-takaful RM'000	Net RM'000
At 1 January	1,507,879	(49,434)	1,458,445	1,342,188	(33,427)	1,308,761
Contributions received	209,620	-	209,620	316,287	-	316,287
Liabilities paid for death, maturities, surrenders, benefits and claims	(150,716)	10,926	(139,790)	(213,597)	20,163	(193,434)
Claims incurred during the financial year	83,979	(12,879)	71,100	125,152	(26,437)	98,715
Fees deducted	(63,540)	-	(63,540)	(101,191)	-	(101,191)
Investment income	(7,911)	-	(7,911)	6,682	-	6,682
Retakaful reserve credit	(539)	539	-	9,733	(9,733)	-
Profit paid to participants	(386)	-	(386)	2,088	-	2,088
Net asset value attributable to unit holders	(71,910)	-	(71,910)	41,162	-	41,162
Surplus attributable to Takaful Operator	-	-	-	(21,613)	-	(21,613)
Allowance for impairment	-	-	-	-	-	-
AFS reserves	(21,867)	-	(21,867)	(20,576)	-	(20,576)
Investment income distribution	7,384	-	7,384	14,783	-	14,783
Seed money from Takaful Operator	5,000	-	5,000	5,000	-	5,000
Others	1,597	-	1,597	1,781	-	1,781
At 30 June/31 December	1,498,590	(50,848)	1,447,742	1,507,879	(49,434)	1,458,445

FWD Takaful Berhad
(Incorporated in Malaysia)

15. Capital management

The objective of the Company's Capital Management Plan ("CMP") is to ensure that the Company has sufficient working capital including equity (share capital and retained reserves) to support planned business growth and to meet regulatory capital requirements established by the local regulator at all times in a prudent and efficient manner.

In order to achieve these objectives, the CMP sets out the optimal amount and mix of regulatory and working capital required to ensure that these objectives are met.

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 is provided below:

	30.06.2022	31.12.2021
	RM'000	RM'000
Eligible Tier 1 Capital		
Share capital	512,500	401,000
Reserves, including retained earnings	(295,261)	(227,327)
Valuation surplus maintained in the takaful funds	145,662	94,597
Eligible Tier 2 Capital		
AFS fair value reserves	(550)	2,758
Amount deducted from capital	<u>(25,262)</u>	<u>(20,019)</u>
Capital available	<u>337,089</u>	<u>251,009</u>
Total capital available	<u>238,192</u>	<u>190,635</u>