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## TAKAFULmalaysia

### SYARIKAT TAKAFUL MALAYSIA AM BERHAD

(Company No. 1246486-D) (Incorporated in Malaysia)

#### STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	2018	
	Takaful Operator RM'000	General Takaful Company RM'000
<b>ASSETS</b>		
Property and equipment	6,222	14,637
Investment properties	-	10,615
Other investments	92,017	444,082
Retakaful assets	-	334,934
Deferred tax assets	34,611	34,611
Current tax assets	1,795	1,795
Loans and receivables, excluding takaful receivables	117,868	274,510
Takaful receivables	-	62,879
Cash and cash equivalents	75,208	116,792
<b>TOTAL ASSETS</b>	<b>327,721</b>	<b>1,135,177</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	100,000	100,000
Reserves	54,462	54,462
<b>Total equity attributable to owners of the Company</b>	<b>154,462</b>	<b>154,462</b>
<b>LIABILITIES</b>		
Takaful contract liabilities	-	1,016,084
Expense reserves	143,309	143,309
Takaful payables	9,144	42,577
Other payables	20,806	73,523
Current tax liabilities	-	2,993
<b>TOTAL LIABILITIES</b>	<b>173,259</b>	<b>1,135,177</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>327,721</b>	<b>1,135,177</b>

#### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD FROM 12 SEPTEMBER 2017 TO 31 DECEMBER 2018

	12.9.2017 - 31.12.2018	
	Takaful Operator RM'000	General Takaful Company RM'000
<b>Operating revenue</b>	<b>5,011</b>	<b>412,647</b>
<b>Takaful operator income</b>	<b>175,137</b>	<b>-</b>
Gross earned contributions	-	397,446
Contributions ceded to retakaful	-	(156,771)
<b>Net earned contributions</b>	<b>-</b>	<b>240,675</b>
Administrative income	-	46,080
Investment income	5,011	17,289
Fair value gains and (losses)	-	119
Reversal of impairment losses on financial instruments	-	3,387
Other operating income	1,722	107
<b>Other income</b>	<b>6,733</b>	<b>66,982</b>
Gross benefits and claims paid	-	(155,014)
Claims ceded to retakaful	-	57,655
Gross change to contract liabilities	-	(68,428)
Change to contract liabilities ceded to retakaful	-	47,531
<b>Net benefits and claims</b>	<b>-</b>	<b>(118,256)</b>
Wakalah fee expense	-	(173,991)
Administrative fees	(34,707)	-
Expense reserves	(9,650)	(9,650)
Management expenses	(63,709)	(63,918)
Impairment losses on financial instruments	(6)	(6)
Other operating expenses	(2,177)	(289)
<b>Other expenses</b>	<b>(110,249)</b>	<b>(174,280)</b>
<b>Total profit for the period</b>	<b>71,621</b>	<b>15,121</b>
Profit attributable to the Takaful Operator / participants	-	(15,121)
<b>Profit before zakat and taxation</b>	<b>71,621</b>	<b>-</b>
Zakat	(350)	(350)
Tax expense	(17,664)	(17,664)
<b>Profit for the period</b>	<b>53,607</b>	<b>-</b>
Other comprehensive income, net of tax	-	-
<b>Items that may be reclassified subsequently to profit or loss</b>		
Debt investments measured at fair value through other comprehensive income (FVOCI) - net change in fair value	855	6,054
Other comprehensive income attributable to participants	-	(6,054)
<b>Total other comprehensive income for the period</b>	<b>855</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>54,462</b>	<b>54,462</b>

#### STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD FROM 12 SEPTEMBER 2017 TO 31 DECEMBER 2018

Company	Attributable to owners of the Company		
	Share capital RM'000	Fair value reserve RM'000	Retained earnings RM'000
<b>At date of incorporation</b>	-	-	-
Fair value of debt investments measured at FVOCI	-	855	855
Other comprehensive income for the period	-	855	855
Profit for the period	-	-	53,607
<b>Total comprehensive income for the period</b>	-	855	53,607
Contributions by and distributions to owners of the Company	100,000	-	100,000
- Issue of ordinary shares	100,000	-	100,000
<b>Total transactions with owners of the Company</b>	<b>100,000</b>	<b>-</b>	<b>100,000</b>
<b>At 31 December 2018</b>	<b>100,000</b>	<b>855</b>	<b>53,607</b>

\* Denotes RM2

#### STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 12 SEPTEMBER 2017 TO 31 DECEMBER 2018

	12.9.2017 - 31.12.2018 RM'000
<b>Cash flows from operating activities</b>	
Profit before zakat and taxation	71,621
Adjustments for:	
Depreciation	1,597
Fair value change of investment properties	(75)
Fair value change of fair value through profit or loss financial assets	(44)
Profit from Islamic debt securities and investment accounts	(22,160)
Dividend income from Shariah approved shares	(264)
Amortisation of premiums, net of accretion of discounts	797
Profit from Malaysian Government Islamic papers	(648)
<b>Operating profit before changes in working capital</b>	<b>50,824</b>
Profit received from Islamic debt securities, investment accounts and Malaysian Government Islamic papers	21,354
Dividend income from Shariah approved shares	264
Purchase of investments	(126,289)
Proceeds from sale of investments	28,304
Maturity of other investments	19,840
Increase in retakaful assets	(46,642)
Increase in receivables	(97,971)
Increase in Takaful contract liabilities	71,488
Increase in payables	72,634
<b>Income taxes paid</b>	<b>(23,000)</b>
<b>Net cash used in operating activities</b>	<b>(29,194)</b>
<b>Cash flows from investing activities</b>	
Purchase of property and equipment	(620)
Acquisition of general takaful business	14,585
<b>Net cash used in investing activities</b>	<b>13,965</b>
<b>Cash flows from financing activity</b>	
Proceeds from issue of share capital	100,000
<b>Net cash generated from financing activity</b>	<b>100,000</b>
<b>Net increase in cash and cash equivalents</b>	<b>84,771</b>
<b>Cash and cash equivalents at date of incorporation</b>	<b>192,000</b>
<b>Cash and cash equivalents at 31 December</b>	<b>192,000</b>
<b>Cash and cash equivalents</b>	
Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:	
	<b>2018 RM'000</b>
Cash and bank balances and fixed and call deposits with licensed financial institutions with maturity less than three months	75,208
- Takaful Operator	116,792
- General Takaful Fund	192,000

#### REPORT OF THE SYARIAH ADVISORY BODY

In compliance with the letter of appointment, we are required to submit the following report:

We have reviewed the principles and the contracts relating to the products introduced by Syarikat Takaful Malaysia Am Berhad ("STMAB") during the period from 12 September 2017 to 31 December 2018. We have also conducted our review to form an opinion as to whether STMAB has complied with the Shariah principles and with the Shariah rulings issued by the Shariah Advisory Council of Bank Negara Malaysia.

The management of STMAB is responsible for ensuring that the conduct of its business is in accordance with Shariah principles. It is our responsibility to form an independent opinion, based on our review of the operations of STMAB.

We have assessed the work carried out by Shariah review and Shariah audit which included examining on a test basis, relevant transactions, documentation and procedures adopted by STMAB. We performed our review so as to obtain all the information and explanations which we considered necessary in order to provide us sufficient evidence to give reasonable assurance that there are no violations of the Shariah principles.

In our opinion:

- the contracts and related documentation used by STMAB during the period from 12 September 2017 to 31 December 2018 that we have reviewed are in compliance with the Shariah principles;
- the allocation of profit between shareholders' fund and participants' investment funds conform to the basis that had been approved by us in accordance with Shariah principles;
- the calculation of zakat is in compliance with Shariah principles;
- all Shariah non-compliance incidences have been rectified according to the plans that were approved by us and the Board of Directors. The incidences were duly reported to Bank Negara Malaysia (BNM) in accordance with the Shariah non-compliance reporting requirements imposed by BNM; and
- all earnings that have been realized from sources or by means prohibited by the Shariah principles have been considered for disposal to charitable purposes.

We, the members of the Shariah Advisory Body of STMAB, do hereby confirm that the operations of STMAB for the period from 12 September 2017 to 31 December 2018 have been conducted in conformity with the Shariah principles.

We bear witness only to what we know, and we could not well guard against the unseen! (Surah Yusuf, verse: 81)

Chairman of the SAB: Prof. Dr. Muhammad Rahimi Osman  
Member of the SAB: Dr. Ahmad Suffian Che Abdullaah

Kuala Lumpur  
Date: 24 January 2019

#### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYARIKAT TAKAFUL MALAYSIA AM BERHAD

The financial statements above represent the abridged financial statements of the Company for the period from 12 September 2017 to 31 December 2018. The financial statements (comprising statement of financial position, statement of profit or loss and other comprehensive income, changes in equity and cash flows) reproduced above are similar in all material respects to those reported on by KPMG Desa Megat PTL in their report dated 24 January 2019 on the statutory financial statements of Syarikat Takaful Malaysia Am Berhad.

Reference should be made to the statutory financial statements of Syarikat Takaful Malaysia Am Berhad for the period from 12 September 2017 to 31 December 2018 for greater comprehension of the financial position and the financial performance and cash flow of the Company. The following is the auditors' report on the full financial statements for the period from 12 September 2017 to 31 December 2018 of Syarikat Takaful Malaysia Am Berhad:

#### Report on the Audit of the Financial Statements

**Opinion**  
We have audited the financial statements of Syarikat Takaful Malaysia Am Berhad, which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the year then ended, and notes to the financial statement, including a summary of significant accounting policies, as set out on pages 18 to 120.

In our opinion, the accompanying financial statements give a true and fair view of its financial position of the Company as at 31 December 2018, and of its financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

#### Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG Desa Megat PTL  
LUP0010082-LCA & AF 0759  
Chartered Accountants

Ooi Eng Siong  
Approval Number: 03240/02/2020J  
Chartered Accountant

Petaling Jaya, Selangor  
Date: 24 January 2019

NOTE: The full set of these financial statements are available on the Company's website at [www.takaful-malaysia.com.my](http://www.takaful-malaysia.com.my)