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TAKAFULmalaysia

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD
198401019089 (131646-K) (Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Company					
	2021		2020			
	Takaful Operator RM'000	Family Takaful RM'000	Company RM'000	Takaful Operator RM'000	Family Takaful RM'000	Company RM'000
ASSETS						
Property and equipment	17,657	-	222,507	17,821	-	217,651
Right-of-use assets	430	-	13,855	765	-	14,180
Investment properties	11,870	241,335	34,930	11,745	236,175	34,675
Intangible assets	149,452	-	149,452	185,056	-	185,056
Investments in subsidiaries	136,393	-	136,393	136,393	-	136,393
Other investments	966,462	5,708,462	6,632,784	709,358	5,205,421	5,873,071
Retafakul assets	-	401,556	401,556	-	367,685	367,685
Deferred tax assets	32,554	-	32,554	-	-	-
Current tax assets	18,410	-	18,410	57,591	-	57,591
Loans and receivables, excluding takaful receivables	416,855	1,065,364	1,438,905	506,467	1,310,648	1,776,775
Takaful receivables	-	177,268	177,268	-	167,492	167,492
Cash and cash equivalents	202,651	409,816	612,467	83,203	373,635	456,838
TOTAL ASSETS	1,952,734	8,003,801	9,871,081	1,708,399	7,661,056	9,287,407
EQUITY AND LIABILITIES						
Share capital	230,547	-	230,547	211,893	-	211,893
Reserves	1,308,942	-	1,308,942	1,088,085	-	1,088,085
Total equity attributable to owners of the Company	1,539,489	-	1,539,489	1,299,978	-	1,299,978
LIABILITIES						
Takaful contract liabilities	-	7,820,759	7,778,619	-	7,449,456	7,407,748
Expense reserves	135,409	-	135,409	140,449	-	140,449
Deferred tax liabilities	-	-	-	11,751	-	11,751
Lease liabilities	493	-	493	807	-	807
Takaful payables	16,231	61,146	77,377	19,972	58,452	78,424
Other payables	261,112	112,673	330,471	235,442	135,998	331,100
Current tax liabilities	-	9,223	9,223	-	17,150	17,150
TOTAL LIABILITIES	413,245	8,003,801	8,331,592	408,421	7,661,056	7,987,429
TOTAL EQUITY AND LIABILITIES	1,952,734	8,003,801	9,871,081	1,708,399	7,661,056	9,287,407

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Company					
	2021		2020			
	Takaful Operator RM'000	Family Takaful RM'000	Company RM'000	Takaful Operator RM'000	Family Takaful RM'000	Company RM'000
Operating revenue	45,873	2,047,446	2,092,188	40,925	1,918,246	1,958,025
Takaful operator income	642,918	-	-	597,152	-	-
Gross earned contributions	-	1,779,535	1,779,228	-	1,651,309	1,650,980
Contributions ceded to retakaful	-	(116,310)	(116,310)	-	(106,620)	(106,620)
Net earned contributions	-	1,663,225	1,662,918	-	1,544,689	1,544,360
Investment income on financial assets not measured at fair value through profit or loss	44,017	252,879	296,896	38,680	245,898	284,578
Investment income - others	1,856	22,821	23,853	2,245	24,737	26,165
Realised gains and losses	3,362	24,964	28,326	3,349	27,843	31,192
Fair value gains and losses	1,348	19,685	15,571	5,303	15,353	14,380
Other operating income	83,033	-	64,777	80,845	-	64,008
Other income	133,516	320,349	429,423	130,422	313,831	420,323
Gross benefits and claims paid	-	(789,308)	(774,375)	-	(715,101)	(700,887)
Claims ceded to retakaful	-	104,142	104,142	-	75,566	75,566
Gross change to contract liabilities	-	2,648	2,648	-	(44,645)	(44,645)
Change to contract liabilities ceded to retakaful	-	20,119	20,119	-	6,831	6,831
Net benefits and claims	-	(662,399)	(647,456)	-	(677,349)	(663,135)
Wakalah fee expense	-	(585,053)	-	-	(547,052)	-
Administrative fees	(116,599)	(171)	(116,770)	(101,939)	(156)	(102,095)
Expense reserves	5,040	-	5,040	1,963	-	1,963
Management expenses	(318,074)	-	(317,719)	(252,938)	-	(252,882)
Impairment losses on financial instruments	(944)	(8,724)	(9,668)	(12)	(1,572)	(1,584)
Other operating expenses	(2,459)	(2,082)	(3,019)	(44,063)	(1,789)	(44,852)
Other expenses	(433,032)	(596,030)	(442,136)	(396,989)	(550,569)	(399,450)
Total profit for the year	343,502	725,145	1,002,739	330,585	630,602	902,098
Profit attributable to the Takaful Operator / participants	-	(725,145)	(659,237)	-	(630,602)	(571,513)
Profit before zakat and taxation	343,502	-	343,502	330,585	-	330,585
Zakat	(600)	-	(600)	(600)	-	(600)
Tax expense	4511	-	4,511	(24,271)	-	(24,271)
Profit for the year	347,413	-	347,413	305,714	-	305,714
Other comprehensive income, net of tax						
Items that will not be reclassified subsequently to profit or loss						
Revaluation of property and equipment	10	-	7,622	10	-	4,760
Other comprehensive income attributable to participants	-	-	(7,612)	-	-	(4,750)
	10	-	10	10	-	10

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

	Company					
	2021		2020			
	Takaful Operator RM'000	Family Takaful RM'000	Company RM'000	Takaful Operator RM'000	Family Takaful RM'000	Company RM'000
Items that may be reclassified subsequently to profit or loss						
Debt investments measured at fair value through other comprehensive income ("FVOCI")	(18,201)	(244,654)	(262,855)	8,290	96,593	104,883
- net change in fair value	(2,453)	(24,964)	(27,417)	(2,534)	(27,843)	(30,377)
- reclassified to profit or loss	-	269,618	269,618	-	(68,750)	(68,750)
Other comprehensive income attributable to participants	(20,654)	-	(20,654)	5,756	-	5,756
Total other comprehensive income for the year	(20,644)	-	(20,644)	5,756	-	5,756
Total comprehensive income for the year	326,769	-	326,769	311,480	-	311,480
Profit for the year attributable to:						
Owners of the Company	347,413	-	347,413	305,714	-	305,714
Total comprehensive income for the year attributable to:	326,769	-	326,769	311,480	-	311,480

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

Company	Attributable to owners of the Company						Total Equity RM'000
	Share Capital RM'000	Revaluation Reserve RM'000	Fair Value Reserve RM'000	LTIP Reserve RM'000	Retained Earnings RM'000	Distributable Equity RM'000	
At 1 January 2020	196,753	3,074	17,555	23,125	831,071	1,071,578	
Revaluation of property and equipment	-	10	-	-	-	10	
Fair value of debt investments measured at FVOCI	-	-	5,756	-	-	5,756	
Other comprehensive income for the year	-	10	5,756	-	-	5,766	
Profit for the year	-	-	-	-	305,714	305,714	
Total comprehensive income for the year	-	10	5,756	-	305,714	311,480	
Contributions by and distributions to owners of the Company							
- LTIP vested	15,140	-	-	(15,140)	-	-	
- Share-based payment transactions	-	-	-	16,572	-	16,572	
- Dividends to owners of the Company	-	-	-	-	(99,652)	(99,652)	
Total transactions with owners of the Company	15,140	-	-	1,432	(99,652)	(83,080)	
At 31 December 2020	211,893	3,084	23,311	24,557	1,037,133	1,299,978	
At 1 January 2021	211,893	3,084	23,311	24,557	1,037,133	1,299,978	
Revaluation of property and equipment	-	10	-	-	-	10	
Fair value of debt investments measured at FVOCI	-	-	(20,654)	-	-	(20,654)	
Other comprehensive income for the year	-	10	(20,654)	-	-	(20,644)	
Profit for the year	-	-	-	-	347,413	347,413	
Total comprehensive income for the year	-	10	(20,654)	-	347,413	326,769	
Contributions by and distributions to owners of the Company							
- LTIP vested	18,654	-	-	(18,654)	-	-	
- Share-based payment transactions	-	-	-	13,017	-	13,017	
- Transfer to retained earnings	-	-	-	(3,580)	3,580	-	
- Dividends to owners of the Company	-	-	-	-	(100,275)	(100,275)	
Total transactions with owners of the Company	18,654	-	-	(9,217)	(96,695)	(87,258)	
At 31 December 2021	230,547	3,094	2,657	15,340	1,287,851	1,539,489	

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Company	
	2021 RM'000	2020 RM'000
Cash flows from operating activities		
Profit before zakat and taxation	343,502	330,585
Adjustments for:		
Amortisation of intangible assets	40,945	33,519
Depreciation of property and equipment	8,510	8,292
Depreciation of right-of-use assets	1,224	1,256
Equity settled share-based payment	13,017	16,572
Fair value change of investment properties	(255)	(877)
Fair value change of fair value through profit or loss financial assets	12,993	(32,976)
Profit from financing receivables	-	(1,404)
Profit from Islamic debt securities and investment accounts	(293,184)	(284,748)
Profit from Malaysian Government Islamic papers	(24,533)	(21,586)
Dividend income from equity securities and unit trusts	(71,755)	(68,133)
Gains from disposal of debt investments measured at fair value through other comprehensive income	(28,192)	(31,178)
Gains on disposal of property and equipment	(134)	(14)
Amortisation of premiums, net of accretion of discounts	8,332	8,118
Impairment losses on financial instruments	9,668	1,584
Profit expenses on lease liabilities	60	92
Operating profit before changes in working capital	84,878	20,422



Takafulmalaysia

SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

19840109089 (131646-K) (Incorporated in Malaysia)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

Table with 3 columns: Description, 2021 RM'000, 2020 RM'000. Rows include Cash flows from operating activities, cash flows from financing activities, and cash and cash equivalents at 31 December.

(i) An analysis of changes in liabilities arising from financing activities is as follows:

Table with 3 columns: Description, 2021 RM'000, 2020 RM'000. Rows include Lease Liability at 1 January, Net changes from financing cash flows, and at 31 December.

SHARIAH ADVISORY BODY'S REPORT

We have reviewed the principles and the contracts relating to the products introduced by Syarikat Takaful Malaysia Keluarga Berhad ('STMKB') during the period ended 31 December 2021. We have also conducted our review to form an opinion as to whether STMKB has complied with the Shariah principles and with the Shariah rulings issued by the Shariah Advisory Council of Bank Negara Malaysia.

The management of STMKB 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 STMKB.

We have assessed the work carried out by our Shariah review and Shariah audit which included examining on a test basis, relevant transactions, documentation and procedures adopted by STMKB. 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:

- 1. the contracts and related documentation used by STMKB during the year ended 31 December 2021 that have been reviewed are in compliance with the Shariah principles;
2. the distribution of profit from participant individual funds and surplus from participants risk funds conforms to the basis that had been approved by us in accordance with Shariah principles;
3. the calculation of zakat is in compliance with Shariah principles; and
4. no earning that has been realised from sources or by means prohibited by the Shariah principles.

We, the members of the Shariah Advisory Body, do hereby confirm that the operations of STMKB for the year ended 31 December 2021 have been conducted in conformity with the Shariah principles and nothing has come to our attention that causes us to believe that the operations, business, affairs and activities of STMKB involve any material Shariah non-compliance.

We focused our audit on this area because of the level of subjectivity inherent in estimating the impact of claims events that have occurred but for which the ultimate outcome remains uncertain.

The valuation of provision for outstanding claims involves a range of standard actuarial methodologies as allowed under the RBCFT Framework and relies on a number of assumptions including past claims development experiences, management's judgement on external factors and regulatory changes, and internal factors such as portfolio mix and claims handling process. The estimation of provision for outstanding claims is sensitive to various factors and uncertainties as discussed in Note 37(b).

Provision for unearned contribution for general takaful. Refer to accounting policy 2(m) and Notes 16(b) and 37(b) of the financial statements. As at 31 December 2021, the Group has provision for outstanding claims for general takaful net of reinsurance of RM298 million.

Provision for unearned contribution for general takaful. Refer to accounting policy 2(m) and Notes 16(b) and 37(b) of the financial statements. As at 31 December 2021, the Group has provision for unearned contribution for general takaful net of reinsurance, based on the higher of Unexpired Risk Reserves ('URR') of RM230 million and Unearned Contribution Reserves ('UCR') of RM363 million as required under the RBCFT Framework.

We focused on this area as the estimation of URR involves significant judgement in identifying best estimate values of future contractual cash flows in consideration of the expected loss and expenses for policies in force at year-end at the required risk margin for adverse deviation.

How our audit addressed the key audit matter. Our audit procedures included the following: We evaluated the design and tested key controls over the reserving process, including controls over the completeness and accuracy of contribution data, and settlement of claims that support key reserving calculations and controls over the valuation of provision for outstanding claims and provision for unearned contribution.

We tested the underlying data used in estimation of the general takaful contract liabilities to source documents. We engaged our actuarial experts to assist us in reviewing and assessing the methodologies, basis and key assumptions used in the valuation of provision for outstanding claims and provision for unearned contribution in accordance with the requirements of the RBCFT Framework and liability adequacy test under MFRS 4 Insurance Contracts.

We reviewed and assessed the reasonableness of key actuarial assumptions by referencing to the Group's historical experiences, current trends and our own industry knowledge.

What we have audited. We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 272.

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 'Auditors' responsibilities for the audit of the financial statements' section of our 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 Group and 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' International Code of Ethics for Professional Accountants (including International Independence Standards) ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach. As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Actuarial liabilities - Family takaful contract liabilities. Key audit matter. Refer to accounting policy 2(n) and Notes 16(c) and 37(a) of the financial statements.

As at 31 December 2021, the Groups and the Company's family takaful contract liabilities net of reinsurance amount to RM7.651 million and RM7.287 million, respectively. The actuarial liabilities have been estimated based on the actuarial valuation methodologies as allowed under the Risk-Based Capital Framework for Takaful Operators ('RBCFT Framework') issued by Bank Negara Malaysia ('BNM'). Family takaful contract liabilities to the unitholders and the participants' accounts balances are substantially based on the value of the account balance. Liabilities for unearned revenue and takaful benefits which are dependent upon operating assumptions and future investment return assumptions that are reassessed at each reporting period.

As part of our audit, we focused on management's valuation of the actuarial liabilities where it involves significant judgement about uncertain future outcomes, including assumptions on mortality, morbidity, surrender rates, and discount rates, as well as actuarial valuation methodologies.

How our audit addressed the key audit matter. Our audit procedures included the following: We evaluated the design and tested the key controls over the family takaful actuarial reserving process, including controls over the reliability of data used in the calculation of actuarial liabilities.

We engaged our actuarial experts to assist us to assess if the valuation methodologies used by the Group and the Company are in line with the valuation methods specified in the RBCFT Framework. We also compared if the valuation methodologies are consistent with recognised actuarial practices derived from market experience.

We assessed the reasonableness of the key actuarial assumptions, particularly around mortality, morbidity, surrender rates, and discount rates by: 1) Reviewing the approach used by management to derive the assumptions using our industry knowledge and experience; 2) Comparing them with the Groups and the Company's actual historical experience, market observable data (as applicable) and our views of current trends and experience to-date.

We performed an independent review of model points on sample basis to assess if the methodologies and assumptions reviewed have been consistently applied. We assessed the analysis of movements in actuarial liabilities to determine whether the movements during the year are consistent with key actuarial assumptions adopted by the Group and the Company and our knowledge of developments in the family takaful business.

We assessed the appropriateness and adequacy of the Group and the Company's disclosures in relation to actuarial liabilities in the financial statements, including sensitivity analysis of the key actuarial assumptions to different scenarios. Based on the procedures performed, we found the methodology and key assumptions used by the Group and the Company in the valuation of family takaful contract liabilities as at 31 December 2021 to be appropriate.

Valuation of provision for outstanding claims and unearned contribution - General takaful contract liabilities. Key audit matter. Provision for outstanding claims for general takaful. Refer to accounting policy 2(n) and Notes 16(a) and 37(b) of the financial statements.

As at 31 December 2021, the Group has provision for outstanding claims for general takaful net of reinsurance of RM298 million. We focused our audit on this area because of the level of subjectivity inherent in estimating the impact of claims events that have occurred but for which the ultimate outcome remains uncertain.

The valuation of provision for outstanding claims involves a range of standard actuarial methodologies as allowed under the RBCFT Framework and relies on a number of assumptions including past claims development experiences, management's judgement on external factors and regulatory changes, and internal factors such as portfolio mix and claims handling process. The estimation of provision for outstanding claims is sensitive to various factors and uncertainties as discussed in Note 37(b).

Provision for unearned contribution for general takaful. Refer to accounting policy 2(m) and Notes 16(b) and 37(b) of the financial statements. As at 31 December 2021, the Group has provision for unearned contribution for general takaful net of reinsurance, based on the higher of Unexpired Risk Reserves ('URR') of RM230 million and Unearned Contribution Reserves ('UCR') of RM363 million as required under the RBCFT Framework.

We focused on this area as the estimation of URR involves significant judgement in identifying best estimate values of future contractual cash flows in consideration of the expected loss and expenses for policies in force at year-end at the required risk margin for adverse deviation.

How our audit addressed the key audit matter. Our audit procedures included the following: We evaluated the design and tested key controls over the reserving process, including controls over the completeness and accuracy of contribution data, and settlement of claims that support key reserving calculations and controls over the valuation of provision for outstanding claims and provision for unearned contribution.

We tested the underlying data used in estimation of the general takaful contract liabilities to source documents. We engaged our actuarial experts to assist us in reviewing and assessing the methodologies, basis and key assumptions used in the valuation of provision for outstanding claims and provision for unearned contribution in accordance with the requirements of the RBCFT Framework and liability adequacy test under MFRS 4 Insurance Contracts.

We reviewed and assessed the reasonableness of key actuarial assumptions by referencing to the Group's historical experiences, current trends and our own industry knowledge.

Our actuarial experts performed independent recalculations of outstanding claims and unexpired risk reserves ('URR') to ensure that assumptions and methodology used are appropriate.

We also assessed the appropriateness and adequacy of the Group's disclosures in relation to the general takaful contract liabilities in the financial statements, including the historical claims development and sensitivity analysis of key assumptions used in the valuation of general takaful contract liabilities.

Based on the procedures performed, we found the methodology and key assumptions used by the Group in the valuation of general takaful contract liabilities as at 31 December 2021 to be appropriate.

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 Directors' Report, Statement on Risk Management and Internal Control and Shariah Advisory Body's Report, which we obtained prior to the date of this auditors' report, and Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and of the auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and 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 on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, 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 the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards ('MFRS') and 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 Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability 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 Group or 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 Group and 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: (a) identify and assess the risks of material misstatement of the financial statements of the Group and 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.

(b) 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 Group's and of the Company's internal control. (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors. (d) 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 Group's or on the Company's ability 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 Group and 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 Group or the Company to cease to continue as a going concern. (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS. In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

OTHER MATTERS. 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.

Other than the non-publication of the financial statements of the Group and all the notes to the financial statements, the financial statements reproduced herewith are similar in material aspects to those reported on by us. Accordingly, for a fuller appreciation of the financial position of the Group and of the Company as at 31 December 2021, and of its financial performance and cash flows for the year ended on that date, reference should be made to the financial statements of the Group and of the Company for the year ended 31 December 2021, in which context our report of 24 February 2022 was made.

PRICEWATERHOUSECOOPERS PLT LLP01440-LCA & AF 1146 Chartered Accountants. MANJI SINGH AJ & HAJANDER SINGH 0295403/2023 J Chartered Accountant

Kuala Lumpur 24 February 2022

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