

HONG LEONG MSIG TAKAFUL BERHAD

(Company No. 738090-M)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2017**

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

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HONG LEONG MSIG TAKAFUL BERHAD

(Company No. 738090-M)
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

Note	31.12.2017				30.06.2017			
	Takaful Operator RM'000	General Takaful Fund RM'000	Family Takaful Fund RM'000	Company RM'000	Takaful Operator RM'000	General Takaful Fund RM'000	Family Takaful Fund RM'000	Company RM'000
Assets								
	2,288	-	-	2,288	2,274	-	-	2,274
Property, plant and equipment								
Intangible assets	3,897	-	-	3,897	4,955	-	-	4,955
Financial assets	63,849	68,400	283,689	410,327	73,856	78,526	264,687	411,626
- Available-for-sale	3	63,849	251,752	378,390	73,856	78,526	233,391	380,330
- Fair value through profit or loss	3	-	31,937	31,937	-	-	31,296	31,296
Loans and receivables	2,520	2,948	6,890	12,358	-	420	6,520	6,940
Deferred tax assets	-	199	-	199	275	428	(610)	93
Tax recoverable	6,008	-	-	6,008	-	-	-	-
Retakaful assets	4	-	41,834	112,573	-	72,020	36,831	108,851
Takaful receivables	-	1,714	2,656	4,370	-	15,379	4,616	19,995
Qardh receivables	153	-	-	-	469	-	-	-
Other receivables	9,670	1,647	4,552	9,269	23,158	2,619	3,543	9,799
Due from related companies	165	-	-	165	216	-	-	216
Cash and cash equivalents	19,881	20,427	49,793	90,101	1,031	6,456	28,330	35,817
	<u>108,431</u>	<u>166,074</u>	<u>389,414</u>	<u>651,555</u>	<u>106,234</u>	<u>175,848</u>	<u>343,917</u>	<u>600,566</u>
Shareholders' equity								
Share capital	100,000	-	-	100,000	100,000	-	-	100,000
Accumulated losses	(22,568)	-	-	(22,568)	(21,526)	-	-	(21,526)
Fair value reserves	2,910	-	-	2,910	2,405	-	-	2,405
Total equity	<u>80,342</u>	<u>-</u>	<u>-</u>	<u>80,342</u>	<u>80,879</u>	<u>-</u>	<u>-</u>	<u>80,879</u>
Liabilities								
Takaful contract liabilities	5	-	130,327	352,368	-	123,373	312,360	430,290
Tax payables	-	4,476	3,135	7,611	(2,216)	3,281	2,624	3,689
Deferred tax liabilities	21	-	957	978	-	-	-	-
Takaful payables	1,124	25,283	16,463	42,870	-	36,268	12,459	48,727
Expense liabilities	12,785	-	-	12,785	11,780	-	-	11,780
Qardh payables	-	-	153	-	-	-	469	-
Other payables	13,539	5,988	16,338	29,265	15,422	12,926	16,005	24,832
Due to related companies	620	-	-	620	369	-	-	369
Total liabilities	<u>28,089</u>	<u>166,074</u>	<u>389,414</u>	<u>571,213</u>	<u>25,355</u>	<u>175,848</u>	<u>343,917</u>	<u>519,687</u>
Total equity and liabilities	<u>108,431</u>	<u>166,074</u>	<u>389,414</u>	<u>651,555</u>	<u>106,234</u>	<u>175,848</u>	<u>343,917</u>	<u>600,566</u>

The accompanying notes form an integral part of the financial statements.

HONG LEONG MSIG TAKAFUL BERHAD

(Company No. 738090-M)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2017**

	6 months ended 31.12.2017				6 months ended 31.12.2016			
	Takaful Operator RM'000	General Takaful Fund RM'000	Family Takaful Fund RM'000	Company RM'000	Takaful Operator RM'000	General Takaful Fund RM'000	Family Takaful Fund RM'000	Company RM'000
Gross contributions	-	28,364	74,764	103,128	-	23,503	47,752	71,255
Contribution ceded to retakaful	-	(8,774)	(16,572)	(25,346)	-	(8,828)	(13,862)	(22,690)
Net Contributions	-	19,590	58,192	77,782	-	14,675	33,890	48,565
Changed in unearned contribution reserve	-	(1,305)	-	(1,305)	-	(1,083)	-	(1,083)
Net earned contributions	-	18,285	58,192	76,477	-	13,592	33,890	47,482
Wakalah income	29,343	-	-	-	21,086	-	-	-
Share of investment profit from Family Takaful	549	-	-	-	481	-	-	-
Commission income	-	1,671	-	1,671	-	2,468	-	2,468
Investment income	1,502	1,266	6,187	9,504	1,500	1,429	4,719	8,129
Realised gains	142	216	509	867	90	75	1,093	1,258
Fair value (losses)/gains	(31)	(158)	447	258	(29)	(46)	(526)	(601)
Other operating income	234	802	35	874	205	72	29	125
Other income	31,739	3,797	7,178	13,174	23,315	3,998	5,315	11,379
Gross benefits and claim paid	-	(5,535)	(19,942)	(25,477)	-	(8,016)	(16,147)	(24,163)
Claims ceded to retakaful	-	3,568	13,661	17,229	-	2,117	10,700	12,817
Gross change to Takaful contract liabilities	-	(4,846)	(35,740)	(40,586)	-	(3,426)	(20,829)	(24,255)
Change in Takaful contract liabilities ceded to retakaful	-	(3,761)	(2,052)	(5,813)	-	229	892	1,121
Net benefits and claims	-	(10,574)	(44,073)	(54,647)	-	(9,096)	(25,384)	(34,480)
Wakalah expenses	-	(10,142)	(19,201)	-	-	(7,516)	(13,552)	-
Surplus sharing with Takaful Operator	-	-	-	-	-	-	-	-
Fees and commission expense	(13,041)	-	-	(13,041)	(9,627)	-	-	(9,627)
Management expenses	(18,125)	-	-	(18,125)	(15,686)	-	(1)	(15,687)
Change to expense liability	(1,004)	-	-	(1,004)	-	-	-	-
Other operating expenses	-	-	(1,385)	(1,188)	81	-	(16)	246
Other expenses	(32,170)	(10,142)	(20,586)	(33,358)	(25,232)	(7,516)	(13,569)	(25,068)

The accompanying notes form an integral part of the financial statements.

HONG LEONG MSIG TAKAFUL BERHAD

(Company No. 738090-M)

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**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2017 (CONTINUED)**

	6 months ended 31.12.2017				6 months ended 31.12.2016			
	Takaful Operator RM'000	General Takaful Fund RM'000	Family Takaful Fund RM'000	Company RM'000	Takaful Operator RM'000	General Takaful Fund RM'000	Family Takaful Fund RM'000	Company RM'000
Loss before zakat and taxation	(431)	1,366	711	1,646	(1,917)	978	252	(687)
Tax expense attributable to participants	-	(1,366)	(711)	(2,077)	-	(978)	(252)	(1,230)
Loss before taxation attributable to Takaful Operator	(431)	-	-	(431)	(1,917)	-	-	(1,917)
Taxation	(611)	(1,366)	711	(1,266)	(1,244)	(978)	(252)	(2,474)
Tax expense attributable to participants		1,366	(711)	655	-	978	252	1,230
Tax expense attributable to Takaful Operator	(611)	-	-	(611)	(1,244)	-	-	(1,244)
Zakat	-	-	-	-	-	-	-	-
Loss after zakat and taxation	(1,042)	-	-	(1,042)	(3,161)	-	-	(3,161)
Earning per share	(1.04)	-	-	(1.04)	(3.16)	-	-	(3.16)

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**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2017 (CONTINUED)**

	6 months ended 31.12.2017				6 months ended 31.12.2016			
	Takaful Operator RM'000	General Takaful Fund RM'000	Family Takaful Fund RM'000	Company RM'000	Takaful Operator RM'000	General Takaful Fund RM'000	Family Takaful Fund RM'000	Company RM'000
Loss after zakat and taxation	(1,042)	-	-	(1,042)	(3,161)	-	-	(3,161)
Other comprehensive income/(loss) :								
<u>Items that may be subsequently reclassified to profit or loss:</u>								
Fair value changes on available-for-sale financial assets, net of deferred tax:								
Gross fair value gains/(loss) arising during the financial year	807	432	2,362	3,433	(505)	707	3,528	3,625
Gross fair value gains transferred to income statement	(142)	(216)	(516)	(874)	(90)	(74)	(789)	(953)
	665	216	1,846	2,559	(595)	633	2,739	2,672
Tax effects thereon	(160)	(52)	(148)	(360)	128	(152)	(219)	(243)
Net fair value gains	505	164	1,698	2,199	(467)	481	2,520	2,429
Change in Takaful contract liabilities arising from unrealised net fair value losses	-	(164)	(1,698)	(1,694)	-	(481)	(2,520)	(2,896)
Other comprehensive income/(loss) for the financial year, net of tax	505	-	-	505	(467)	-	-	(467)
Total comprehensive loss for the financial year	(537)	-	-	(537)	(3,628)	-	-	(3,628)

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(Incorporated in Malaysia)

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2017**

	Issued and fully paid ordinary shares		Non- distributable	Accumulated Losses RM'000	Total RM'000
	Number of Shares '000	Nominal Value RM'000	AFS Reserve RM'000		
At 1 July 2017	100,000	100,000	2,405	(21,526)	80,879
Loss for the financial period	-	-	-	(1,042)	(1,042)
Total comprehensive income for the financial period	-	-	505	-	505
At 31 December 2017	<u>100,000</u>	<u>100,000</u>	<u>2,910</u>	<u>(22,568)</u>	<u>80,342</u>
At 1 July 2016	100,000	100,000	2,166	(21,673)	80,493
Loss for the financial period	-	-	-	(3,161)	(3,161)
Total comprehensive loss for the financial period	-	-	(467)	-	(467)
At 31 December 2016	<u>100,000</u>	<u>100,000</u>	<u>1,699</u>	<u>(24,834)</u>	<u>76,865</u>

The accompanying notes form an integral part of the financial statements.

HONG LEONG MSIG TAKAFUL BERHAD

(Company No. 738090-M)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2017**

	6 months ended 31.12.2017 RM'000	6 months ended 31.12.2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss for the financial period	(1,042)	(3,161)
Adjustment for:		
Write back of impairment of takaful receivables	(802)	-
Depreciation of property and equipment	269	298
Amortisation of intangible assets	3,282	999
Realised losses/(gain) on disposal of investments	874	(854)
Unrealised fair value (gain)/ losses on financial assets	(974)	835
(Accretion of discount) / Amortisation of premium - net	(21)	1
Profits and dividend income	(11,737)	(7,235)
Allowance for diminution in value of investment	716	689
Taxation	2,516	2,324
Loss from operations before changes in operating assets and liabilities	(6,919)	(6,104)
Proceeds from disposal of investments	57,736	94,582
Maturity of investments	16,500	5,000
Purchase of investments	(69,773)	(166,781)
Increase/(decrease) in expense liabilities	1,004	(1,115)
Increase in family takaful contract liabilities	39,836	17,389
Increase in general takaful contract liabilities	6,954	1,306
(Increase)/decrease in loans and receivables	(5,414)	6,670
(Increase)/decrease in retakaful assets	(3,722)	529
Decrease in takaful receivables	16,427	7,666
Decrease in other receivables	1,197	12,600
(Decrease)/increase in takaful payables	(5,857)	7,855
Increase/(decrease) in other payables	4,433	(17,334)
Increase in amount due to related companies	303	51
	<u>52,705</u>	<u>(37,686)</u>
Tax paid	(3,890)	(1,547)
Profit received	7,286	6,534
Dividends received	690	702
	<u>690</u>	<u>702</u>
Net cash inflow/(outflow) from operating activities	<u>56,791</u>	<u>(31,997)</u>

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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2017 (CONTINUED)

	6 months ended 31.12.2017 RM'000	6 months ended 31.12.2016 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	(2,224)	(503)
Purchase of property and equipment	<u>(283)</u>	<u>(572)</u>
Net cash used in investing activities	<u>(2,507)</u>	<u>(1,075)</u>
Net increase/(decrease) in cash and cash equivalents	54,284	(33,072)
Cash and cash equivalents at beginning of the financial period	<u>35,817</u>	<u>96,788</u>
Cash and cash equivalents at the end of the financial period	<u>90,101</u>	<u>63,716</u>
Cash and cash equivalents comprise:		
Cash and bank balances	8,543	8,120
Islamic short term deposits	<u>81,558</u>	<u>55,596</u>
	<u>90,101</u>	<u>63,716</u>

The accompanying notes form an integral part of the financial statements.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The condensed interim financial statements for the six months ended 31 December 2017 of Hong Leong Assurance Berhad ("the Company") are unaudited and have been prepared in accordance with MFRS 134/ IAS 34: Interim Financial Reporting and should be read in conjunction with the Company's audited financial statements for the financial year ended 30 June 2017, which were prepared in accordance with the Malaysian Financial Reporting Standards.

2. Summary of significant accounting policies

The significant accounting policies and methods of computation applied in the unaudited condensed financial statements are consistent with those adopted in the annual audited financial statements for the financial year ended 30 June 2017 and modified for the adoption for of the following Amendments to MFRSs applicable for the financial period beginning on or after 1 July 2017:

- Amendments to MFRS 107 'Statement of Cash Flows – Disclosure Initiative'
- Amendments to MFRS 112 'Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses'

HONG LEONG MSIG TAKAFUL BERHAD

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

3. Financial assets

	Takaful Operator RM'000	General Takaful Fund RM '000	Family Takaful Fund RM '000	Company RM '000
<u>31 December 2017</u>				
Government Investment Issues	2,642	-	17,998	20,640
Islamic bonds	47,765	33,481	205,701	286,947
Equity securities	7,151	7,790	51,762	66,703
Unit and property trust funds	138	26,840	1,146	28,124
Investments in investment-linked funds	5,611	-	-	-
Structured investments	-	-	4,705	4,705
Accrued profit	542	289	2,377	3,208
Total	<u>63,849</u>	<u>68,400</u>	<u>283,689</u>	<u>410,327</u>
<u>30 June 2017</u>				
Government Investment Issues	2,670	-	18,182	20,852
Islamic bonds	56,341	42,483	188,103	286,927
Equity securities	5,408	7,706	50,703	63,817
Unit and property trust funds	3,436	28,001	1,060	32,497
Investments in investment-linked funds	5,443	-	-	-
Structured investments	-	-	4,638	4,638
Accrued profit	558	336	2,001	2,895
Total	<u>73,856</u>	<u>78,526</u>	<u>264,687</u>	<u>411,626</u>

HONG LEONG MSIG TAKAFUL BERHAD

(Company No. 738090-M)

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

3. Financial assets (continued)

(a). The Company's financial assets are summarised as follows:

	Takaful Operator RM'000	General Takaful Fund RM '000	Family Takaful Fund RM '000	Company RM '000
<u>31 December 2017</u>				
AFS	63,849	68,400	251,752	378,390
FVTPL	-	-	31,937	31,937
Total	63,849	68,400	283,689	410,327
Current	542	289	2,377	3,208
Non-current	63,307	68,111	281,312	407,119
	63,849	68,400	283,689	410,327
i) AFS				
Government Investment Issues	2,642	-	16,941	19,583
Islamic bonds	47,765	33,481	196,362	277,608
Equity securities quoted in Malaysia	7,151	7,790	35,417	50,358
Unit and property trust funds	138	26,840	757	27,735
Investments in investment-linked funds	5,611	-	-	-
Structured investments	-	-	-	-
Accrued Profit	542	289	2,275	3,106
Total	63,849	68,400	251,752	378,390
FVTPL				
Government Investment Issues	-	-	1,057	1,057
Islamic bonds	-	-	9,339	9,339
Equity securities quoted in Malaysia	-	-	16,345	16,345
Unit and property trust funds	-	-	389	389
Structured investments	-	-	4,705	4,705
Accrued Profit	-	-	102	102
Total	-	-	31,937	31,937

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

3. Financial assets (continued)

(a). The Company's financial assets are summarised as follows:

<u>30 June 2017</u>	Takaful Operator RM'000	General Takaful Fund RM '000	Family Takaful Fund RM '000	Company RM '000
AFS	73,856	78,526	233,391	380,330
FVTPL	-	-	31,296	31,296
Total	73,856	78,526	264,687	411,626
Current	9,058	12,036	6,804	27,898
Non-current	64,798	66,490	257,883	383,728
	73,856	78,526	264,687	411,626
i) AFS				
Government Investment Issues	2,670	-	17,113	19,783
Islamic bonds	56,341	42,483	177,745	276,569
Equity securities quoted in Malaysia	5,408	7,706	35,927	49,041
Unit and property trust funds	3,436	28,001	701	32,138
Investments in investment-linked funds	5,443	-	-	-
Structured investments	-	-	-	-
Accrued Profit	558	336	1,905	2,799
Total	73,856	78,526	233,391	380,330
FVTPL				
Government Investment Issues	-	-	1,069	1,069
Islamic bonds	-	-	10,358	10,358
Equity securities quoted in Malaysia	-	-	14,776	14,776
Unit and property trust funds	-	-	359	359
Structured investments	-	-	4,638	4,638
Accrued Profit	-	-	96	96
Total	-	-	31,296	31,296

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

3. Financial assets (continued)

(b). Carrying values of financial investments

		AFS			FVTPL
	Takaful Operator RM'000	General Takaful Fund RM '000	Family Takaful Fund RM '000	Company RM '000	Family Takaful Fund/ Company
At 1 July 2016	70,984	44,591	157,515	267,971	22,597
Purchases	10,390	106,199	114,853	231,442	14,127
Maturities	(7,000)	(1,500)	(5,500)	(14,000)	(1,000)
Disposals	(762)	(71,001)	(34,078)	(105,841)	(5,339)
Fair value gain recorded in income statement	-	-	-	-	885
Fair value gains recorded in other comprehensive income	452	546	1,960	2,634	-
Movement in impairment allowance	(50)	(88)	(666)	(804)	-
Realised gains	(138)	(239)	(1,487)	(1,864)	-
Accretion of discount, net of amortisation of premium	16	(6)	50	60	(1)
Movement in accrued profit	(36)	24	744	732	27
At 30 June 2017/ 1 July 2017	73,856	78,526	233,391	380,330	31,296
Purchases	6,780	27,602	30,065	64,447	5,326
Maturities	(5,000)	(9,000)	-	(14,000)	(2,500)
Disposals	(12,403)	(28,749)	(13,418)	(54,570)	(3,166)
Fair value gain recorded in income statement	-	-	-	-	974
Fair value gains recorded in other comprehensive income	807	443	2,362	3,444	-
Movement in impairment allowance	(32)	(158)	(527)	(717)	-
Realised gains	(142)	(216)	(516)	(874)	-
Accretion of discount, net of amortisation of premium	(2)	(1)	25	22	-
Movement in accrued profit	(15)	(47)	370	308	7
At 31 December 2017	<u>63,849</u>	<u>68,400</u>	<u>251,752</u>	<u>378,390</u>	<u>31,937</u>

HONG LEONG MSIG TAKAFUL BERHAD

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

3. Financial assets (continued)

(c). Fair value hierarchy

The table below shows the financial assets recorded at fair value by their valuation method.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Takaful Operator RM'000	General Takaful Fund RM '000	Family Takaful Fund RM '000	AFS Company RM '000	FVTPL Family Takaful Fund/ Company
<u>31 December 2017</u>					
Level 1	7,289	34,630	36,174	78,093	16,734
Level 2	56,560	33,770	215,578	300,297	15,203
Level 3	-	-	-	-	-
	<u>63,849</u>	<u>68,400</u>	<u>251,752</u>	<u>378,390</u>	<u>31,937</u>
<u>30 June 2017</u>					
Level 1	8,844	35,707	36,628	81,179	15,135
Level 2	65,012	42,819	196,763	299,151	16,161
Level 3	-	-	-	-	-
	<u>73,856</u>	<u>78,526</u>	<u>233,391</u>	<u>380,330</u>	<u>31,296</u>

4. Retakaful assets

	General Takaful Fund RM '000	Family Takaful Fund RM '000	Company RM '000
<u>31 December 2017</u>			
Retakaful of Takaful contracts	<u>70,739</u>	<u>41,834</u>	<u>112,573</u>
<u>30 June 2017</u>			
Retakaful of Takaful contracts	<u>72,020</u>	<u>36,831</u>	<u>108,851</u>

HONG LEONG MSIG TAKAFUL BERHAD

(Company No. 738090-M)

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

5. Takaful contract liabilities

	Note	31.12.2017			30.06.2017		
		Gross RM'000	Re-takaful RM '000	Net RM '000	Gross RM'000	Re-takaful RM '000	Net RM '000
General Takaful	5(a)	130,327	(70,739)	59,588	123,373	(72,020)	51,353
Family Takaful	5(b)	352,368	(41,834)	310,534	312,360	(36,831)	275,529
Total		482,695	(112,573)	370,122	435,733	(108,851)	326,882
Elimination of investment in investment-linked funds		(5,611)	-	(5,611)	(5,443)	-	(5,443)
Total Company		477,084	(112,573)	364,511	430,290	(108,851)	321,439

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

5. Takaful contract liabilities (continued)

(a) General Takaful contract liabilities

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

	31.12.2017			30.06.2017		
	Gross RM'000	Re-takaful RM '000	Net RM '000	Gross RM'000	Re-takaful RM '000	Net RM '000
Provision for claims reported by certificateholders	51,977	(41,528)	10,449	49,797	(42,342)	7,455
Provision for IBNR	31,367	(21,172)	10,195	28,045	(18,617)	9,428
Provision for outstanding claims (i)	83,344	(62,700)	20,644	77,842	(60,959)	16,883
Unearned contribution reserve (ii)	21,321	(8,039)	13,282	23,038	(11,061)	11,977
AFS fair value adjustment (iii)	1,167	-	1,167	1,003	-	1,003
Participants' account (iv)	18,358	-	18,358	20,200	-	20,200
Unallocated surplus (v)	6,137	-	6,137	1,290	-	1,290
	<u>130,327</u>	<u>(70,739)</u>	<u>59,588</u>	<u>123,373</u>	<u>(72,020)</u>	<u>51,353</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

5. Takaful contract liabilities (continued)

(a). General Takaful contract liabilities (continued)

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

	31.12.2017			30.06.2017		
	Gross RM'000	Re-takaful RM '000	Net RM '000	Gross RM'000	Re-takaful RM '000	Net RM '000
(i) Provision for outstanding claims						
At 1 July	77,842	(60,959)	16,883	85,340	(64,982)	20,358
Claims incurred in the current accident year	12,805	(6,376)	6,429	21,409	(13,114)	8,295
Other movements in claims incurred in prior accident year	(15,161)	10,525	(4,636)	(46,102)	25,152	(20,950)
Claims paid during the financial year	<u>7,858</u>	<u>(5,890)</u>	<u>1,968</u>	<u>17,195</u>	<u>(8,015)</u>	<u>9,180</u>
At 31 December/30 June	<u>75,485</u>	<u>(56,810)</u>	<u>18,676</u>	<u>77,842</u>	<u>(60,959)</u>	<u>16,883</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

5. Takaful contract liabilities (continued)

(a). General Takaful contract liabilities (continued)

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

	31.12.2017			30.06.2017		
	Gross RM'000	Re-takaful RM '000	Net RM '000	Gross RM'000	Re-takaful RM '000	Net RM '000
(ii) Unearned contribution reserve						
At 1 July	23,038	(11,061)	11,977	14,193	(4,621)	9,572
Contribution written in the financial period/year	28,364	(8,774)	19,590	60,019	(28,180)	31,839
Contribution earned during the financial period/year	<u>(30,081)</u>	<u>11,796</u>	<u>(18,285)</u>	<u>(51,174)</u>	<u>21,740</u>	<u>(29,434)</u>
At 31 December/30 June	<u>21,321</u>	<u>(8,039)</u>	<u>13,282</u>	<u>23,038</u>	<u>(11,061)</u>	<u>11,977</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

5. Takaful contract liabilities (continued)

(a). General Takaful contract liabilities (continued)

	Gross/Net	
	31.12.2017	30.06.2017
	RM'000	RM'000
(iii) AFS fair value adjustment		
At 1 July	1,003	792
Net fair value change during the financial period/year	<u>164</u>	<u>211</u>
At 31 December/30 June	<u>1,167</u>	<u>1,003</u>
(iv) Participants' account		
At 1 July	20,200	16,392
Participants' account recognised as unallocated surplus	<u>(1,842)</u>	<u>3,808</u>
At 31 December/30 June	<u>18,358</u>	<u>20,200</u>
(v) Unallocated surplus		
At 1 July	1,290	2,026
Surplus arising during the financial period/year	4,847	12,714
Surplus sharing with Takaful operator/participants	<u>-</u>	<u>(13,450)</u>
At 31 December/30 June	<u>6,137</u>	<u>1,290</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

5. Takaful contract liabilities (continued)

(b). Family Takaful contract liabilities

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

	31.12.2017			30.06.2017		
	Gross RM'000	Re-takaful RM '000	Net RM '000	Gross RM'000	Re-takaful RM '000	Net RM '000
Certificate holder's liabilities	296,192	(25,892)	270,300	252,321	(24,315)	228,006
Net asset value attributable to certificate holders	31,253	-	31,253	29,116	-	29,116
Actuarial liabilities (i)	327,445	(25,892)	301,553	281,437	(24,315)	257,122
Claims liabilities	13,543	(15,942)	(2,399)	15,428	(12,516)	2,912
Unallocated surplus (ii)	4,039	-	4,039	9,852	-	9,852
AFS fair value adjustment (iii)	7,341	-	7,341	5,643	-	5,643
	<u>352,368</u>	<u>(41,834)</u>	<u>310,534</u>	<u>312,360</u>	<u>(36,831)</u>	<u>275,529</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

5. Takaful contract liabilities (continued)

(b). Family Takaful contract liabilities (continued)

(i). Actuarial liabilities

	Gross RM'000	Re-takaful RM'000	Net RM'000
At 1 July 2016	246,917	(31,590)	215,327
Change in certificate liabilities	31,360	7,275	38,635
Movement in net asset value attributable to certificateholders	3,160	-	3,160
At 30 June 2017/ 1 July 2017	281,437	(24,315)	257,122
Change in certificate liabilities	43,871	(1,577)	42,294
Movement in net asset value attributable to certificateholders	2,137	-	2,137
At 31 December 2017	327,445	(25,892)	301,553

	Gross/Net	
	31.12.2017 RM'000	30.06.2017 RM'000
(ii). Unallocated surplus		
At 1 July	9,852	8,755
Surplus during the financial period/year	(5,813)	14,368
Surplus sharing with Takaful operator/participants	-	(13,271)
At 31 December/30 June	4,039	9,852
(iii). AFS fair value adjustment		
At 1 July	5,643	5,068
Net fair value change during the financial year	1,698	575
At 31 December/30 June	7,341	5,643

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

6. Total capital available

The capital structure of the company as at the date of the statement of financial position, consisting of all funds as prescribed under the RBC Framework is provided below:

	<u>31.12.2017</u>	<u>30.06.2017</u>
	RM'000	RM'000
Eligible Tier 1 Capital		
- Share capital	100,000	100,000
- Reserves, including retained earnings	(1,560)	(10,384)
Eligible Tier 2 Capital		
- Eligible reserves	<u>4,717</u>	<u>3,672</u>
	<u>103,157</u>	<u>93,288</u>

7. Items of an unusual nature

The results of the Company for the financial period under review were not substantially affected by any item, transaction or event of a material and unusual nature.

8. Seasonal or cyclical factors

The operations of the Company for the financial period under review were not significantly affected by seasonality or cyclical factors.

9. Changes in contingent liabilities or contingent assets

There were no material contingent liabilities or contingent assets as at date of this report.

10. Debts and equity securities

There were no issuance, cancellation, repurchases, resale and repayment of debt and equity securities during the financial period ended 31 December 2017.

11. Subsequent events

There were no material events subsequent to the end of the financial period under review that have not been reported in the Report.