

FWD TAKAFUL BERHAD
(FORMERLY KNOWN AS HSBC AMANAH TAKAFUL (MALAYSIA) BERHAD)
(Company No. 731530-M)
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019

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UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	30.06.2019			31.12.2018			
	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
Assets							
Plant and equipment		355	-	355	135	-	135
Intangible assets		10,324	-	10,324	12,699	-	12,699
Investment assets	13	122,302	1,103,589	1,225,891	130,706	1,089,123	1,219,829
Right-of-use assets		2,183	-	2,183	-	-	-
Retakaful assets	14	-	44,477	44,477	-	42,540	42,540
Current tax assets		9,822	-	9,822	5,056	-	4,636
Financing receivables, excluding takaful receivables		34,797	10,481	42,506	40,055	10,857	40,918
Takaful receivables		-	731	731	-	524	524
Deferred tax assets		-	-	-	-	93	-
Cash and cash equivalents		17,688	68,536	86,224	30,432	51,359	81,791
Total assets		197,471	1,227,814	1,422,513	219,083	1,194,496	1,403,072
Shareholders' equity							
Share capital		100,000	-	100,000	100,000	-	100,000
Retained earnings		5,479	-	5,479	31,479	-	31,479
Available-for-sale assets fair value reserves		1,379	-	1,379	129	-	129
Total equity		106,858	-	106,858	131,608	-	131,608
Liabilities							
Takaful contract liabilities	15	-	1,196,847	1,196,847	-	1,171,078	1,171,078
Expense reserves		34,439	-	34,439	36,506	-	36,506
Takaful payables		167	3,630	3,797	443	4,583	5,026
Lease Liabilities		2,195	-	2,195	-	-	-
Other payables		24,919	21,791	43,938	22,391	18,415	30,812
Current tax liabilities		-	5,546	5,546	-	420	-
Deferred tax liabilities		1,893	-	1,893	1,135	-	1,042
Amount due to shareholders		27,000	-	27,000	27,000	-	27,000
Total liabilities		90,613	1,227,814	1,315,655	87,475	1,194,496	1,271,464
Total equity and liabilities		197,471	1,227,814	1,422,513	219,083	1,194,496	1,403,072

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

**UNAUDITED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTH ENDED
30 JUNE 2019**

	01.01.2019 to 30.06.2019			01.01.2018 to 30.06.2018			
	Takaful Operator 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
Operating revenue	9,641	77,096	81,192	31,333	23,047	100,976	130,632
Wakalah Fee Income	5,545	-	-	27,325	-	-	-
Gross contributions	-	65,949	65,949	-	21,934	82,764	104,698
Contributions ceded to retakaful	-	(9,116)	(9,116)	-	(1,093)	(8,929)	(10,022)
Changes in unearned contribution reserves	-	-	-	-	(2,060)	-	(2,060)
Actuarial reserves	-	-	-	-	(201)	-	(201)
Net earned contributions	-	56,833	56,833	-	18,580	73,835	92,415
Gross benefits and claims paid	-	(93,447)	(93,447)	-	(4,533)	(59,405)	(63,938)
Claims ceded to retakaful	-	6,024	6,024	-	1,748	6,850	8,598
Gross changes in claims liabilities	-	1,326	1,326	-	12,520	(1,773)	10,747
Changes in claims liabilities ceded to retakaful	-	4,214	4,214	-	(5,155)	487	(4,668)
Net benefits and claims	-	(81,883)	(81,883)	-	4,580	(53,841)	(49,261)
Investment income	4,096	11,147	15,243	4,008	1,113	18,212	25,934
Realised gain	-	482	482	-	-	1,185	1,185
Fair value gains	-	35,303	35,303	-	-	-	-
(Reversal of)/allowance for impairment	-	-	-	-	168	-	168
Other Income	3,944	47	3,991	147	-	74	221
Other income	8,040	46,979	55,019	4,155	1,281	19,471	27,508

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

**UNAUDITED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTH ENDED
30 JUNE 2019 (CONTINUED)**

	01.01.2019 to 30.06.2019			01.01.2018 to 30.06.2018			
	Takaful Operator 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
Wakalah fees	-	(5,545)	-	-	(11,453)	(7,613)	-
Commission paid	(2,476)	-	(2,476)	(5,949)	-	-	(5,949)
Expense reserves	2,066	-	2,066	5,867	-	-	5,867
Fair value losses	-	-	-	-	-	(25,478)	(25,478)
Management expenses	(24,115)	-	(24,115)	(22,097)	-	-	(22,097)
Other expenses	(14,786)	(749)	(15,535)	(129)	1	(46)	(174)
Other expenses	(39,311)	(6,294)	(40,060)	(22,308)	(11,452)	(33,137)	(47,831)
Total (loss)/profit for the period/Net underwriting (deficit)/surplus from operations	(25,726)	15,635	(10,091)	9,172	12,989	6,328	22,831
Surplus attributable to the participants' risk fund *	-	-	-	-	(4,981)	(678)	(5,658)
Surplus attributable to Takaful Operator *	-	-	-	-	(4,980)	(677)	-
Net surplus retained in takaful funds *	-	(11,386)	(11,386)	-	(1,107)	(6,401)	(7,508)
(Loss)/profit before taxation	(25,726)	4,249	(21,477)	9,172	1,921	(1,428)	9,665
Taxation	(274)	(4,249)	(4,523)	(4,100)	(1,921)	1,428	(4,593)
Net (losses)/profit for the period	(26,000)	-	(26,000)	5,072	-	-	5,072

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

**UNAUDITED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTH ENDED
30 JUNE 2019 (CONTINUED)**

	01.01.2019 to 30.06.2019			01.01.2018 to 30.06.2018			
	Takaful Operator 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
Net profit/(loss) after zakat and taxation	(26,000)	-	(26,000)	5,072	-	-	5,072
Other comprehensive (loss)/income :							
Fair value of available-for-sale financial assets :							
Gross fair value gains/(losses) arising during the period	1,645	12,074	13,719	(442)	(11)	(1,911)	(2,364)
Tax effects thereon	(395)	(970)	(1,365)	106	3	153	262
Change in Takaful contract liabilities arising from unrealised net fair value changes	-	(11,104)	(11,104)	-	8	1,758	1,766
Total other comprehensive income for the period	1,250	-	1,250	(336)	-	-	(336)
Total comprehensive (losses)/ income for the period attributable to owners of the Company	(24,750)	-	(24,750)	4,736	-	-	4,736

* Estimated amount subjected to Board of Directors Approval

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

**UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED
30 JUNE 2019**

← *Non-distributable* → *Distributable*

	Share capital RM'000	Available for sale financial assets ("AFS") fair value reserve RM'000	(Accumulated losses) / Retained earnings RM'000	Total RM'000
At 1 January 2019	100,000	129	31,479	131,608
Total other comprehensive income for the period	-	1,250	-	1,250
Loss for the period	-	-	(26,000)	(26,000)
At 30 June 2019	<u>100,000</u>	<u>1,379</u>	<u>5,479</u>	<u>106,858</u>
At 1 January 2018	100,000	(152)	26,502	126,350
Total other comprehensive income for the period	-	(336)	-	(336)
Profit for the period	-	-	5,072	5,072
At 30 June 2018	<u>100,000</u>	<u>(488)</u>	<u>31,574</u>	<u>131,086</u>

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

**UNAUDITED INTERIM STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED
30 JUNE 2019**

	01.01.2019 to 30.06.2019 RM'000	01.01.2018 to 30.06.2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before zakat and taxation	(21,477)	9,665
Adjustments for:		
Write back of impairment of takaful receivables	-	(168)
Depreciation of property and equipment	18	38
Depreciation of Right-of-use assets	468	-
Amortisation of intangible assets	2,213	2,429
Gain on disposal of investments	(482)	(1,185)
Unrealised fair value loss/(gain) on financial assets (Accretion of discounts)/Amortisation of premiums-net	(35,303) (90)	25,478 190
Losses from operations before change in operating assets and liabilities	(54,653)	36,447
Profit paid to participants	-	(3,955)
Proceeds from disposal of investments	38,668	34,762
Maturity of investments	35,010	55,000
Purchase of investments	(33,257)	(66,597)
Decrease in expenses liabilities	(2,066)	(5,867)
Increase in family takaful contract liabilities	14,155	7,159
Increase in loans and receivables	(4,360)	(2,637)
(Decrease)/Increase in retakaful assets	(1,937)	6,923
Increase in takaful receivables	(207)	(2,302)
Increase in other receivables	(2,186)	-
Decrease in takaful payables	(1,229)	(1,067)
Increase in other payables	11,778	3,198
Increase Right-of-use assets	(2,651)	-
Increase in lease liabilities	2,195	-
	(740)	61,064
Tax paid	(3,000)	(6,190)
Profit received	3,108	-
Dividend received	5,141	-
Net cash generated from operating activities	4,509	54,874

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

**UNAUDITED INTERIM STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED
30 JUNE 2019 (CONTINUED)**

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	(360)	-
Purchase of intangible assets	163	(1,556)
Proceeds from sale of property, plant and equipment	121	-
Net cash used in investing activities	(76)	(1,556)

Net increase in cash and cash equivalents	4,433	53,318
Cash and cash equivalents at beginning of the financial year	81,791	82,483
Cash and cash equivalents at the end of the financial year	86,224	135,801

Cash and cash equivalents

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

	01.01.2019	01.01.2018
	to	to
	30.06.2019	30.06.2018
	RM'000	RM'000
Fixed deposits with licensed Islamic financial institutions	64,483	109,702
Cash and bank balances	21,741	26,099
	86,224	135,801

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENT

1 BASIS OF PREPARATION

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting by the Malaysian Accounting Standards ("MASB"), IAS 34: Interim Financial Reporting by the International Accounting Standards Board ("IASB"), Islamic Financial Services Act 2013 ("IFSA"), Takaful Guidelines/Circulars issued by Bank Negara Malaysia ("BNM") and Principles of Shariah.

The unaudited interim financial statements should be read in conjunction with the audited annual financial statements of the Company for the financial year ended 31 December 2018. The explanatory notes attached to the 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 year ended 31 December 2018.

2 Summary Of Significant Accounting Policies

The accounting policies and presentation adopted by the Company for the interim condensed financial statements are consistent with those adopted by the Company audited financial statements for the financial year ended 31 December 2018 except for the adoption of the following accounting standards, amendments and interpretation:

- MFRS 9, Financial Instruments (2014)
- IC Interpretation 22, Foreign Currency Transactions and Advance Consideration
- Amendments to MFRS 4, Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
- MFRS 17 replaces the existing Standard on Insurance Contracts, MFRS 4

MFRS 16 "Leases"

With effective for annual periods beginning on 1 January 2019, the Company has adopted the MFRS 16 "Leases" supersedes MFRS 117 "Leases" and related interpretations.

As a result of applying MFRS 16, the Company recognised RM 2,183,215 of right-of-use assets and RM 2,195,120 of lease liabilities as at 30 June 2019.

Also in relation to those leases under MFRS 16, the Company has recognised depreciation and interest expenses, instead of operating leases expenses. During the six months ended 30 June 2019, the company recognised RM 467,832 of depreciation expenses and RM 27,495 of interest expenses from these leases.

MFRS 17 Insurance Contracts

The International Accounting Standards Board has tentatively proposed to amend the effective date IFRS 17 to 1 January 2022 and the Company is currently assessing the financial impact of adopting MFRS 17.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENT (CONTINUED)

3 Auditors' report

The auditors' report on the audited financial statements of the preceding year ended 31 December 2018 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 period under review.

5 Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows in the current period ended 30 June 2019.

6 Estimates

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

7 Debt and Equity Securities

There were no 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 period ended 30 June 2019.

9 Significant Event during the financial period

Following the completion of the transfer of HSBC's shareholding to FWD Life Insurance Company (Bermuda) Limited ("FWD") on 23 March 2019, the Company is now known as FWD Takaful Berhad.

10 Material Events Subsequent to the End of the Period

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

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.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENT (CONTINUED)

13 Investment assets

	Takaful Operator RM'000	Family Takaful Fund RM'000	Company RM'000
At 30 June 2019			
Available-for-sale financial assets			
Government investment issues	10,552	71,063	81,615
Government guaranteed sukuk	20,493	144,740	165,233
Corporate debt securities	91,257	260,502	351,759
Financial assets at fair value through profit or loss			
Government investment issues	-	15,605	15,605
Government guaranteed sukuk	-	62,818	62,818
Corporate debt securities	-	83,749	83,749
Collective investment schemes	-	450,060	450,060
Quoted equity securities	-	15,052	15,052
	<u>122,302</u>	<u>1,103,589</u>	<u>1,225,891</u>
	Takaful Operator RM'000	Family Takaful Fund RM'000	Company RM'000
At 31 December 2018			
Available-for-sale financial assets			
Government investment issues	15,110	70,331	85,441
Government guaranteed sukuk	25,077	155,107	180,184
Corporate debt securities	90,519	248,582	339,101
Financial assets at fair value through profit or loss			
Government investment issues	-	15,160	15,160
Government guaranteed sukuk	-	65,239	65,239
Corporate debt securities	-	81,748	81,748
Collective investment schemes	-	440,037	440,037
Quoted equity securities	-	12,919	12,919
	<u>130,706</u>	<u>1,089,123</u>	<u>1,219,829</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENT (CONTINUED)

13 Investment assets (continued)

(a) Carrying values of investment assets

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

	AFS RM'000	FVTPL RM'000	Total RM'000
At 1 January 2018	649,639	620,247	1,269,886
Purchases	60,399	92,088	152,487
Maturities	(108,000)	-	(108,000)
Disposals	-	(56,990)	(56,990)
Fair value losses recorded in profit or loss	-	(40,372)	(40,372)
AFS reserves	3,044	-	3,044
(Amortisation)/accretion adjustment	(356)	130	(226)
At 31 December 2018/1 January 2019	604,726	615,103	1,219,829
Purchases	10,141	23,116	33,257
Maturities	(30,010)	(5,000)	(35,010)
Disposals	-	(41,296)	(41,296)
Fair value gains recorded in profit or loss	-	35,303	35,303
AFS reserves	13,718	-	13,718
Accretion adjustment	34	56	90
At 30 June 2019	598,609	627,282	1,225,891

(b) Fair values of investment assets

The fair value of investment assets 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

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	Family Takaful Fund RM'000	Company RM'000
At 30 June 2019			
Level 1	-	15,052	15,052
Level 2	122,302	1,088,537	1,210,839
	122,302	1,103,589	1,225,891

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENT (CONTINUED)

13 Investment assets (continued)

(b) Fair values of investment assets (continued)

	Takaful Operator RM'000	Family Takaful Fund RM'000	Company RM'000
At 31 December 2018			
Level 1	-	12,919	12,919
Level 2	130,705	1,076,203	1,206,908
	<u>130,705</u>	<u>1,089,122</u>	<u>1,219,827</u>

(c) The following investment assets mature after twelve months:

	Takaful Operator RM'000	Family Takaful Fund RM'000	Company RM'000
At 30 June 2019			
Available-for-sale financial asset	87,232	396,683	483,915
Financial assets at fair value through profit or loss	-	152,091	152,091
	<u>87,232</u>	<u>548,774</u>	<u>636,006</u>
At 31 December 2018			
Available-for-sale financial asset	120,695	454,003	574,698
Financial assets at fair value through profit or loss	-	157,144	-
	<u>120,695</u>	<u>611,147</u>	<u>731,842</u>

14 Retakaful assets

	Note	30.06.2019 RM'000	31.12.2018 RM'000
Family Takaful Fund	15	<u>44,477</u>	<u>42,540</u>
		<u>44,477</u>	<u>42,540</u>

15 Takaful contract liabilities

	Gross RM'000	Retakaful RM'000	Net RM'000
At 30 June 2019			
Family Takaful Fund	1,196,847	(44,477)	1,152,370
Company	<u>1,196,847</u>	<u>(44,477)</u>	<u>1,152,370</u>

At 31 December 2018			
Family Takaful Fund	1,171,078	(42,540)	1,128,538
Company	<u>1,171,078</u>	<u>(42,540)</u>	<u>1,128,538</u>

(a) Family Takaful Fund

	Note	Gross RM'000	Retakaful RM'000	Net RM'000
At 30 June 2019				
Provision for outstanding claims	(i)	15,702	(18,009)	(2,307)
Participants' funds	(ii)	<u>1,181,145</u>	<u>(26,468)</u>	<u>1,154,677</u>
		<u>1,196,847</u>	<u>(44,477)</u>	<u>1,152,370</u>
At 31 December 2018				
Provision for outstanding claims	(i)	17,028	(13,795)	3,233
Participants' funds	(ii)	<u>1,154,050</u>	<u>(28,745)</u>	<u>1,125,305</u>
		<u>1,171,078</u>	<u>(42,540)</u>	<u>1,128,538</u>

(i) Provision for outstanding claims

	Gross RM'000	Retakaful RM'000	Net RM'000
At 1 January 2019	17,028	(13,795)	3,233
Claims incurred during the period	6,496	(10,239)	(3,743)
Claims paid during the period	<u>(7,822)</u>	<u>6,025</u>	<u>(1,797)</u>
At 30 June 2019	<u>15,702</u>	<u>(18,009)</u>	<u>(2,307)</u>
At 1 January 2018	13,813	(11,696)	2,117
Claims incurred during the year	23,942	(17,175)	6,767
Claims paid during the year	<u>(20,727)</u>	<u>15,076</u>	<u>(5,651)</u>
At 31 December 2018	<u>17,028</u>	<u>(13,795)</u>	<u>3,233</u>

(ii) Participants' fund

	Gross RM'000	Retakaful RM'000	Net RM'000
At 30 June 2019			
Actuarial reserves	239,282	(26,468)	212,814
Unallocated surplus	54,234	-	54,234
AFS reserve	13,332	-	13,332
Net asset value attributable to participants	427,896	-	427,896
Net asset value attributable to unit holders	<u>446,401</u>	<u>-</u>	<u>446,401</u>
	<u>1,181,145</u>	<u>(26,468)</u>	<u>1,154,677</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENT (CONTINUED)

15 Takaful contract liabilities (continued)

(a) Family Takaful Fund (continued)

(ii) Participants' fund (continued)

	Gross RM'000	Retakaful RM'000	Net RM'000
At 1 January 2019	1,154,050	(28,745)	1,125,305
Contributions received	30,765	-	30,765
Liabilities paid for death, maturities, surrenders, benefits and claims	(38,645)	-	(38,645)
Benefits and claims experience variation	5,540	-	5,540
Fees deducted	(5,545)	-	(5,545)
Investment income	11,555	-	11,555
Retakaful reserve credit	(2,277)	2,277	-
Profit paid to participants	-	-	-
Net asset value attributable to unit holders	9,742	-	9,742
Surplus attributable to Takaful Operator	-	-	-
Allowance of impairment	-	-	-
AFS reserve	11,103	-	11,103
Deferred tax on fair value gains	(1,634)	-	(1,634)
Investment income distribution	7,295	-	7,295
Transfer surplus distribution to other liabilities	-	-	-
Others	(804)	-	(804)
At 30 June 2019	1,181,145	(26,468)	1,154,677
	Gross RM'000	Retakaful RM'000	Net RM'000
At 31 December 2018			
Actuarial reserves	234,395	(28,745)	205,650
Unallocated surplus	49,249	-	49,249
AFS reserve	2,228	-	2,228
Net asset value attributable to participants	431,519	-	431,519
Net asset value attributable to unit holders	436,659	-	436,659
	1,154,050	(28,745)	1,125,305

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENT (CONTINUED)

15 Takaful contract liabilities (continued)

(a) Family Takaful Fund (continued)

(ii) Participants' fund (continued)

	Gross RM'000	Retakaful RM'000	Net RM'000
At 1 January 2018	1,157,524	(31,115)	1,126,409
Contributions received	63,265	-	63,265
Liabilities paid for death, maturities, surrenders, benefits and claims	(56,394)	-	(56,394)
Benefits and claims experience variation	-	-	-
Fees deducted	(8,560)	-	(8,560)
Investment income	11,184	-	11,184
Retakaful reserve credit	(2,369)	2,369	-
Profit paid to participants	86	-	86
Net asset value attributable to unit holders	(16,251)	-	(16,251)
Surplus attributable to Takaful Operator	(4,399)	-	(4,399)
Allowance for impairment	(3)	-	(3)
AFS reserve	2,470	-	2,470
Deferred tax on fair value gains	(855)	-	(855)
Investment income distribution	12,741	-	12,741
Transfer surplus distribution to other liabilities	(6,137)	-	(6,137)
Others	1,748	-	1,748
At 31 December 2018	1,154,050	(28,746)	1,125,304

16 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 as followings:

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENT (CONTINUED)

16 Capital management (continued)

	30.06.2019	31.12.2018
	RM'000	RM'000
Eligible Tier 1 Capital		
Share capital	100,000	100,000
Reserve, including retained earnings	5,479	31,477
Valuation surplus maintained in the takaful funds	54,234	49,249
Eligible Tier 2 Capital		
AFS fair value reserves	3,911	493
Profit Sharing Investment Account (PSIA)	2,700	5,400
Amount deducted from capital	(10,324)	(12,699)
Capital available	156,000	173,920
Total capital available	119,149	144,175

17 Disposal Of General Takaful Business

In compliance with the Islamic Financial Services Act 2013, which stipulates that a licensed Takaful Operator must not carry on both Family Takaful and General Takaful businesses after 30 June 2018, the Company ceased the renewal or issuance of new takaful certificates for its general business as of 1 July 2018.

Thereafter, the Company entered into an agreement with Zurich General Takaful Malaysia Berhad ("ZGTMB") to transfer its General Takaful business to ZGTMB under a business transfer scheme. The transfer was completed on 3 November 2018.