

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

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020**

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

**UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020**

	30.06.2020			31.12.2019			
	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
<b>Assets</b>							
Plant and equipment		3,690	-	3,690	4,198	-	4,198
Intangible assets		5,970	-	5,970	6,048	-	6,048
Right-of-use assets		1,228	-	1,228	1,471	-	1,471
Investment assets	13	201,571	1,149,292	1,350,863	137,768	1,093,625	1,231,393
Retakaful assets		-	24,727	24,727	-	28,624	28,624
Current tax assets		8,526	2,740	975	13,415	-	8,242
Deferred tax assets		647	-	-	654	-	-
Loans and receivables		19,727	13,696	30,450	20,146	6,798	8,871
Takaful receivables		-	2,343	2,343	-	5,463	5,463
Cash and cash equivalents		8,533	67,822	76,355	104,242	90,010	194,252
<b>Total assets</b>		<b>249,892</b>	<b>1,260,620</b>	<b>1,496,601</b>	<b>287,942</b>	<b>1,224,520</b>	<b>1,488,562</b>
<b>Shareholders' equity</b>							
Share capital		261,500	-	261,500	261,500	-	261,500
Accumulated losses		(47,102)	-	(47,102)	(5,541)	-	(5,541)
Fair value reserves		2,591	-	2,591	1,753	-	1,753
<b>Total equity</b>		<b>216,989</b>	<b>-</b>	<b>216,989</b>	<b>257,712</b>	<b>-</b>	<b>257,712</b>
<b>Liabilities</b>							
Takaful contract liabilities	14	-	1,221,855	1,221,855	-	1,184,682	1,184,682
Expense reserves		13,532	-	13,532	14,511	-	14,511
Lease liability		1,457	-	1,457	1,502	-	1,502
Takaful payables		-	11,790	11,790	-	9,860	9,860
Other payables		17,914	11,977	26,918	14,217	20,841	16,985
Current tax liabilities		-	10,291	-	-	5,173	-
Deferred tax liabilities		-	4,707	4,060	-	3,964	3,310
<b>Total liabilities</b>		<b>32,903</b>	<b>1,260,620</b>	<b>1,279,612</b>	<b>30,230</b>	<b>1,224,520</b>	<b>1,230,850</b>
<b>Total equity and liabilities</b>		<b>249,892</b>	<b>1,260,620</b>	<b>1,496,601</b>	<b>287,942</b>	<b>1,224,520</b>	<b>1,488,562</b>

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

**FWD Takaful Berhad**  
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**UNAUDITED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTH ENDED 30 JUNE 2020**

	Note	01.01.2020 to 30.06.2020			01.01.2019 to 30.06.2019		
		Takaful Operator RM'000	Family Takaful Fund RM'000	Company RM'000	Takaful Operator RM'000	Family Takaful Fund RM'000	Company RM'000
<b>Operating revenue</b>		21,377	116,036	119,576	11,919	79,374	83,470
Gross contributions		-	99,648	99,648	-	65,949	65,949
Contributions ceded to retakaful operators		-	(9,523)	(9,523)	-	(9,116)	(9,116)
<b>Net earned contributions</b>		-	90,125	90,125	-	56,833	56,833
Wakalah income		17,837	-	-	7,823	-	-
Investment Income		3,540	16,388	19,928	4,096	13,425	17,521
Realised (losses)/gains		(1)	(666)	(667)	-	482	482
Fair value (losses)/gains	13(a)	(122)	3,171	3,049	-	35,303	35,303
Allowance for impairment		-	743	743	-	-	-
Other operating income		1,134	723	1,045	1,666	47	955
<b>Other income</b>		22,388	20,359	24,098	13,585	49,257	54,261
Gross benefits and claims paid	14(a)	-	(70,756)	(70,756)	-	(93,447)	(93,447)
Claims ceded to retakaful operators		-	7,083	7,083	-	6,024	6,024
Changes in retakaful contract liabilities		-	(2,305)	(2,305)	-	4,214	4,214
Gross changes in takaful contract liabilities		-	(6,825)	(6,825)	-	5,693	5,693
Gross changes in claims liabilities		-	161	161	-	1,325	1,325
<b>Net benefits and claims</b>		-	(72,642)	(72,642)	-	(76,191)	(76,191)

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**UNAUDITED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTH ENDED 30 JUNE 2020  
(CONTINUED)**

	01.01.2020 to 30.06.2020			01.01.2019 to 30.06.2019		
	Note	Takaful Operator RM'000	Family Takaful Fund RM'000	Company RM'000	Takaful Operator RM'000	Family Takaful Fund RM'000
Wakalah expenses		-	(17,837)	-	(7,823)	-
Fees and commission expense		(10,316)	-	(10,316)	(2,476)	(2,476)
Management expenses		(54,044)	-	(54,044)	(24,115)	(24,115)
Change in expense reserves		979	-	979	2,066	2,066
Other operating expenses		(594)	(931)	(713)	(14,786)	(14,777)
<b>Other expenses</b>		<b>(63,975)</b>	<b>(18,768)</b>	<b>(64,094)</b>	<b>(39,311)</b>	<b>(39,302)</b>
Surplus attributable to participants before taxation		-	19,074	-	21,327	-
Surplus distributed to participants		-	-	-	-	-
Tax expense attributable to participants		-	(1,332)	(1,332)	(4,249)	(4,249)
<b>Net surplus retained in from takaful fund</b>		<b>-</b>	<b>(17,742)</b>	<b>(17,742)</b>	<b>(17,078)</b>	<b>(17,078)</b>
Loss before taxation attributable to Takaful Operator		(41,587)	-	(41,587)	(25,726)	(25,726)
Taxation		26	-	26	(274)	(274)
<b>Net loss for the financial year</b>		<b>(41,561)</b>	<b>-</b>	<b>(41,561)</b>	<b>(26,000)</b>	<b>(26,000)</b>

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**UNAUDITED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTH ENDED 30 JUNE 2020  
(CONTINUED)**

	Note	01.01.2020 to 30.06.2020			01.01.2019 to 30.06.2019		
		Takaful Operator RM'000	Family Takaful Fund RM'000	Company RM'000	Takaful Operator RM'000	Family Takaful Fund RM'000	Company RM'000
<b>Net loss after zakat and taxation</b>		(41,561)	-	(41,561)	(26,000)	-	(26,000)
<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 arising during the financial year	13(a)	1,103	8,824	9,927	1,645	12,074	13,719
Tax effects thereon		(265)	(706)	(971)	(395)	(970)	(1,365)
Net fair value gains		838	8,118	8,956	1,250	11,104	12,354
Change in Takaful contract liabilities arising from unrealised net fair value gains		-	(8,118)	(8,118)	-	(11,104)	(11,104)
Other comprehensive income for the financial year, net of tax		838	-	838	1,250	-	1,250
Total comprehensive loss for the financial year		(40,723)	-	(40,723)	(24,750)	-	(24,750)

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**UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	<u>Issued and fully paid</u> Share capital RM'000	<u>Non- distributable</u> Fair value reserve RM'000	<u>Distributable</u> Retained profits/ (accumulated losses) RM'000	<u>Total</u> RM'000
<b>At 1 January 2019 (As restated)</b>	100,000	129	28,103	128,232
Preference shares issued during the financial year	161,500	-	-	161,500
Loss for the financial year	-	-	(33,644)	(33,644)
Other comprehensive income for the financial year	-	1,624	-	1,624
<b>At 31 December 2019</b>	<b>261,500</b>	<b>1,753</b>	<b>(5,541)</b>	<b>257,712</b>
<b>At 1 January 2020</b>	261,500	1,753	(5,541)	257,712
Loss for the financial year	-	-	(41,561)	(41,561)
Other comprehensive income for the financial year	-	838	-	838
<b>At 30 June 2020</b>	<b>261,500</b>	<b>2,591</b>	<b>(47,102)</b>	<b>216,989</b>

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**UNAUDITED INTERIM STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2020**

		01.01.2020 to 30.06.2020	01.01.2019 to 30.06.2019
	Note	RM'000	RM'000
<b>Cash flows from operating activities</b>			
Cash (used in)/generated from operations	16	(113,266)	7,965
Income tax paid		(2,021)	(3,000)
<b>Net cash (used in)/generated from operating activities</b>		<u>(115,287)</u>	<u>4,965</u>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment		(289)	(360)
Purchase of intangible assets		(1,386)	-
Proceeds from disposal of intangible assets		-	163
Proceeds from disposal of plant and equipment		-	121
<b>Net cash used in investing activities</b>		<u>(1,675)</u>	<u>(76)</u>
<b>Cash flows from financing activities</b>			
Payment of principal portion of lease liabilities		(845)	(428)
Profit expense on lease liabilities		(90)	(28)
<b>Net cash generated from financing activities</b>		<u>(935)</u>	<u>(456)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(117,897)	4,433
<b>Cash and cash equivalents at 1 January</b>		194,252	81,791
<b>Restatement for 1 January 2019</b>		-	(485)
<b>Cash and cash equivalents at 30 June</b>		<u>76,355</u>	<u>85,739</u>

**Cash and cash equivalents**

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

	01.01.2020 to 30.06.2020	01.01.2019 to 30.06.2019
	RM'000	RM'000
Fixed deposits with licensed Islamic financial institutions	58,570	64,483
Cash and bank balances	17,785	21,256
	<u>76,355</u>	<u>85,739</u>

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

## **NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

### **1 Basis of preparation**

The condensed interim financial statements of the company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") as issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the requirements of the Companies Act 2016 in Malaysia.

The condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Company for the financial year ended 31 December 2019. The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the financial year ended 31 December 2019. The classification of certain financial statement line items have been amended to conform to the current year presentation.

### **2 Summary of significant accounting policies**

The accounting policies and the critical accounting estimates and assumptions applied in the preparation of the condensed interim financial statements are consistent with those adopted in the preparation of the Company's audited financial statements for the financial year ended 31 December 2019.

### **3 Auditors' report**

The auditors' report on the audited financial statements of the preceding financial year ended 31 December 2019 did not contain any qualification.

### **4 Seasonality of operations**

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

### **5 Unusual items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows in the current financial period ended 30 June 2020.

### **6 Estimates**

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)**

**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 financial period ended 30 June 2020.

**9 Significant event during the financial period**

A slowdown in economic activity in the short-term is expected due to the countermeasures adopted to control the Covid-19 pandemic. Management is currently assessing the potential business and financial impact, but fully expects that the Company has sufficient capital and resilience to weather the impact of Covid-19 on its business. Currently, the mortality rate of Covid-19 remains relatively low, and given the age distribution of our customers, is not expected to result in a sharp deterioration in death claims.

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

There were no material events subsequent to the end of the financial period 30 June 2020.

**11 Contingent liabilities**

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

**12 Changes in the composition of the Company**

There is no change in the composition of the Company from the previous audited financial statements for the financial year ended 31 December 2019.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)**

**13 Investment assets**

	<b>Takaful Operator RM'000</b>	<b>Family Takaful Fund RM'000</b>	<b>Company RM'000</b>
<b>At 30 June 2020</b>			
<b>Available-for-sale financial assets</b>			
Government investment issues	21,975	93,370	115,345
Government guaranteed sukuk	20,886	150,536	171,422
Corporate debt securities	67,462	269,911	337,373
<b>Financial assets at fair value through profit or loss</b>			
Government investment issues	-	21,860	21,860
Government guaranteed sukuk	-	59,953	59,953
Corporate debt securities	-	112,118	112,118
Collective investment schemes	91,248	427,318	518,566
Quoted equity securities	-	14,226	14,226
	<b>201,571</b>	<b>1,149,292</b>	<b>1,350,863</b>

	<b>Takaful Operator RM'000</b>	<b>Family Takaful Fund RM'000</b>	<b>Company RM'000</b>
<b>At 31 December 2019</b>			
<b>Available-for-sale financial assets</b>			
Government investment issues	10,700	91,370	102,070
Government guaranteed sukuk	20,580	157,280	177,860
Corporate debt securities	61,457	227,622	289,079
<b>Financial assets at fair value through profit or loss</b>			
Government investment issues	-	15,728	15,728
Government guaranteed sukuk	-	63,488	63,488
Corporate debt securities	-	94,834	94,834
Collective investment schemes	45,031	428,407	473,438
Quoted equity securities	-	14,896	14,896
	<b>137,768</b>	<b>1,093,625</b>	<b>1,231,393</b>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (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").

	<b>AFS</b>	<b>FVTPL</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January 2019 (As restated)</b>	604,726	615,226	1,219,952
Purchases	65,643	103,759	169,402
Maturities	(109,630)	(5,000)	(114,630)
Disposals	(10,002)	(91,614)	(101,616)
Fair value gains recorded in profit or loss	-	39,888	39,888
AFS reserves	18,323	-	18,323
(Amortisation)/accretion adjustment	(51)	125	74
<b>At 31 December 2019/1 January 2020</b>	<b>569,009</b>	<b>662,384</b>	<b>1,231,393</b>
Purchases	70,486	126,670	197,156
Maturities	(25,000)	(10,000)	(35,000)
Disposals	-	(55,398)	(55,398)
Fair value gains recorded in profit or loss	-	3,049	3,049
AFS reserves	9,927	-	9,927
(Amortisation)/accretion adjustment	(282)	18	(264)
<b>At 30 June 2020</b>	<b>624,140</b>	<b>726,723</b>	<b>1,350,863</b>

**(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 method.

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

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

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

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)**

**13 Investment assets (continued)**

**(b) Fair values of investment assets (continued)**

	<b>Takaful Operator RM'000</b>	<b>Family Takaful Fund RM'000</b>	<b>Company RM'000</b>
<b>At 30 June 2020</b>			
Level 1	-	14,226	14,226
Level 2	201,571	1,135,066	1,336,637
	<u>201,571</u>	<u>1,149,292</u>	<u>1,350,863</u>
	<b>Takaful Operator RM'000</b>	<b>Family Takaful Fund RM'000</b>	<b>Company RM'000</b>
<b>At 31 December 2019</b>			
Level 1	-	14,896	14,896
Level 2	137,768	1,078,729	1,216,497
	<u>137,768</u>	<u>1,093,625</u>	<u>1,231,393</u>

**(c) The following shows the current and non-current classifications of the investment assets:**

	<b>Takaful Operator RM'000</b>	<b>Family Takaful Fund RM'000</b>	<b>Company RM'000</b>
<b>At 30 June 2020</b>			
<b>Available-for-sale financial asset</b>			
Current	10,052	75,822	85,874
Non-current	100,270	437,996	538,266
<b>Financial assets at fair value through profit or loss</b>			
Current	91,249	451,500	542,749
Non-current	-	183,974	183,974
	<u>201,571</u>	<u>1,149,292</u>	<u>1,350,863</u>
<b>At 31 December 2019</b>			
<b>Available-for-sale financial asset</b>			
Current	15,091	55,285	70,376
Non-current	77,646	420,987	498,633
<b>Financial assets at fair value through profit or loss</b>			
Current	45,031	458,379	503,410
Non-current	-	158,974	158,974
	<u>137,768</u>	<u>1,093,625</u>	<u>1,231,393</u>

**FWD Takaful Berhad**  
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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)**

**14 Takaful contract liabilities**

	<b>Gross RM'000</b>	<b>Retakaful RM'000</b>	<b>Net RM'000</b>
<b>At 30 June 2020</b>			
Family Takaful Fund	1,221,855	(24,727)	1,197,128
Company	<u>1,221,855</u>	<u>(24,727)</u>	<u>1,197,128</u>
<b>At 31 December 2019</b>			
Family Takaful Fund	1,184,682	(28,624)	1,156,058
Company	<u>1,184,682</u>	<u>(28,624)</u>	<u>1,156,058</u>

**(a) Family Takaful Fund**

	<b>Note</b>	<b>Gross RM'000</b>	<b>Retakaful RM'000</b>	<b>Net RM'000</b>
<b>At 30 June 2020</b>				
Provision for outstanding claims	(i)	24,653	(15,437)	9,216
Participants' funds	(ii)	1,197,202	(9,290)	1,187,912
		<u>1,221,855</u>	<u>(24,727)</u>	<u>1,197,128</u>
<b>At 31 December 2019</b>				
Provision for outstanding claims	(i)	24,814	(17,742)	7,072
Participants' funds	(ii)	1,159,868	(10,882)	1,148,986
		<u>1,184,682</u>	<u>(28,624)</u>	<u>1,156,058</u>

**(i) Provision for outstanding claims**

	<b>Gross RM'000</b>	<b>Retakaful RM'000</b>	<b>Net RM'000</b>
<b>At 1 January 2020</b>	24,814	(17,742)	7,072
Claims incurred during the period	70,595	(4,778)	65,817
Claims paid during the period	(70,756)	7,083	(63,673)
<b>At 30 June 2020</b>	<u>24,653</u>	<u>(15,437)</u>	<u>9,216</u>
<b>At 1 January 2019 (As restated)</b>	17,028	(13,795)	3,233
Claims incurred during the year	201,062	(23,335)	177,727
Claims paid during the year	(193,276)	19,388	(173,888)
<b>At 31 December 2019</b>	<u>24,814</u>	<u>(17,742)</u>	<u>7,072</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)**

**14 Takaful contract liabilities (continued)**

**(a) Family Takaful Fund (continued)**

**(ii) Participants' fund**

	<b>Gross RM'000</b>	<b>Retakaful RM'000</b>	<b>Net RM'000</b>
<b>At 30 June 2020</b>			
Actuarial reserves	230,996	(9,290)	221,706
Unallocated surplus	51,873	-	51,873
AFS reserve	25,237	-	25,237
Net asset value attributable to participants	456,343	-	456,343
Net asset value attributable to unit holders	432,753	-	432,753
	<u>1,197,202</u>	<u>(9,290)</u>	<u>1,187,912</u>

	<b>Gross RM'000</b>	<b>Retakaful RM'000</b>	<b>Net RM'000</b>
<b>At 1 January 2020</b>	1,159,868	(10,882)	1,148,986
Contributions received	66,095	-	66,095
Liabilities paid for death, maturities, surrenders, benefits and claims	(30,249)	-	(30,249)
Benefits and claims experience variation	(2,144)	-	(2,144)
Fees deducted	(15,087)	-	(15,087)
Investment income	8,373	-	8,373
Retakaful reserve credit	(1,592)	1,592	-
Profit paid to participants	(424)	-	(424)
Net asset value attributable to unit holders	(1,930)	-	(1,930)
Surplus attributable to Takaful Operator	-	-	-
Allowance of impairment	744	-	744
AFS reserve	8,118	-	8,118
Deferred tax on fair value gains	(1,245)	-	(1,245)
Investment income distribution	6,666	-	6,666
Transfer surplus distribution to other liabilities	-	-	-
Others	9	-	9
<b>At 30 June 2020</b>	<u>1,197,202</u>	<u>(9,290)</u>	<u>1,187,912</u>

	<b>Gross RM'000</b>	<b>Retakaful RM'000</b>	<b>Net RM'000</b>
<b>At 31 December 2019</b>			
Actuarial reserves	222,447	(10,882)	211,565
Unallocated surplus	39,827	-	39,827
AFS reserve	17,119	-	17,119
Net asset value attributable to participants	445,793	-	445,793
Net asset value attributable to unit holders	434,682	-	434,682
	<u>1,159,868</u>	<u>(10,882)</u>	<u>1,148,986</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENT (CONTINUED)**

**14 Takaful contract liabilities (continued)**

**(a) Family Takaful Fund (continued)**

**(ii) Participants' fund (continued)**

	<b>Gross RM'000</b>	<b>Retakaful RM'000</b>	<b>Net RM'000</b>
<b>At 1 January 2019 (As restated)</b>	1,156,597	(28,745)	1,127,852
Contributions received	70,619	-	70,619
Liabilities paid for death, maturities, surrenders, benefits and claims	-	-	-
	(79,095)	-	(79,095)
Fees deducted	(12,416)	-	(12,416)
Investment income	18,295	-	18,295
Retakaful reserve credit	(17,863)	17,863	-
Profit paid to participants	488	-	488
Net asset value attributable to unit holders	(4,524)	-	(4,524)
Surplus attributable to Takaful Operator	(4,121)	-	(4,121)
Allowance for impairment	(741)	-	(741)
AFS reserve	14,891	-	14,891
Deferred tax on fair value gains	(5,948)	-	(5,948)
Investment income distribution	24,295	-	24,295
Transfer surplus distribution to other liabilities	(4,018)	-	(4,018)
Others	3,409	-	3,409
<b>At 31 December 2019</b>	<b>1,159,868</b>	<b>(10,882)</b>	<b>1,148,986</b>

**15 Capital management**

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

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

The capital structure of the Company as at the date of the statement of financial position, consisting of all funds as prescribed under the Risk Based Capital Framework is provided as

	<b>30.06.2020 RM'000</b>	<b>31.12.2019 RM'000</b>
<b>Eligible Tier 1 Capital</b>		
Share capital	261,500	261,500
Reserves, including retained earnings	(47,102)	(5,541)
Valuation surplus maintained in the takaful funds	51,873	39,825
<b>Eligible Tier 2 Capital</b>		
AFS fair value reserves	6,796	4,842
<b>Amount deducted from capital</b>	<b>(7,284)</b>	<b>(7,311)</b>
<b>Capital available</b>	<b>265,783</b>	<b>293,315</b>
<b>Total capital available</b>	<b>228,661</b>	<b>269,115</b>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENT (CONTINUED)**

**16 Cash flows from operating activities**

	<b>01.01.2020</b>	<b>01.01.2019</b>
	<b>to</b>	<b>to</b>
	<b>30.06.2020</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Loss for the financial year</b>	(41,561)	(26,000)
<b>Adjustments:</b>		
Profit from government guaranteed sukuk	(4,697)	(4,583)
Profit from government investment issues	(2,749)	(2,012)
Profit from corporate debt securities	(9,015)	(9,593)
Profit from fixed deposits with licensed financial institutions	(1,143)	(1,105)
Dividend income from quoted equity securities	(8,100)	(5,141)
Fund management fee rebate and investment expense	(1,192)	(3,423)
Taxation of family takaful business	1,332	4,249
<b>Non Cash items:</b>		
Amortisation of intangible assets	1,464	2,213
Increase in impairment of receivables	743	-
Depreciation for right-of-use assets	1,132	468
Depreciation of plant and equipment	797	18
Fair value movement of investment	(3,049)	(35,303)
Net amortisation/(accretion) of investment	264	(90)
Provision for expense reserves	(979)	(2,067)
<b>Changes in working capital:</b>		
(Increase)/decrease in loans and receivables	(5,231)	12,954
Increase in other payables	10,420	13,583
Increase in takaful contract liabilities	28,349	13,695
Decrease/(increase) in retakaful assets	3,897	(1,937)
Decrease in takaful payables	1,930	(1,229)
Decrease/(increase) in takaful receivables	2,377	(207)
Purchase of investments	(197,156)	(33,257)
Proceeds from disposal of investments	55,398	41,296
Proceeds from maturity of investments	35,000	35,010
Investment income received	18,503	10,426
<b>Cash (used in)/generated from operations</b>	<b>(113,266)</b>	<b>7,965</b>