

HSBC Amanah Takaful (Malaysia) Berhad

(Company No. 731530-M)

(Incorporated in Malaysia)

**Unaudited interim condensed financial statements
for the six months period ended 30 June 2016**

HSBC Amanah Takaful (Malaysia) Berhad

(Company No. 731530-M)

(Incorporated in Malaysia)

Unaudited interim statement of financial position

	Note	30.06.2016				31.12.2015			
		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									
Plant and equipment		346	-	-	346	360	-	-	360
Intangible assets		16,438	-	-	16,438	17,840	-	-	17,840
Investment assets	12	130,637	44,933	971,409	1,146,979	144,872	50,113	952,046	1,147,031
Retakaful assets	13	-	42,428	29,932	72,360	-	43,158	39,391	82,549
Current tax assets		9,002	-	-	6,557	5,475	-	-	2,825
Financing receivables, excluding takaful receivables		49,695	1,151	12,122	40,332	45,211	792	7,251	38,174
Takaful receivables		-	4,770	6,698	11,468	-	7,513	5,460	12,973
Deferred tax assets		1,554	341	1,346	3,241	2,258	408	836	3,502
Cash and cash equivalents		12,372	14,256	34,180	60,808	3,074	4,549	43,604	51,227
Total assets		220,044	107,879	1,055,687	1,358,529	219,090	106,533	1,048,588	1,356,481

The accompanying Notes on pages 8 to 20 form an integral part of the financial statements.

Company No.731530-M

Unaudited interim statement of financial position

(continued)

	Note	30.06.2016			31.12.2015				
		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
Shareholders' equity									
Share capital		100,000	-	-	100,000	100,000	-	-	100,000
Retained earnings		20,963	-	-	20,963	18,467	-	-	18,467
Available-for-sale assets fair value reserves		339	-	-	339	(128)	-	-	(128)
Total equity		121,302	-	-	121,302	118,339	-	-	118,339
Liabilities									
Takaful contract liabilities	14	-	95,263	1,022,089	1,117,352	-	94,288	1,012,782	1,107,070
Expense reserves		45,613	-	-	45,613	50,644	-	-	50,644
Takaful payables		1,177	2,935	7,969	12,081	1,515	4,518	12,965	18,998
Other payables		24,952	9,649	23,216	35,181	21,592	7,727	20,191	34,430
Current tax liabilities		-	32	2,413	-	-	-	2,650	-
Amount due to shareholders		27,000	-	-	27,000	27,000	-	-	27,000
Total liabilities		98,742	107,879	1,055,687	1,237,227	100,751	106,533	1,048,588	1,238,142
Total equity and liabilities		220,044	107,879	1,055,687	1,358,529	219,090	106,533	1,048,588	1,356,481

The accompanying Notes on pages 8 to 20 form an integral part of the financial statements.

HSBC Amanah Takaful (Malaysia) Berhad

(Company No. 731530-M)

(Incorporated in Malaysia)

Unaudited interim statement of comprehensive income for the six months ended 30 June 2016

	01.01.2016 to 30.06.2016				01.01.2015 to 30.06.2015				
	Note	Takaful Operator Fund RM'000	General Takaful Fund RM'000	Family Takaful Fund RM'000	Company RM'000	Takaful Operator Fund RM'000	General Takaful Fund RM'000	Family Takaful Fund RM'000	Company RM'000
Operating revenue		26,385	17,562	89,622	112,477	34,837	29,293	128,350	162,807
Takaful Operator income		22,814	-	-	-	35,607	-	-	-
Gross contributions		-	16,594	68,018	84,612	-	28,474	110,688	139,162
Contributions ceded to retakaful		-	(1,199)	(8,382)	(9,581)	-	(3,897)	(14,999)	(18,896)
Changes in unearned contribution reserves		-	2,056	-	2,056	-	(1,034)	-	(1,034)
Actuarial reserves		-	(252)	-	(252)	-	(345)	-	(345)
Net earned contributions		-	17,199	59,636	76,835	-	23,198	95,689	118,887
Gross benefits and claims paid		-	(2,966)	(56,041)	(59,007)	-	(12,121)	(79,179)	(91,300)
Claims ceded to retakaful		-	1,046	13,670	14,716	-	6,964	11,795	18,759
Gross changes in claims liabilities		-	(915)	2,767	1,852	-	418	965	1,383
Changes in claims liabilities ceded to retakaful		-	(214)	(5,512)	(5,726)	-	1,471	2,147	3,618
Net benefits and claims		-	(3,049)	(45,116)	(48,165)	-	(3,268)	(64,272)	(67,540)
Investment income		3,571	968	21,604	27,865	3,498	819	17,662	23,645
Realised gain/(loss)		306	-	(14,185)	(13,879)	-	-	1,100	1,100
Fee and commission income		2,681	-	-	-	2,554	-	-	30
(Reversal of)/allowance for impairment		-	86	(1)	85	-	(397)	16	(381)
Other income		6,558	1,054	7,418	14,071	6,052	422	18,778	24,394

The accompanying Notes on pages 8 to 20 form an integral part of the financial statements.

Company No.731530-M

Unaudited interim statement of comprehensive income for the six months ended 30 June 2016 (continued)

	01.01.2016 to 30.06.2016				01.01.2015 to 30.06.2015			
	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
Wakalah fees	-	(10,377)	(7,425)	-	-	(14,959)	(16,381)	-
Commission paid	(6,014)	-	-	(6,014)	(10,675)	-	-	(10,675)
Expense reserves	5,030	-	-	5,030	1,936	-	-	1,936
Fair value losses (unrealised)	-	-	(4,704)	(4,704)	-	-	(9,467)	(9,467)
Management expenses	(23,430)	-	-	(23,430)	(24,089)	-	-	(24,089)
Other expenses	(289)	(13)	905	1,562	(594)	133	(324)	73
Other expenses	(24,703)	(10,390)	(11,224)	(27,556)	(33,422)	(14,826)	(26,172)	(42,222)
Total profit for the period/Net underwriting surplus from operations	4,669	4,814	10,714	15,185	8,237	5,526	24,023	33,519
Surplus attributable to the participants' risk fund *	-	(2,132)	(4,194)	(6,326)	-	(2,524)	(2,103)	(4,627)
Surplus attributable to Takaful Operator *	-	(2,132)	(2,880)	-	-	(2,524)	(1,743)	-
Net surplus retained in takaful funds *	-	(474)	(4,741)	(4,190)	-	(561)	(20,970)	(20,655)
Profit/Surplus before zakat and taxation	4,669	76	(1,101)	4,669	8,237	(83)	(793)	8,237

* Estimated amount subjected to Board of Directors Approval

The accompanying Notes on pages 8 to 20 form an integral part of the financial statements.

Company No.731530-M

Unaudited interim statement of comprehensive income for the six months ended 30 June 2016 (continued)

	01.01.2016 to 30.06.2016				01.01.2015 to 30.06.2015			
	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
Zakat	-	-	-	-	(165)	-	-	(165)
Taxation	(2,173)	(76)	1,101	(2,173)	(2,422)	83	793	(2,422)
Profit for the period attributable to owners of the Company	2,496	-	-	2,496	5,650	-	-	5,650
Other comprehensive income / (expenses)								
Fair value of available-for-sale financial assets								
- Gains/(Losses) arising during the period	623	82	7,394	8,099	453	83	4,801	5,337
Tax effect thereon	(156)	(21)	(592)	(769)	(114)	(21)	(384)	(519)
Other comprehensive income attributable to Takaful Operator/change in participants liabilities	-	(61)	(6,802)	(6,863)	-	(62)	(4,417)	(4,479)
Total other comprehensive income for the period	467	-	-	467	339	-	-	339
Total comprehensive income for the period attributable to owners of the Company	2,963	-	-	2,963	5,989	-	-	5,989

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Unaudited interim statement of changes in equity for the six months ended 30 June 2016

	← Non- distributable →	Distributable		
	Share capital	Available for sale financial assets ("AFS") fair value reserves	(Accumulated losses) / Retained earnings	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2016	100,000	(128)	18,467	118,339
Fair value of AFS financial assets	-	467	-	467
Total other comprehensive income for the period	-	467	-	467
Profit for the period	-	-	2,496	2,496
Total comprehensive income for the period	-	467	2,496	2,963
At 30 June 2016	100,000	339	20,963	121,302
At 1 January 2015	100,000	(227)	6,582	106,355
Fair value of AFS financial assets	-	339	-	339
Total other comprehensive income for the period	-	339	-	339
Profit for the period	-	-	5,650	5,650
Total comprehensive income for the period	-	339	5,650	5,989
At 30 June 2015	100,000	112	12,232	112,344

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HSBC Amanah Takaful (Malaysia) Berhad

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Unaudited interim statement of cash flows for the six months ended 30 June 2016

	01.01.2016	01.01.2015
	to	to
	30.06.2016	30.06.2015
	RM'000	RM'000
Cash flows from operating activities		
Cash generated from operations (Note 15)	(20,604)	7,400
Income tax paid	(5,358)	(3,843)
Net cash from operating activities	<u>(25,962)</u>	<u>3,557</u>
Cash flows from investing activities		
Acquisition of plant and equipment	(35)	-
Acquisition of intangible assets	(956)	(4,307)
Acquisition of investments	(224,586)	(96,958)
Proceeds from disposal of investments	132,855	35,832
Proceeds from maturities of investments	95,000	30,000
Profit from fixed deposits placed with licensed Islamic financial institutions	866	787
Profit from government guaranteed sukuk	4,766	4,301
Profit from government investment issues	2,177	2,081
Profit from corporate debt securities	9,726	9,219
Dividend received from quoted equity securities	15,730	12,276
Net cash used in investing activities	<u>35,543</u>	<u>(6,769)</u>
Net increase/(decrease) in cash and cash equivalents	9,581	(3,212)
Cash and cash equivalents at 1 January	<u>51,227</u>	<u>65,740</u>
Cash and cash equivalents at 30 June	<u><u>60,808</u></u>	<u><u>62,528</u></u>

Cash and cash equivalents

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

	01.01.2016	01.01.2015
	to	to
	30.06.2016	30.06.2015
	RM'000	RM'000
Fixed deposits with licensed Islamic financial institutions	30,268	3,136
Cash and bank balances	30,540	59,392
	<u>60,808</u>	<u>62,528</u>

The accompanying Notes on pages 8 to 20 form an integral part of the financial statements.

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Notes to the unaudited condensed interim financial statements

1. Basis of preparation

Statement of compliance

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.

A Takaful Operator is required to present consolidated financial statements for itself and the Takaful funds it manages and controls in accordance with the requirements of MFRS 127, Consolidated and Separate Financial Statements. The statements of financial position and the statements of comprehensive income of the Takaful Operator, Family Takaful Fund and General Takaful Fund are supplementary financial information presented in accordance with the requirements of BNM, Islamic Financial Services Act 2013 in Malaysia to segregate assets, liabilities, income and expenses of Takaful funds from its own. The statements of financial position and comprehensive income of the Takaful Operator include only assets, liabilities, income and expenses of the Takaful Operator, excluding the Takaful funds managed by it. The statements of financial position and comprehensive income of the Family and General Takaful Fund include only the assets, liabilities, income and expenses of the family solidarity fund and General Takaful Fund that is set up, managed and controlled by the Takaful Operator.

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 2015. 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 2015.

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 2015, except for the adoption of the followings:

2. Summary of significant accounting policies (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- Amendments to MFRS 116 'Property, plant and equipment' and MFRS 138 'Intangible assets' clarify that the use of revenue-based methods to calculate the depreciation of an item of property, plant and equipment is not appropriate. This is because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.
- The amendments to MFRS 138 also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption can be overcome only in the limited circumstances where the intangible asset is expressed as a measure of revenue or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

3. Auditors' report

The auditors' report on the audited financial statements of the preceding year ended 31 December 2015 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 2016.

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 2016.

9. Material Events Subsequent to the End of the Period

There were no material events subsequent to the date of the statement of the financial position that requires disclosure or adjustment to the unaudited condensed interim financial statements.

10. Contingent Liabilities

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

11. Changes in the composition of the Company

There is no change in the composition of the Company from the previous audited financial statements.

12. Investment assets

	Takaful Operator	General Takaful Fund	Family Takaful Fund	Company
	RM'000	RM'000	RM'000	RM'000
At 30 June 2016				
Available-for-sale financial assets				
Government investment issues	25,182	-	79,404	104,586
Government guaranteed sukuk	20,319	14,836	163,831	198,986
Corporate debt securities	85,136	30,097	229,296	344,529
Financial assets at fair value through profit or loss				
Government investment issues	-	-	10,217	10,217
Government guaranteed sukuk	-	-	60,010	60,010
Corporate debt securities	-	-	82,318	82,318
Collective investment schemes	-	-	334,880	334,880
Quoted equity securities	-	-	11,453	11,453
	<u>130,637</u>	<u>44,933</u>	<u>971,409</u>	<u>1,146,979</u>

12. Investment assets (continued)

	Takaful Operator	General Takaful Fund	Family Takaful Fund	Company
	RM'000	RM'000	RM'000	RM'000
At 31 December 2015				
Available-for-sale financial assets				
Government investment issues	25,140	-	78,282	103,422
Government guaranteed sukuk	20,049	10,027	155,627	185,703
Corporate debt securities	99,683	40,086	226,060	365,829
Financial assets at fair value through profit or loss				
Government guaranteed sukuk	-	-	10,148	10,148
Corporate debt securities	-	-	53,597	53,597
Collective investment schemes	-	-	75,437	75,437
Structured investments	-	-	340,157	340,157
Quoted equity securities	-	-	12,738	12,738
	<u>144,872</u>	<u>50,113</u>	<u>952,046</u>	<u>1,147,031</u>

(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 2015			
	635,557	423,569	1,059,126
Purchases	80,181	128,551	208,732
Maturities	(60,000)	(19,447)	(79,447)
Disposals	-	(36,800)	(36,800)
Fair value gains recorded in profit or loss	-	(3,918)	(3,918)
AFS reserves	(27)	-	(27)
(Amortisation)/accretion adjustment	(757)	122	(635)
At 31 December 2015/1 January 2016	<u>654,954</u>	<u>492,077</u>	<u>1,147,031</u>
Purchases	80,286	144,300	224,586
Maturities	(96,165)	-	(96,165)
Disposals	-	(132,855)	(132,855)
Fair value loss recorded in profit or loss	-	(4,704)	(4,704)
AFS reserves	8,103	-	8,103
(Amortisation)/accretion adjustment	924	58	982
At 30 June 2016	<u>648,101</u>	<u>498,878</u>	<u>1,146,979</u>

12. Investment assets (continued)

(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.

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

	Takaful Operator	General Takaful Fund	Family Takaful Fund	Company
	RM'000	RM'000	RM'000	RM'000
At 30 June 2016				
Available-for-sale financial Assets	120,616	19,865	462,503	609,837
Financial assets at fair value through profit or loss	-	-	498,878	498,878
	<u>120,616</u>	<u>19,865</u>	<u>961,381</u>	<u>1,108,715</u>
At 31 December 2015				
Available-for-sale financial Assets	89,786	15,050	429,902	534,738
Financial assets at fair value through profit or loss	-	-	139,182	139,182
	<u>89,786</u>	<u>15,050</u>	<u>569,084</u>	<u>673,920</u>

13. Retakaful assets

	Note	30.06.2016	31.12.2015
		RM'000	RM'000
General Takaful Fund	12(a)	42,428	43,158
Family Takaful Fund	12(b)	29,932	39,391
		<u>72,360</u>	<u>82,549</u>

14. Takaful contract liabilities

	Note	Gross RM'000	Retakaful RM'000	Net RM'000
At 30 June 2016				
General Takaful Fund	14(a)	95,263	(42,428)	52,835
Family Takaful Fund	14(b)	1,022,089	(29,932)	992,157
Company		<u>1,117,352</u>	<u>(72,360)</u>	<u>1,044,992</u>
At 31 December 2015				
General Takaful Fund	14(a)	94,288	(43,158)	51,130
Family Takaful Fund	14(b)	1,012,782	(39,391)	973,391
Company		<u>1,107,070</u>	<u>(82,549)</u>	<u>1,024,521</u>

(a) General Takaful Fund

	Note	Gross RM'000	Retakaful RM'000	Net RM'000
At 30 June 2016				
Provision for claims reported by participants		37,292	(30,136)	7,156
Provision for IBNR		30,202	(11,903)	18,299
Provision for outstanding claims	(i)	67,494	(42,039)	25,455
Provision for unearned contributions	(ii)	16,229	(389)	15,840
Participants' funds	(iii)	11,540	-	11,540
		<u>95,263</u>	<u>(42,428)</u>	<u>52,835</u>
At 31 December 2015				
Provision for claims reported by participants		38,728	(30,997)	7,731
Provision for IBNR		27,851	(11,256)	16,595
Provision for outstanding claims	(i)	66,579	(42,253)	24,326
Provision for unearned contributions	(ii)	18,801	(905)	17,896
Participants' funds	(iii)	8,908	-	8,908
		<u>94,288</u>	<u>(43,158)</u>	<u>51,130</u>

14. Takaful contract liabilities (continued)

(i) Provision for outstanding claims

	Gross RM'000	Retakaful RM'000	Net RM'000
At 1 January 2016	66,579	(42,253)	24,326
Claims incurred in the current period	3,881	3,881	7,762
Claims paid during the period	(2,966)	(3,667)	(6,633)
At 30 June 2016	<u>67,494</u>	<u>(42,039)</u>	<u>25,455</u>
At 1 January 2015	67,542	(38,617)	28,925
Claims incurred in the current period	18,151	(12,928)	5,223
Claims paid during the period	(19,114)	9,292	(9,822)
At 31 December 2015	<u>66,579</u>	<u>(42,253)</u>	<u>24,326</u>

(ii) Provision for unearned contributions

	Gross RM'000	Retakaful RM'000	Net RM'000
At 1 January 2016	18,801	(905)	17,896
Contributions written in the period	6,080	(1,041)	5,039
Contributions earned during the year	(8,652)	1,557	(7,095)
At 30 June 2016	<u>16,229</u>	<u>(389)</u>	<u>15,840</u>
At 1 January 2015	19,768	(3,227)	16,541
Contributions written in the period	54,930	(5,852)	49,078
Contributions earned during the year	(55,897)	8,174	(47,723)
At 31 December 2015	<u>18,801</u>	<u>(905)</u>	<u>17,896</u>

(iii) Participants' fund

	30.06.2016 RM'000	31.12.2015 RM'000
Unallocated surplus	3,051	2,577
AFS reserves	31	(31)
Revenue account accumulated surplus	8,458	6,362
	<u>11,540</u>	<u>8,908</u>

14. Takaful contract liabilities (continued)**(a) General Takaful Fund (continued)****(iii) Participants' fund (continued)**

	30.06.2016	31.12.2015
	RM'000	RM'000
Unallocated surplus		
At 1 January	2,577	1,526
Transfer from surplus	474	1,129
Retained surplus	-	(78)
Unrecoverable surplus	-	-
At 30 June / 31 December	<u>3,051</u>	<u>2,577</u>
AFS reserves		
At 1 January	(31)	62
Increase/(Decrease) in reserves	62	(93)
At 30 June / 31 December	<u>31</u>	<u>(31)</u>
Revenue account accumulated surplus		
At 1 January	6,362	2,926
Surplus for the period	2,606	6,211
Profit paid to participants	(6,326)	(1,229)
Transfer to unallocated surplus	(474)	(1,129)
Transfer to withholding tax	6,290	(417)
At 30 June / 31 December	<u>8,458</u>	<u>6,362</u>

(b) Family Takaful Fund

		Gross	Retakaful	Net
	Note	RM'000	RM'000	RM'000
At 30 June 2016				
Provision for outstanding claims	(i)	9,679	(5,516)	4,163
Participants' funds	(ii)	<u>1,012,410</u>	<u>(24,416)</u>	<u>987,994</u>
		<u>1,022,089</u>	<u>(29,932)</u>	<u>992,157</u>
At 31 December 2015				
Provision for outstanding claims	(i)	12,446	(11,028)	1,418
Participants' funds	(ii)	<u>1,000,336</u>	<u>(28,363)</u>	<u>971,973</u>
		<u>1,012,782</u>	<u>(39,391)</u>	<u>973,391</u>

14. Takaful contract liabilities (continued)**(b) Family Takaful Fund (continued)****(i) Provision for outstanding claims**

	Gross RM'000	Retakaful RM'000	Net RM'000
At 1 January 2016	12,446	(11,028)	1,418
Claims incurred during the year	31,210	5,512	36,722
Claims paid during the year	(33,977)	-	(33,977)
At 30 June 2016	<u>9,679</u>	<u>(5,516)</u>	<u>4,163</u>
At 1 January 2015	14,212	(12,228)	1,984
Claims incurred during the year	73,977	(23,338)	50,639
Claims paid during the year	(75,743)	24,538	(51,205)
At 31 December 2015	<u>12,446</u>	<u>(11,028)</u>	<u>1,418</u>

(ii) Participants' fund

	Gross RM'000	Retakaful RM'000	Net RM'000
At 30 June 2016			
Actuarial reserves	247,781	(24,416)	223,365
Unallocated surplus	47,012	-	47,012
AFS reserve	3,061	-	3,061
Net asset value attributable to participants	368,285	-	368,285
Net asset value attributable to unit holders	346,271	-	346,271
	<u>1,012,410</u>	<u>(24,416)</u>	<u>987,994</u>

14. Takaful contract liabilities (continued)**(b) Family Takaful Fund (continued)****(ii) Participants' fund (continued)**

	Gross RM'000	Retakaful RM'000	Net RM'000
At 1 January 2016	1,000,336	(28,363)	971,973
Contributions received	23,451	-	23,451
Liabilities paid for death, maturities, surrenders, benefits and claims	(20,307)	-	(20,307)
Benefits and claims experience variation	(2,745)	-	(2,745)
Fees deducted	(3,756)	-	(3,756)
Investment income	9,026	-	9,026
Retakaful reserve credit	(3,947)	3,947	-
Net asset value attributable to unit holders	5,488	-	5,488
Surplus attributable to Takaful Operator	(2,880)	-	(2,880)
Write back of impairment	(1)	-	(1)
AFS reserve	7,395	-	7,395
Deferred tax on fair value gains	(626)	-	(626)
Investment income distribution	6,104	-	6,104
Transfer surplus distribution to participants	(4,762)	-	(4,762)
Others	(366)	-	(366)
At 30 June 2016	<u>1,012,410</u>	<u>(24,416)</u>	<u>987,994</u>

14. Takaful contract liabilities (continued)**(b) Family Takaful Fund (continued)****(ii) Participants' fund (continued)**

	Gross RM'000	Retakaful RM'000	Net RM'000
At 31 December 2015			
Actuarial reserves	246,146	(28,363)	217,783
Unallocated surplus	52,918	-	52,918
AFS reserve	(3,742)	-	(3,742)
Net asset value attributable to participants	363,568	-	363,568
Net asset value attributable to unit holders	341,446	-	341,446
	<u>1,000,336</u>	<u>(28,363)</u>	<u>971,973</u>
At 1 January 2015	940,521	(24,146)	916,375
Contributions received	95,870	-	95,870
Liabilities paid for death, maturities, surrenders, benefits and claims	(51,205)	-	(51,205)
Benefits and claims experience variation	567	-	567
Fees deducted	(22,028)	-	(22,028)
Investment income	11,510	-	11,510
Retakaful reserve credit	4,217	(4,217)	-
Profit paid to participants	(87)	-	(87)
Net asset value attributable to unit holders	18,541	-	18,541
Surplus attributable to Takaful Operator	(5,097)	-	(5,097)
Write back of impairment	41	-	41
AFS reserve	(184)	-	(184)
Deferred tax on fair value gains	(93)	-	(93)
Investment income distribution	11,516	-	11,516
Transfer surplus distribution to participants	(3,449)	-	(3,449)
Others	(304)	-	(304)
At 31 December 2015	<u>1,000,336</u>	<u>(28,363)</u>	<u>971,973</u>

15. Cash flows from operating activities

	01.01.2016	01.01.2015
	to	to
	30.06.2016	30.06.2015
	RM'000	RM'000
Profit before zakat and taxation	4,669	8,237
Profit from government guaranteed bonds	(4,766)	(4,301)
Profit from government investment issues	(2,177)	(2,081)
Profit from corporate debt securities	(9,726)	(9,219)
Profit from fixed deposits with licensed financial institutions	(866)	(787)
Dividend income from equity securities	(15,730)	(12,276)
Increase in takaful contract liabilities	2,360	27,044
Non Cash items		
Amortisation of intangible	2,358	2,010
Increase in impairment of receivables	85	381
Depreciation of plan & equipment	49	91
Fair value movement of investment	4,704	9,467
Net amortisation/(accretion) of investment	183	342
Provision for expenses reserves	(5,030)	(1,936)
Changes in working capital		
Decrease/(Increase) in receivables	(738)	(5,602)
(Decrease)/Increase in payables	(6,168)	282
Increase in retakaful assets	10,189	(4,252)
Cash generated from operations	<u>(20,604)</u>	<u>7,400</u>

The Company classifies the cash flows from the acquisition and disposal of financial assets as investing activities, as the purchases are funded from the cash flows associated with the origination of takaful contracts, net of the cash flows for payments of benefits and claims incurred for takaful contracts, which are included in operating activities.

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 below:

	30.06.2016	31.12.2015
	RM'000	RM'000
Eligible Tier 1 Capital		
Share capital	100,000	100,000
Reserve, including retained earnings	15,951	18,466
Valuation surplus maintained in the takaful funds	57,084	50,417
Eligible Tier 2 Capital		
AFS fair value reserves	1,518	(719)
Profit Sharing Investment Account (PSIA)	18,900	21,600
Amount deducted from capital	<u>(18,333)</u>	<u>(20,506)</u>
Capital available	<u>175,120</u>	<u>169,258</u>
Total capital available	<u><u>145,053</u></u>	<u><u>147,672</u></u>

17. Capital and other commitments

	Takaful Operator and Company	
	30.06.2016	31.12.2015
	RM'000	RM'000
Capital expenditure commitments		
Intangible assets		
Approved but not contracted for	1,000	8,052
Contracted but not provided for	<u>4,520</u>	<u>-</u>