Company No.

935955	M

AIA PUBLIC TAKAFUL BHD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

Company No.

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AIA PUBLIC TAKAFUL BHD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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AIA PUBLIC TAKAFUL BHD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

		30.06.2018			30.11.2017		
	Note	Shareholders' fund	Family Takaful fund	Company	Shareholders' fund	Family Takaful fund	Company
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS							
Property and equipment		690	-	690	793	-	793
Intangible assets		2,024	-	2,024	2,302	-	2,302
Financial assets - available-for-sale	12(a)	90,518	5,775	96,293	84,106	6,510	90,616
Financial assets - fair value through profit or loss	12(a)	7,786	660,881	668,667	8,024	576,489	584,513
Loan and receivables	13	4,334	57,677	62,011	5,436	58,368	63,804
Al-qard al-hasan receivable		29,790	-	-	29,790	-	-
Other receivables	14	56,908	9,937	20,676	54,437	1,564	11,437
Retakaful assets	16	-	12,471	12,471	-	5,190	5,190
Takaful certificates receivables	15	-	16,286	16,286	-	12,521	12,521
Tax recoverables		-	-	-	1,703	(1,647)	56
Deferred tax assets		(54)	1,670	1,616	-	-	-
Cash and bank balances		9,993	151,279	161,272	10,152	151,245	161,397
Total assets		201,989	915,976	1,042,006	196,743	810,240	932,629
EQUITY							
Share capital		200,000	-	200,000	200,000	-	200,000
General reserves		(33,333)	-	(33,333)	(33,333)	-	(33,333)
Accumulated losses		(39,822)	(29,790)	(69,612)	(37,269)	(29,790)	(67,059)
Available-for-sale fair value reserves		(498)	(99)	(597)	(95)	(100)	(195)
Total equity		126,347	(29,889)	96,458	129,303	(29,890)	99,413

These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 November 2017 and the accompanying notes attached to the interim financial statements.

Company No.

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AIA PUBLIC TAKAFUL BHD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018 (CONTINUED)

	Note	30.06.2018 Shareholders' fund	30.06.2018 Family Takaful fund	30.06.2018 Company	30.11.2017 Shareholders' fund	30.11.2017 Family Takaful fund	30.11.2017 Company
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
LIABILITIES							
Expense liabilities		9,705	-	9,705	10,510	-	10,510
Takaful contract liabilities	16	-	802,078	802,078	-	696,549	696,549
Takaful certificates payables		-	30,511	30,511	-	21,721	21,721
Deferred tax liabilities		-	-	-	20	559	579
Al-qard al-hasan payable		-	29,790	-	-	29,790	-
Other payables	17	68,296	80,963	103,090	56,910	91,511	103,857
Taxation		(2,359)	2,523	164	-	-	-
Total liabilities		75,642	945,865	945,548	67,440	840,130	833,216
Total equity and liabilities		201,989	915,976	1,042,006	196,743	810,240	932,629

These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 November 2017 and the accompanying notes attached to the interim financial statements.

Company No.

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AIA PUBLIC TAKAFUL BHD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2018

	7 months ended 30.06.2018			7 months ended 30.06.2017		
	Shareholders' fund	Family Takaful fund	Company	Shareholders' fund	Family Takaful fund	Company
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross earned contributions	-	432,973	432,973	-	341,420	341,420
Contributions ceded to retakaful	-	(11,268)	(11,268)	-	(7,425)	(7,425)
Net earned contributions	-	421,705	421,705	-	333,995	333,995
Investment income	3,139	19,072	22,211	2,800	13,622	16,422
Fees and commission income	151,490	32	32	118,809	10	10
Fair value (losses)/gains	(242)	(29,604)	(29,846)	(54)	18,026	17,972
Other operating income	1,672	52	1,724	1,123	108	1,231
Total revenue	156,059	411,257	415,826	122,678	365,761	369,630
Gross benefits and claims paid	-	(171,569)	(171,569)	-	(116,970)	(116,970)
Claims ceded to retakaful operator	-	3,733	3,733	-	8,400	8,400
Gross change to certificate liabilities	-	(98,322)	(98,322)	-	(132,295)	(132,295)
Change in Takaful contract liabilities ceded to retakaful operator	-	7,281	7,281	-	(3,495)	(3,495)
Net benefits and claims	-	(258,877)	(258,877)	-	(244,360)	(244,630)

These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 November 2017 and the accompanying notes attached to the interim financial statements.

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AIA PUBLIC TAKAFUL BHD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2018 (CONTINUED)

	7 months ended 30.06.2018			7 months ended 30.06.2017		
	Shareholders' fund	Family Takaful fund	Company	Shareholders' fund	Family Takaful fund	Company
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fees and commission expenses	(99,329)	(151,490)	(99,329)	(77,823)	(118,809)	(77,823)
Management expenses	(57,393)	(659)	(58,052)	(57,382)	-	(57,382)
Other operating expenses	(169)	(1,585)	(1,754)	-	(990)	(990)
Change to expense liability	805	-	805	(866)	-	(866)
Bad and doubtful debts	(49)	-	(49)	-	-	-
Other expenses	(156,135)	(153,734)	(158,379)	(136,071)	(119,799)	(137,061)
(Loss)/profit before taxation	(76)	(1,354)	(1,430)	(13,393)	1,602	(11,791)
Tax expense attributable to participants	-	1,354	1,354	-	(1,602)	(1,602)
Loss before taxation attributable to shareholders	(76)	-	(76)	(13,393)	-	(13,393)
Taxation	-	1,354	1,354	-	(1,602)	(1,602)
Tax expense attributable to participants	-	(1,354)	(1,354)	-	1,602	1,602
Tax expense attributable to shareholders	(2,477)	-	(2,477)	(1,647)	-	(1,647)
Net loss for the period	(2,553)	-	(2,553)	(15,040)	-	(15,040)
Loss per share (sen):						
Basic and diluted			(1.28)			(7.76)

These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 November 2017 and the accompanying notes attached to the interim financial statements.

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AIA PUBLIC TAKAFUL BHD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2018 (CONTINUED)

	Note	7 months ended 30.06.2018			7 months ended 30.06.2017		
		Shareholders' fund	Family Takaful fund	Company	Shareholders' fund	Family Takaful fund	Company
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net loss for the period		(2,553)	-	(2,553)	(15,040)	-	(15,040)
Other comprehensive (loss) / income:							
Items that may be subsequently reclassified to profit or loss							
Fair value change of available-for-sale financial assets		(616)	-	(616)	956	-	956
Deferred taxation		213	-	213	-	-	-
Change in Takaful contract liabilities arising from unrealised net fair value changes		-	1	1	-	175	175
Other comprehensive (loss)/income for the period		(403)	1	(402)	956	175	1,131
Total comprehensive (loss)/income for the period		(2,956)	1	(2,955)	(14,084)	175	(13,909)

These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 November 2017 and the accompanying notes attached to the interim financial statements.

AIA PUBLIC TAKAFUL BHD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2018

	Share capital RM'000	General reserves RM'000	Non-distributable available-for-sale fair value reserves RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 December 2017	200,000	(33,333)	(195)	(67,059)	99,413
Total comprehensive loss for the financial period	-	-	(402)	(2,553)	(2,955)
At 30 June 2018	200,000	(33,333)	(597)	(69,612)	(96,458)
At 1 December 2016	133,333	(33,333)	(1,098)	(46,004)	52,898
Issuance of shares during the financial period	66,667	-	-	-	66,667
Total comprehensive gain/(loss) for the financial period	-	-	1,131	(15,040)	(13,909)
At 30 June 2017	200,000	(33,333)	33	(61,044)	105,656

These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 November 2017 and the accompanying notes attached to the interim financial statements.

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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2018

	30.06.2018 RM'000	30.06.2017 RM'000
Cash flows from operating activities		
Loss before taxation for the financial period	(1,430)	(11,791)
Adjustments for:		
Bad and doubtful debts	49	-
Depreciation of property and equipment	148	214
Amortisation of intangible assets	863	867
Net amortisation of premium on investments	320	254
Profit Income	(17,638)	(13,734)
Dividend Income	(4,893)	(2,942)
Fair value losses/(gains) on FVTPL financial assets	25,996	(16,100)
Operating income/(loss) before working capital changes	3,415	(43,232)
Decrease in loan and receivables	1,900	10,110
Increase in other receivables	(9,239)	(1,359)
(Increase)/decrease in Retakaful assets	(7,281)	3,495
Increase in Takaful certificates receivables	(3,765)	(12,379)
Increase in net Takaful contract liabilities	105,529	128,797
Increase in Takaful certificates payables	8,741	2,720
Decrease in other payables	(767)	(8,346)
(Decrease)/increase in expenses liabilities	(805)	866
Increase in financial assets	(116,169)	(125,881)
Cash used in operating activities	(18,441)	(45,209)
Income tax paid	(2,885)	(2,652)
Profit income received	20,093	16,265
Dividend received	1,738	-
Net cash generated from/(used in) operating activities	505	(31,596)
Cash flow from investing activities		
Purchase of property and equipment	(45)	(101)
Purchase of intangible assets	(585)	(956)
Net cash used in investing activities	(630)	(1,057)

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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2018 (CONTINUED)

	30.06.2018 RM'000	30.06.2017 RM'000
Cash flow from financing activities		
Proceeds from issuance of share capital	-	66,667
Net cash generated from financing activities	-	66,667
Net (decrease)/increase in cash and cash equivalents	(125)	34,014
Cash and cash equivalents at the beginning of the period	161,397	86,411
Cash and cash equivalents at the end of the period	161,272	120,425
Cash and cash equivalents comprise:		
Cash and bank balances of:		
Shareholders' fund	9,993	15,392
Family Takaful fund	151,279	105,033
Company	161,272	120,425

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

1 CORPORATE INFORMATION

The Company is principally engaged in managing Family Takaful business including investment linked business. There has been no significant change in the principal activity during the financial period.

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The address of principal place of business and registered office of the Company are as follows:

Principal place of business
Level 14, Menara AIA
99 Jalan Ampang
50450 Kuala Lumpur

Registered office
Level 29, Menara AIA
99 Jalan Ampang
50450 Kuala Lumpur

The ultimate holding company of the Company is AIA Group Limited, a Corporation incorporated in Hong Kong and listed on The Stock Exchange of Hong Kong Limited.

The unaudited condensed interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 21 August 2018.

2 BASIS OF PREPARATION

The condensed interim financial statements of the Company are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), *134 Interim Financial Reporting*.

The Company have adopted the MFRS framework issued by the Malaysian Accounting Standards Board (“MASB”) and Revised Guidelines on Financial Reporting for Takaful Operators issued by Bank Negara Malaysia (“BNM”).

The unaudited condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s audited financial statements for the financial year ended 30 November 2017.

3 SIGNIFICANT CHANGE IN ACCOUNTING POLICIES

The accounting policies and presentation adopted by the Company for the condensed interim financial statements are consistent with those adopted by the Company's audited financial statements for the financial year ended 30 November 2017, except for the adoption of the following:

3.1 Standards, amendments to published standards and interpretations to existing standards that are effective and relevant to the Company's financial period beginning on or after 1 December 2017.

The following accounting standards, amendments and interpretations have been adopted for the first time for the financial period beginning on 1 December 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'

The adoption of the above accounting standards, amendments and interpretations does not have any significant financial impact to the financial statements.

3.2 Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective and have not been early adopted.

The Company will apply the new standards, amendments to standards and interpretations in the following period:

Financial year beginning on/after 1 January 2019

- MFRS 15 'Revenue from contracts with customers' (effective from 1 January 2018) replaces MFRS 118 'Revenue' and MFRS 111 'Construction contracts' and related interpretations. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

  Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

  A new five-step process is applied before revenue can be recognised:
  - Identify contracts with customers;
  - Identify the separate performance obligations;
  - Determine the transaction price of the contract;
  - Allocate the transaction price to each of the separate performance obligations; and
  - Recognise the revenue as each performance obligation is satisfied.

3 SIGNIFICANT CHANGE IN ACCOUNTING POLICIES (CONTINUED)

3.2 Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective. (continued)

The Company will apply the new standards, amendments to standards and interpretations in the following period: (continued)

Financial year beginning on/after 1 January 2019 (continued)

Key provisions of the new standard are as follows:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
- If the consideration varies (such as for incentives, rebates, performance fees, royalties, success of an outcome etc.), minimum amounts of revenue must be recognised if they are not at significant risk of reversal.
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
- There are new specific rules on licenses, warranties, non-refundable upfront fees, and consignment arrangements, to name a few.
- As with any new standard, there are also increased disclosures.

- MFRS 9, 'Financial Instruments - Classification and Measurement of Financial Assets and Financial Liabilities' (effective from 1 January 2018).

  MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and profit income.

  For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

  MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

3 SIGNIFICANT CHANGE IN ACCOUNTING POLICIES (CONTINUED)

3.2 Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective. (continued)

The Company will apply the new standards, amendments to standards and interpretations in the following period: (continued)

Financial year beginning on/after 1 January 2019 (continued)

- Amendments to MFRS 4 - Applying MFRS 9 'Financial Instruments' with MFRS 4 'Insurance Contracts' effective for annual periods beginning on or after 1 January 2018. The amendments allow entities to avoid temporary volatility in profit or loss that might result from adopting MFRS 9 "Financial Instruments" before the forthcoming new insurance contracts standard. This is because certain financial assets have to be measured at fair value through profit or loss under MFRS 9; whereas, under MFRS 'Insurance Contracts', the related liabilities from insurance contracts are often measured on amortised cost basis.

  The amendments provide 2 different approaches for entities:
  (i) a temporary exemption from MFRS 9 for entities that meet specific requirements; and
  (ii) the overlay approach. Both approaches are optional.

  The temporary exemption enables eligible entities to defer the implementation date of MFRS 9 for annual periods beginning before 1 January 2021 at the latest. An entity may apply the temporary exemption from MFRS 9 if its activities are predominantly connected with insurance whilst the overlay approach allows an entity to adjust profit or loss for eligible financial assets by removing any accounting volatility to other comprehensive income that may arise from applying MFRS 9.

  An entity can apply the temporary exemption from MFRS 9 from annual periods beginning on or after 1 January 2018. An entity may start applying the overlay approach when it applies MFRS 9 for the first time.

  The Company's business activity is predominately Takaful and hence, qualifies for the temporary exemption approach. Consequently, management has decided to apply the temporary exemption from MFRS 9 from its annual period beginning 1 January 2019 and will adopt MFRS 9 for its annual period beginning 1 January 2021.

3 SIGNIFICANT CHANGE IN ACCOUNTING POLICIES (CONTINUED)

3.2 Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective. (continued)

The Company will apply the new standards, amendments to standards and interpretations in the following period: (continued)

<u>Financial year beginning on/after 1 January 2019</u> (continued)

- MFRS 16 'Leases' (effective from 1 January 2019) supersedes MFRS 117 'Leases' and the related interpretations.

  Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

  MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

  The right-of-use asset is depreciated in accordance with the principle in MFRS 116 'Property, Plant and Equipment' and the lease liability is accreted over time with interest expense recognised in the income statement.

  For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

- IC Interpretation 23 'Uncertainty over Income Tax Treatments' (effective 1 January 2019) provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

  If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty.

  IC Interpretation 23 will be applied retrospectively.

3 SIGNIFICANT CHANGE IN ACCOUNTING POLICIES (CONTINUED)

3.2 Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective. (continued)

The Company will apply the new standards, amendments to standards and interpretations in the following period: (continued)

Financial year beginning on/after 1 January 2021

- MFRS 17 applies to insurance contracts issued, to all reinsurance contracts and to investment contracts with discretionary participating features if an entity also issues insurance contracts. For fixed-fee service contracts whose primary purpose is the provision of services, an entity has an accounting policy choice to account for them in accordance with either MFRS 17 or MFRS 15 “Revenue”. An entity is allowed to account financial guarantee contracts in accordance with MFRS 17 if the entity has asserted explicitly that it regarded them as insurance contracts. Insurance contracts, (other than reinsurance) where the entity is the certificate holder are not within the scope of MFRS 17. Embedded derivatives and distinct investment and service components should be ‘unbundled’ and accounted for separately in accordance with the related MFRSs. Voluntary unbundling of other components is prohibited.

  MFRS 17 requires a current measurement model where estimates are re-measured at each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin (“CSM”) representing the unearned profit of the contract. An entity has a policy choice to recognise the impact of changes in discount rates and other assumptions that related to financial risks either in profit or loss or in other comprehensive income.

  Alternative measurement models are provided for the different insurance coverages:
  a) Simplified Premium Allocation Approach if the insurance coverage period is a year or less; and
  b) Variable Fee Approach should be applied for insurance contracts that specify a link between payments to the certificate holder and the returns on the underlying items.

  The requirements of MFRS 17 align the presentation of revenue with other industries. Revenue is allocated to the periods in proportion to the value of the expected coverage and other services that the insurer provides in the period, and claims are presented when incurred. Investment components are excluded from revenue and claims.

  Insurers are required to disclose information about amounts, judgments and risks arising from insurance contracts.

  The Company has not fully assessed the impact of MFRS 17 on its financial statements.

3 SIGNIFICANT CHANGE IN ACCOUNTING POLICIES (CONTINUED)

3.2 Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective. (continued)

The Company is reviewing the adoption of the above accounting standards, amendments to published standards and interpretation to existing standards and will complete the process prior to the reporting requirement deadline. The Company has not finalised any impact on the financial statements on the adoption of the above accounting standards.

All other new amendments to published standards and interpretations to existing standards issued by MASB effective for financial periods subsequent to 1 December 2017 are not relevant to the Company.

4 SEASONALITY OF OPERATIONS

The business and operations of the Company was not materially affected by any seasonal or cyclical fluctuations during the financial period.

5 UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows for the financial period ended 30 June 2018.

6 CHANGES IN ESTIMATES

There were no change in estimates of amounts reported in prior interim period or financial year that has a material effect in the financial period.

7 ISSUANCE FOR REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuance, repurchase and repayment of debt and equity securities by the Company during the financial period.

8 DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

9 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

There were no material events subsequent to the financial period ended 30 June 2018 that have not been reflected in the condensed interim financial statements.

10 SIGNIFICANT EVENTS

There were no significant events subsequent to the financial period ended 30 June 2018 that have not been reflected in the condensed interim financial statements.

11 CHANGE OF FINANCIAL YEAR END

The Directors have on 20 November 2017 approved the change of the financial year end from 30 November to 31 December with the new financial year having commenced from 1 December 2017 to 31 December 2018, covering a period of thirteen months. Thereafter, the financial year of the Company shall revert to twelve months ending 31 December for each subsequent year.

Accordingly, the financial statements of the Company for the financial period ended 30 June 2018 covers a 7-months period. The comparative amounts have also been adjusted to reflect 7-months for the financial period ended of 30 Jun 2017 and therefore are comparable.

12 FINANCIAL ASSETS

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

	Shareholders' fund	Family Takaful fund	Company
	RM'000	RM'000	RM'000
30.6.2018			
Financial assets - available-for-sale (AFS):			
Government investment issues	30,844	2,431	33,275
Unquoted corporate sukuks	58,726	3,290	62,016
Accrued profit	948	54	1,002
	90,518	5,775	96,293
Financial assets at fair value through profit or loss (FVTPL):			
Government investment issues	-	104,852	104,852
Unquoted corporate sukuks	-	346,744	346,744
Quoted shariah approved shares	-	183,817	183,817
Unquoted shariah approved equities	7,786	10,794	18,580
Shariah approved unit trusts	-	8,826	8,826
Accrued profit	-	5,848	5,848
	7,786	660,881	668,667

12 FINANCIAL ASSETS (CONTINUED)

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

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
30.11.2017			
Financial assets - available-for-sale (AFS):			
Government investment issues	36,496	2,437	38,933
Unquoted corporate sukuks	46,473	3,991	50,464
Accrued profit	1,137	82	1,219
	84,106	6,510	90,616
Financial assets at fair value through profit or loss (FVTPL):			
Government investment issues	-	92,718	92,718
Unquoted corporate sukuks	-	284,722	284,722
Quoted shariah approved shares	-	179,353	179,353
Unquoted shariah approved equities	8,024	5,851	13,875
Shariah approved unit trusts	-	8,807	8,807
Accrued profit	-	5,038	5,038
	8,024	576,489	584,513

(b) Movement in carrying values

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
AFS			
At 1 December 2016	54,060	10,505	64,565
Purchases	43,494	-	43,494
Disposals at fair value	(14,500)	(4,119)	(18,619)
Fair value gains recorded in:			
Other comprehensive income	740	163	903
Amortisation of premiums – net	(123)	(18)	(141)
Movement of investment income due and accrued	435	(21)	414
At 30 November 2017	84,106	6,510	90,616

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018 (CONTINUED)

12 FINANCIAL ASSETS (CONTINUED)

(b) Movement in carrying values (continued)

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
AFS			
At 30 November 2017	84,106	6,510	90,616
Purchases	51,922	-	51,922
Disposals at fair value	(44,641)	(699)	(45,340)
Fair value (losses)/gains recorded in:			
Other comprehensive income	(616)	1	(615)
Amortisation of premiums – net	(64)	(9)	(73)
Movement of investment income due and accrued	(189)	(28)	(217)
At 30 June 2018	90,518	5,775	96,293
FVTPL			
At 1 December 2016	7,939	420,063	428,002
Purchases	-	270,347	270,347
Disposals at fair value	-	(126,407)	(126,407)
Fair value gains recorded in:			
Profit or loss	85	12,213	12,298
Amortisation of premiums – net	-	(308)	(308)
Movement of investment income due and accrued	-	581	581
At 30 November 2017	8,024	576,489	584,513
Purchases	400	225,924	226,324
Disposals at fair value	(400)	(116,337)	(116,737)
Fair value losses recorded in:			
Profit or loss	(238)	(25,758)	(25,996)
Amortisation of premiums – net	-	(247)	(247)
Movement of investment income due and accrued	-	810	810
At 30 June 2018	7,786	660,881	668,667

12 FINANCIAL ASSETS (CONTINUED)

(c) Fair value hierarchy

The following table show financial investments recorded at fair value analysed by the different basis of fair value as follows:

	30.06.2018 RM'000	30.11.2017 RM'000
AFS		
SHF		
Valuation techniques – market observable inputs (Level 2)	90,518	84,106
Family Takaful fund		
Valuation techniques – market observable inputs (Level 2)	5,775	6,510
Company		
Valuation techniques – market observable inputs (Level 2)	96,293	90,616
FVTPL		
SHF		
Valuation techniques – market observable inputs (Level 2)	7,786	8,024
Family Takaful fund		
Quoted market price (Level 1)	193,031	188,162
Valuation techniques – market observable inputs (Level 2)	467,850	388,327
	660,881	576,489
Company		
Quoted market price (Level 1)	193,031	188,162
Valuation techniques – market observable inputs (Level 2)	475,636	396,351
	668,667	584,513

12 FINANCIAL ASSETS (CONTINUED)

(c) Fair value hierarchy (continued)

A level is assigned to each fair value measurement based on the significance of the input to the fair value measurement in its entity. The three-level hierarchy is defined as follows:

Level 1:

Financial instruments measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, secondary market via dealer and broker, pricing services or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2:

Financial instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are instruments for which pricing is obtained via pricing services. However, where prices have not been determined in active market, instruments with fair values based on broker quotes, investment in unit and property trusts with fair values obtained via fund managers and instruments that are valued using the Company's own models where majority of assumptions are market observable.

Level 3:

Financial instruments measured in whole or in part using a valuation technique based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The main asset class in this category is unquoted equity securities. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the instrument at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Company. Therefore, unobservable inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the instrument (including assumptions about risk). These inputs are developed based on the best information available, which might include the Company's own data.

12 FINANCIAL ASSETS (CONTINUED)

(d) Interests in structured entities

The Company has determined that the investment funds, such as mutual funds that the Company has interest are structured entities.

The following table summarizes the Company's interest in unconsolidated structured entities as at 30 June 2018 and 30 November 2017:

	30.06.2018	30.11.2017
Investment Funds *(1)*	RM'000	RM'000
Equity securities at fair value through profit or loss	8,826	8,807

Notes:
(1) Balance represents the Company's interests in mutual funds.

The Company's maximum exposure to loss arising from its interests in these unconsolidated structured entities is limited to the carrying amount of the assets. Dividend income and profit income are received during the reporting period from these interests in unconsolidated structured entities.

13 LOAN AND RECEIVABLES

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
30.06.2018			
Loans and receivables:			
Islamic investment accounts	4,290	56,750	61,040
Accrued profit	44	927	971
	4,334	57,667	62,011
30.11.2017			
Loans and receivables:			
Islamic investment accounts	5,370	57,570	62,940
Accrued profit	66	798	864
	5,436	58,368	63,804

The weighted average effective profit rate of Islamic investment accounts at the end of the financial period are as follows:

	Shareholders' fund %	Family Takaful fund %	Company %
30.06.2018			
Loans and receivables:			
Islamic investment accounts	3.61	3.74	3.73
30.11.2017			
Loans and receivables:			
Islamic investment accounts	3.70	3.68	3.68

14 OTHER RECEIVABLES

Receivables of the Company are classified as loans and receivables and are as follows:

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
30.06.2018			
Due from Family Takaful fund (Note 17) *	46,169	-	-
Other receivables and deposits	12,239	9,937	22,176
Allowance for impairment	(1,500)	-	(1,500)
	56,908	9,937	20,676
30.11.2017			
Due from Family Takaful fund (Note 17) *	44,564	-	-
Other receivables and deposits	11,373	1,564	12,937
Allowance for impairment	(1,500)	-	(1,500)
	54,437	1,564	11,437

** Total amounts in Shareholders' fund and Family Takaful fund do not equate amount in Company due to elimination of inter-fund balances.*

Movement in allowance for impairment

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
30.06.2018			
At 1 December	(1,500)	-	(1,500)
At 30 June	(1,500)	-	(1,500)
30.11.2017			
At 1 December	-	(353)	(353)
Allowance for impairment during the year	(1,500)	-	(1,500)
Write-back of impairment	-	353	353
At 30 November	(1,500)	-	(1,500)

15 TAKAFUL CERTIFICATES RECEIVABLES

	30.06.2018 RM'000	30.11.2017 RM'000
Family Takaful fund/Company		
Due contribution including from agents/ brokers and co-insurers	23,447	19,682
Allowance for impairment	(7,161)	(7,161)
Net amount of financial assets presented in the statement of financial position	16,286	12,521
Receivable within 6 or 12 months	16,286	12,521

The following table shows the assets and liabilities that are subject to offsetting, enforceable master netting agreements and similar arrangements at the end of the financial period 30 June 2018 and financial year ended 30 November 2017:

Offsetting financial assets and financial liabilities

	30.06.2018 RM'000	30.11.2017 RM'000
Gross amount of recognised financial assets	25,234	24,725
Less:		
Gross amount of recognised financial liabilities set off in the statement of financial position	(1,787)	(5,043)
Net amount of financial assets presented in the statement of financial position	23,447	19,682

Movement in allowance for impairment

	30.06.2018 RM'000	30.11.2017 RM'000
At 1 December	(7,161)	(1,975)
Allowance during the financial period/year		
- borne by Shareholders' fund	-	(422)
- borne by Family Takaful fund	-	(4,764)
At 30 June/November	(7,161)	(7,161)

16 TAKAFUL CONTRACT LIABILITIES

Family Takaful fund/Company

	Gross RM'000	Retakaful RM'000	Net RM'000
30.06.2018			
Participants' Risk Fund			
Claims liabilities	43,778	(11,683)	32,095
Actuarial liabilities	125,726	(788)	124,938
Net asset value attributable to certificate holders	554,215	-	554,215
AFS fair value adjustment	(99)	-	(99)
Unallocated surplus	78,458	-	78,458
	802,078	(12,471)	789,607
30.11.2017			
Participants' Risk Fund			
Claims liabilities	32,477	(4,323)	28,154
Actuarial liabilities	118,487	(867)	117,620
Net asset value attributable to certificate holders	486,221	-	486,221
AFS fair value adjustment	(100)	-	(100)
Underwriting profit attributable to participants	18,250	-	18,250
Unallocated surplus	41,214	-	41,214
	696,549	(5,190)	691,359

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018 (CONTINUED)

16 TAKAFUL CONTRACT LIABILITIES (CONTINUED)

Family Takaful fund/Company	Gross RM'000	Retakaful RM'000	Net RM'000
Movement of Takaful contract liabilities:			
30.06.2018			
At 1 December 2017	696,549	(5,190)	691,359
Increase/(decrease) in claims liabilities	11,301	(7,360)	3,941
Certificate movement	7,239	79	7,318
Increase in net asset value attributable to certificate holders	67,994	-	67,994
Increase in AFS fair value adjustment	1	-	1
Decrease in underwriting profit distributable to participants	(18,250)	-	(18,250)
Unallocated surplus	37,244	-	37,244
At 30 June 2018	802,078	(12,471)	789,607
30.11.2017			
At 1 December 2016	512,903	(9,790)	503,113
Increase in claims liabilities	7,307	4,457	11,764
Certificate movement	5,129	143	5,272
Increase in net asset value attributable to certificate holders	161,438	-	161,438
Increase in AFS fair value adjustment	163	-	163
Increase in underwriting profit distributable to participants	8,250	-	8,250
Unallocated surplus	1,359	-	1,359
At 30 November 2017	696,549	(5,190)	691,359

17 OTHER PAYABLES

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
30.06.2018			
Sundry payables	10,625	5,311	15,936
Accruals and provisions	7,674	25,026	32,700
Due to shareholders' fund (Note 14) *	-	46,169	-
Due to fellow subsidiary	49,997	4,457	54,454
	68,296	80,963	103,090
30.11.2017			
Sundry payables	12,726	18,003	30,729
Accruals and provisions	13,213	22,256	35,469
Due to shareholders' fund (Note 14) *	-	44,564	-
Due to fellow subsidiary	30,971	6,688	37,659
	56,910	91,511	103,857

** Total amounts in Shareholders' fund and Family Takaful fund do not equate amount in Company due to elimination of inter-fund balances.*

18 REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 30 June 2018, as prescribed under RBCT Framework:

Company	30.06.2018 RM'000	30.11.2017 RM'000
Eligible Tier 1 Capital		
Share capital	200,000	200,000
Accumulated losses	(39,822)	(37,269)
Valuation surplus maintained in the Takaful funds	34,492	11,162
	194,670	173,893
Tier 2 Capital		
General reserves	(33,333)	(33,333)
Available for sale reserves	(597)	(195)
Al-qard al-hasan	29,790	29,790
Total capital available	(4,140)	(3,738)
Amount deducted from Capital	32,469	32,092
Total Capital Available	168,125	138,063

19 CAPITAL COMMITMENTS

The capital commitments of the Company as at 30 June 2018 are as follows:

	30.06.2018 RM'000	30.11.2017 RM'000
Capital expenditure:		
Approved and contracted for:		
Intangible assets	564	-

20 INVESTMENT-LINKED TAKAFUL FUNDS

Included in the unaudited condensed Income Statement for financial period ended 30 June 2018 and financial year ended 30 November 2017, and unaudited condensed Statement of Financial Position as at 30 June 2018 and 30 November 2017 of the Family Takaful fund are the segmental information for the investment-linked Takaful funds.

(a) Statement of Income and Expenditure

	30.06.2018 RM'000	30.06.2017 RM'000
Investment income	4,481	2,522
Net fair value (losses)/gains	(21,917)	9,807
	(17,436)	12,329
Other operating expenses	(1,585)	(990)
(Loss)/Profit before taxation	(19,021)	11,339
Taxation	1,635	(783)
(Loss)/Profit after taxation	(17,386)	10,556

(b) Statement of Financial Position

	30.06.2018 RM'000	30.11.2017 RM'000
ASSETS		
FVTPL financial assets:		
Government investment issues	3,556	255
Unquoted corporate sukuks	29,114	34,386
Quoted shariah approved shares	137,058	133,411
Unquoted shariah approved equities	6,434	1,357
Shariah approved unit trust fund	8,826	8,807
Income due and accrued	679	615
Other receivables	2,939	348
Deferred tax assets	1,102	-
Cash and bank balances	32,015	15,893
Total assets	221,723	195,072

20 INVESTMENT-LINKED TAKAFUL FUNDS (CONTINUED)

(b) Statement of Financial Position (continued)

	30.06.2018 RM'000	30.11.2017 RM'000
LIABILITIES		
Other payables	1,511	1,711
Deferred tax liabilities	-	362
Current tax liabilities	253	424
Total liabilities	1,764	2,497
Net asset value of funds	219,959	192,575