Company No.	
935955	M

AIA PUBLIC TAKAFUL BHD.
(FORMERLY KNOWN AS ING PUBLIC TAKAFUL EHSAN BERHAD)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2013

935955-M

AIA PUBLIC TAKAFUL BHD.
(FORMERLY KNOWN AS ING PUBLIC TAKAFUL EHSAN BERHAD)
(Incorporated in Malaysia)

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AIA PUBLIC TAKAFUL BHD.
(FORMERLY KNOWN AS ING PUBLIC TAKAFUL EHSAN BERHAD)
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Company for the financial period ended 30 November 2013.

PRINCIPAL ACTIVITIES

The Company is engaged principally in managing Family Takaful including investment-linked Takaful business.

There has been no significant change in the principal activity during the financial period.

RESULTS

	RM'000
Loss for the financial period	(3,506)

DIVIDEND

No dividend was paid or declared by the Company since the end of previous financial year and the Directors do not recommend any dividend for the current financial period.

RESERVE AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period, other than those disclosed in the financial statements.

PROVISION FOR OUTSTANDING CLAIMS

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that there were adequate provisions for incurred claims, including incurred but not reported ('IBNR') claims.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render the amounts written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent.

AIA PUBLIC TAKAFUL BHD.
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DIRECTORS' REPORT (CONTINUED)

CURRENT ASSETS

Before the financial statements of the Company were made out, the Directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Company have been written down to an amount which they might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to current assets in the financial statements of the Company misleading.

VALUATION METHOD

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(a) any charge on the assets of the Company which has arisen since the end of the financial period which secures the liabilities of any other person; or

(a) any contingent liability of the Company which has arisen since the end of the financial period.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet their obligations when they fall due.

For the purpose of this paragraph, contingent or other liabilities do not include liabilities arising from Takaful contracts in the ordinary course of business of the Company.

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company which would render any amount stated in the financial statements misleading.

AIA PUBLIC TAKAFUL BHD.
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DIRECTORS' REPORT (CONTINUED)

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Company during the financial period were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the internal between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Company for the financial period in which this report is made.

CHANGE OF NAME

On 17 June 2013, the Company changed its name to AIA PUBLIC Takaful Bhd.

CHANGE OF FINANCIAL YEAR END

The financial year end of the Company was changed from 31 December to 30 November. Accordingly, the financial statements of the Company for the financial period ended 30 November 2013 cover eleventh month period compared to twelve month year ended 31 December 2012 and therefore the comparative amounts are not comparable.

SIGNIFICANT AND SUBSEQUENT EVENT

On 21 October 2013, approval for the proposed business transfer scheme to transfer the whole business of its related entity, AIA AFG Takaful Bhd. to the Company was given by the relevant authorities. The businesses and operations of AIA AFG Takaful Bhd. are targeted to be transferred to the Company on 1 March 2014 whereby the purchase consideration will be satisfied via issuance of new ordinary share of the Company.

DIRECTORS

The Directors who served office since the date of the last report and at the date of this report are:

Dato' Thomas Mun Lung Lee (Chairman)
Dato' Chang Kat Kiam
Abu Hassan Assari bin Ibrahim
Dato' Haji Abdul Aziz bin Dato' Dr. Omar
Dato' Majid bin Mohamad
Mohd Daruis bin Zainuddin
William Lisle

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DIRECTORS' REPORT (CONTINUED)

DIRECTORS' BENEFITS

During and at the end of the financial period, no arrangements subsisted to which the Company is a party with the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than Directors' remuneration as shown in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with any Directors or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

DIRECTORS' INTEREST

According to the Register of Directors' shareholdings, the interests of the Directors in the office at the end of the financial period in shares and options over shares in the Company's ultimate holding company during the financial period were as follows:-

	Number of ordinary shares of USD1.00 each			
	15.03.2013 (date of appointment)	Bought	Sold	As at 30.11.2013
AIA Group Limited				
Direct interest				
William Lisle	5,310	1,402	-	6,712

	Number of matching shares over ordinary shares of US$1.00 each under Employee Share Purchase Plan			
	15.03.2013 (date of appointment)	Granted	Exercise	As at 30.11.2013
AIA Group Limited				
William Lisle	2,636	669	-	3,305

AIA PUBLIC TAKAFUL BHD.
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DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTEREST (CONTINUED)

	Number of restricted share units over ordinary shares of USD1.00 each			
AIA Group Limited	15.03.2013 (date of appointment)	Granted	Exercise	As at 30.11.2013
William Lisle	1,607,043	-	-	1,607,043

	Number of share options over ordinary shares of USD1.00 each			
AIA Group Limited	15.03.2013 (date of appointment)	Granted	Exercise	As at 30.11.2013
William Lisle	2,247,115	-	-	2,247,115

Employee share purchase plan, restricted share units and share options are granted to certain employees, directors and officers of the Company under the Employee Share Purchase Plan, Restricted Share Unit Scheme and Share Option Scheme of AIA Group Limited.

IMMEDIATE AND ULTIMATE HOLDING COMPANIES

At the date of the Statement of Financial Position, the Company was jointly owned by AIA Group, Public Bank Berhad and Public Islamic Bank Berhad with an equity participation of 60%, 20% and 20% respectively. The Directors regard AIA Group Limited ("AIAGL"), a company incorporated in Hong Kong and listed on The Stock Exchange of Hong Kong Limited as its ultimate holding company.

STATEMENT ON CORPORATE GOVERNANCE

The Company has taken concerted steps to ensure compliance with Bank Negara Malaysia's ("BNM") Guidelines on Directorship for Takaful Operators and Shariah Governance Framework for Islamic Financial Institutions.

AIA PUBLIC TAKAFUL BHD.
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DIRECTORS' REPORT (CONTINUED)

(A) BOARD RESPONSIBILITIES AND OVERSIGHT

The Board of Directors ("the Board") is responsible for the overall governance of the Company and discharges this responsibility through compliance with the Islamic Financial Services Act 2013 ("the Act"), Guidelines on Directorship for Takaful Operators and Shariah Governance Framework for Islamic Financial Institutions issued by BNM and other directives, in addition to adopting other best practices on corporate governance.

The Board has an overall responsibility to lead the Company, including setting the strategic future direction, review viability of the corporate objective and overseeing the conduct and performance of business.

The Board comprises four Independent Non-Executive Directors and three Non-Independent Non-Executive Directors to enable a balanced and objective consideration of issues, hence facilitating optimal decision-making.

The Board met six times during the financial period. All Directors in office at the end of the financial period complied with the 75% minimum attendance requirement at such meeting.

The number of meetings attended by each Director during the financial period are as follows:

	No. of attendance
Dato' Thomas Mun Lung Lee Chairman (Independent Non-Executive)	6/6
Dato' Chang Kat Kiam Member (Non-Independent Non-Executive)	6/6
Abu Hassan Assari bin Ibrahim Member (Non-Independent Non-Executive)	5/6
Dato' Haji Abdul Aziz bin Dato' Omar Member (Independent Non-Executive)	5/6
Dato' Majid bin Mohamad Member (Independent Non-Executive)	6/6
Mohd Daruis bin Zainuddin Member (Independent Non-Executive)	6/6
William Lisle (appointed on 15 March 2013) Member (Non-Independent Non-Executive)	6/6
Foong Sai Cheong (resigned on 15 March 2013) Member (Non-Independent Non-Executive)	0/0

To support sound corporate governance and processes, the Board formed various Board Committees namely Nominating Committee, Remuneration Committee, Risk Management Committee and Audit Committee ("the Committees") in accordance with the requirements of BNM's Guidelines on Directorship for Takaful Operators.

DIRECTORS' REPORT (CONTINUED)

(A) BOARD RESPONSIBILITIES AND OVERSIGHT (CONTINUED)

The roles and members of the Committees are as provided below.

Nominating committee

Dato' Majid bin Mohamad	Chairman (Independent Non-Executive)
Mohd Daruis bin Zainuddin	Member (Independent Non-Executive)
Dato' Chang Kat Kiam	Member (Non-Independent Non-Executive)
Dato' Haji Abdul Aziz bin Dato' Dr. Omar	Member (Independent Non-Executive)
William Lisle	Member (Non-Independent Non-Executive)

The objective of the Nominating Committee ("NC") is to establish a documented, formal and transparent procedure for the appointment of Directors, Chief Executive Officer ("CEO"), key senior officers ("KSOs") and Shariah Committee members and to assess the effectiveness of individual Directors, the Board as a whole (including various committees of the Board), CEO, KSOs and Shariah Committee members on an on-going basis.

The principal duties and responsibilities of NC are:

(a) establishing minimum requirements for the Board, the CEO and Shariah Committee members to perform their responsibilities effectively. It is also responsible for overseeing the overall composition of the Board in terms of the appropriate size and mix of skills, the balance between executive, non-executive and independent Directors, and other core competencies required;

(b) recommending and assessing the nominees for Directorship, the Directors to fill Board Committees, as well as nominees for the CEO and Shariah Committee members position. This includes assessing Directors, the CEO and Shariah Committee members proposed for reappointment before an application for approval is submitted to BNM;

(c) establishing a mechanism for formal assessment and assessing the effectiveness of the Board as a whole, the contribution by each Director to the effectiveness of the Board, the contribution of the Board's various committees and the performance of the CEO and Shariah Committee members. The assessments should also include ascertaining that the Director is not disqualified under the relevant law and fulfill the 'fit and proper' criteria;

(d) recommending to the Board the removal of a Director or CEO or Shariah Committee member if he is ineffective, errant or negligent in discharging his responsibilities;

(A) BOARD RESPONSIBILITIES AND OVERSIGHT (CONTINUED)

Nominating committee (continued)

(e) ensuring that all Directors undergo appropriate induction programmes and receive continuous training; and

(f) overseeing the appointment, management succession planning and performance evaluation of KSOs, and recommending to the Board the removal of KSOs if they are ineffective, errant and negligent in discharging their responsibilities.

During the financial period, the NC held four meetings and discharged its responsibilities as prescribed by the terms of reference. The number of meetings attended by each member of the NC are as follows :

	No. of attendance
Dato' Majid bin Mohamad Chairman (Independent Non-Executive)	4/4
Mohd Daruis bin Zainuddin Member (Independent Non-Executive)	4/4
Dato' Chang Kat Kiam Member (Non-Independent Non-Executive)	4/4
Dato' Haji Abdul Aziz bin Dato' Dr. Omar Member (Independent Non-Executive)	3/4
William Lisle Member (Non-Independent Non-Executive)	4/4

Remuneration committee

The Remuneration Committee ("RC") comprises three members as follows:

Dato' Majid bin Mohamad	Chairman (Independent Non-Executive)
Dato' Chang Kat Kiam	Member (Non-Independent Non-Executive)
William Lisle	Member (Non-Independent Non-Executive)

The objective of the RC is to provide a formal and transparent procedure for developing a remuneration policy for Directors, CEO, KSOs and Shariah Committee members and ensuring that their compensation is competitive and consistent with the Company's culture, objectives and strategy.

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DIRECTORS' REPORT (CONTINUED)

(A) BOARD RESPONSIBILITIES AND OVERSIGHT (CONTINUED)

Remuneration committee (continued)

The principal duties and responsibilities of RC are:

(a) recommending a framework for the remuneration of Directors, the CEO, KSOs and Shariah Committee members. The remuneration policy should:

- be documented and approved by the full Board and any changes thereto should be subject to the endorsement of the full Board;
- reflect the experience and level of responsibility borne by individual Directors, the CEO, KSOs and Shariah Committee members;
- be sufficient to attract and retain Directors, CEO, KSOs and Shariah Committee members of calibre needed to manage the Company successfully; and
- be balanced against the need to ensure that the funds of the Company are not used to subsidise excessive remuneration packages and should not create incentives for irresponsible behaviour or insider excesses.

(b) recommending specific remuneration packages for Directors, CEO, KSOs and Shariah Committee members. The remuneration packages should:

- be based on objective considerations and approved by the full Board;
- take due consideration of the assessments of the Nominating Committee of the effectiveness and contribution of the Directors, CEO, KSOs or Shariah Committee members concerned;
- not be decided by the exercise of sole discretion by any one individual or restricted group of individuals; and
- be competitive and consistent with the Company's culture, objectives and strategy.

DIRECTORS' REPORT (CONTINUED)

(A) BOARD RESPONSIBILITIES AND OVERSIGHT (CONTINUED)

Remuneration committee (continued)

During the financial period, the RC held two meetings and discharged its responsibilities as prescribed by the terms of reference. The number of meetings attended by each member of the RC is as follows :

	No. of attendance
Dato' Majid bin Mohamad Chairman (Independent Non-Executive)	2/2
Dato' Chang Kat Kiam Member (Non-Independent Non-Executive)	2/2
William Lisle Member (Non-Independent Non-Executive)	2/2

Risk Management Committee

The Risk Management Committee ("RMC") comprises three members as follows:

Chairman:

Mohd Daruis bin Zainuddin	Chairman (Independent Non-Executive)
Dato' Majid bin Mohamad	Member (Independent Non-Executive)
Dato' Chang Kat Kiam	Member (Non-Independent Non-Executive)

The objective of the RMC is to oversee the senior management's activities in managing the key risk areas of the Company and to ensure that an appropriate risk management process is in place and functioning effectively.

The principal duties and responsibilities of RMC are:

(a) reviewing and recommending risk management strategies, policies and risk tolerance levels for the Board's approval;

(b) reviewing and assessing the adequacy of the risk management policies and framework for identifying, measuring, monitoring and controlling risks as well as the extent to which these are operating effectively;

(c) ensuring that adequate infrastructure, resources and systems are in place for effective risk management; e.g. ensuring that the staff responsible for implementing risk management systems perform those duties independently of the Company's risk taking activities; and

(d) reviewing the management's periodic reports on risk exposure, risk portfolio composition and risk management activities.responsibilities;

DIRECTORS' REPORT (CONTINUED)

(A) BOARD RESPONSIBILITIES AND OVERSIGHT (CONTINUED)

Risk Management Committee (continued)

During the financial period, the RMC held four meetings and discharged its responsibilities as prescribed by the terms of reference. The number of meetings attended by each member of the RMC are as follows:

	No. of attendance
Mohd Daruis bin Zainuddin Chairman (Independent Non-Executive)	4/4
Dato' Majid bin Mohamad Member (Independent Non-Executive)	4/4
Dato' Chang Kat Kiam Member (Non-Independent Non-Executive)	4/4

Audit committee

The Audit Committee ("AC") comprises three members as follows:

Dato' Haji Abdul Aziz bin Dato' Dr. Omar	Chairman (Independent Non-Executive)
Dato' Chang Kat Kiam	Member (Non-Independent Non-Executive)
Mohd Daruis bin Zainuddin	Member (Independent Non-Executive)

The primary objective of the AC is to ensure the integrity and transparency of the financial reporting process.

The principal duties and responsibilities of AC are:

(a) ensuring that the internal audit department is distinct and has the appropriate status within the overall organisational structure for the internal auditors to effectively

(b) reviewing and concurring the annual audit plan, audit charter and annual budget of the internal audit department and the appointment of the external auditors;

(c) ensuring that internal audit staff have free and unrestricted access to the Company's records, assets, personnel or processes relevant to and within the scope of the audits;

(d) reviewing various relationships between the external auditors and the Company or any other entity that may impair or appear to impair the external auditors' judgement or independence in respect of the Company;

(e) reviewing with the external auditors that appropriate audit plans are in place and the scope of the audit plans reflect the terms of the engagement letter;the audits;

(A) BOARD RESPONSIBILITIES AND OVERSIGHT (CONTINUED)

Audit committee (continued)

(f) reviewing with the external auditors the financial statements, audit reports, including obligation reports to BNM and discuss the findings and issues arising from the external audit;

(g) ensuring that management's remediation efforts with respect to all findings and recommendations are resolved effectively and in a timely manner;

(h) approving the provision of non-audit services by the external auditors and ensuring that the level of provision of non-audit services is compatible with maintaining auditor independence;

(i) reviewing the Chairman's statement, interim financial reports, preliminary announcements and corporate governance disclosures in the Directors' Report;

(j) reviewing any related party transactions and conflicts of interest situations that may arise including any transaction, procedure or conduct that raises questions of management integrity;

(k) ensuring that the Company's accounts are prepared and published in a timely and accurate manner for regulatory, management and general reporting purposes; and

(l) submitting to BNM annually, a summary of material concerns/weaknesses in the internal control environment of the Company noted during the financial period and the corresponding measures taken to address those weaknesses.

The AC has the authority to investigate any matter within its terms of reference and has unlimited access to all information and documents relevant to its activities, to the internal and external auditors, and to employees and agents of the Company.

During the financial period, the AC held five meetings and discharged its responsibilities as prescribed by the terms of reference. The number of meetings attended by each member of the AC are as follows:

	No. of attendance
Dato' Haji Abdul Aziz bin Dato' Dr. Omar Chairman (Independent Non-Executive)	5/5
Dato' Chang Kat Kiam Member (Non-Independent Non-Executive)	5/5
Mohd Daruis bin Zainuddin Member (Independent Non-Executive)	5/5

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DIRECTORS' REPORT (CONTINUED)

(B) MANAGEMENT ACCOUNTABILITY

The Company has an organisational structure that clearly establishes the job descriptions, authority limits and other operating boundaries of each management and executive employee and formal performance appraisal is done annually. Information is effectively communicated to the relevant employee within the Company. The Company has a formal and transparent procedure for developing policy on executive remuneration. None of the Directors and senior management of the Company has, in any circumstances, conflict of interest referred to in Sections 67 of the Act.

The Management meets all prescriptive requirements under this section, and has already adopted best practices 'in the areas of organisational structure and allocation of responsibilities, conflicts of interest, goal setting and the area of communication.

(C) CORPORATE INDEPENDENCE

All material related party transactions are conducted on agreed terms as specified under BNM's Guidelines on Related-Party Transactions for Takaful Operators. Related parties transactions and balances have been disclosed in the financial statements in compliance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

(D) INTERNAL CONTROLS AND OPERATIONAL RISKS MANAGEMENT

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company through designated management functions and internal controls, which includes the setting of operational risk limits for all core activities. The Company has established internal controls which cover all levels of personnel that is capable of recognising and continually assessing material risks, including underwriting risk, reinsurance risk, investment risk, operational and legal risk, that could affect its performance and financial condition.

Continuous review and assessment of the effectiveness and adequacy of internal controls, which includes an independent examination of controls by the internal audit function, ensures corrective action where necessary, is taken on a timely manner.

(E) INTERNAL AUDIT

The internal audit function is provided by Group Internal Audit ("GIA"), which reports directly to the Company's Audit Committee and also to the ultimate holding company, AIAGL's Audit Committee.

The main function of GIA includes assessment of effectiveness and adequacy of internal controls, which includes an independent examination of controls and ensure corrective actions, where necessary, are taken in a timely manner.

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AIA PUBLIC TAKAFUL BHD.
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DIRECTORS' REPORT (CONTINUED)

(F) PUBLIC ACCOUNTABILITY

As a custodian of public funds, the Company's dealings with the public are always conducted fairly, honestly and professionally. The Company meets all prescriptive and best practice requirements under this section relating to unfair practices.

(G) FINANCIAL REPORTING

The Board has the overall responsibilities to ensure that accounting records are properly kept and that the Company's financial statements are prepared in accordance with MFRS, IFRS and comply with the provisions of the Companies Act, 1965. The Company meets all prescriptive requirements under this section relating to proper records, annual reports, public disclosure and statutory reporting. In addition, the Company also meets the best practice requirements relating to management reporting, where the key performance indicators are reported on a monthly basis.

(H) AUDIT COMMITTEE

The Company's financial reporting and internal control system are overseen by the Audit Committee, which comprises two Independent Non-Executive Directors. The Audit Committee's role is to provide a direct link between the Board and the internal and external audit functions of the Company. The business covered by the Audit Committee is governed by a charter approved by the Board, which includes the review of financial information provided to shareholders and BNM to ensure compliance with the Act, BNM's guidelines, the Companies Act, 1965 and other regulations.

AUDITORS

Messrs PricewaterhouseCoopers have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors passed on 19 February 2014.

DATO' HAJI ABDUL AZIZ BIN DATO' DR. OMAR
DIRECTOR

MOHD DARUIS BIN ZAINUDDIN
DIRECTOR

Kuala Lumpur, Malaysia

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AIA PUBLIC TAKAFUL BHD.
(FORMERLY KNOWN AS ING PUBLIC TAKAFUL EHSAN BERHAD)
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STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Dato' Haji Abdul Aziz bin Dato' Dr. Omar and Mohd Daruis bin Zainuddin, two of the Directors of AIA PUBLIC Takaful Bhd. (formerly known as ING PUBLIC Takaful Ehsan Berhad), state that, in the opinion of the Directors, the accompanying financial statements set out on pages 20 to 114 are drawn up so as to show a true and fair view of the state of affair of the Company as at 30 November 2013 and of the results and cash flows of the Company for the financial period ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors passed on 19 February 2014.

DATO' HAJI ABDUL AZIZ BIN DATO' DR. OMAR
DIRECTOR

MOHD DARUIS BIN ZAINUDDIN
DIRECTOR

Kuala Lumpur, Malaysia

STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Mohd Raizal Mohd Rais, the officer primarily responsible for the financial management of AIA PUBLIC Takaful Bhd. (formerly known as ING PUBLIC Takaful Ehsan Berhad), do solemnly and sincerely declare that the financial statements for the financial period ended 30 November 2013 set out on pages 20 to 114 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act, 1960.

MOHD RAIZAL MOHD RAIS

Subscribed and solemnly declared by the abovenamed Mohd Raizal Mohd Rais at Kuala Lumpur in the Federal Territory on 19 February 2014

Before me,

COMMISSIONER FOR OATHS

PESURUHJAYA SUMPAH
No: W[illegible]
BIN HJ ITHNIN (B)
MALAYSIA

Tkt. 5, Wisma Harwant
106 Jalan Tuanku Abd Rahman
50100 K. Lumpur HP: 019-233 4416

AIA PUBLIC TAKAFUL BHD.
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SHARIAH COMMITTEE'S REPORT

In the name of Allah, the Most Beneficient, the Most Merciful

SHARIAH COMMITTEE MEMBERS

The Shariah Committee Members who served office since the date of the last report and at the date of this report as well as the number of meetings attended by each Shariah Committee member during the financial period are as follows:

Name of Shariah Committee Members		No. of attendance
Emeritus Prof. Dato' Paduka Dr. Mahmood Zuhdi Haji Ab. Majid	Chairman	6/6
Assistant Prof. Dr. Abdul Bari Awang	Member	6/6
Assistant Prof. Dr. Mohd Afandi Awang Hamat	Member	6/6
Mohd Ridzuan Awang	Member	6/6
Associate Prof. Datin Dr. Rusnah Muhamad	Member	6/6

SHARIAH COMMITTEE'S REPORT

In compliance with the letter of appointment, we are required to submit the following report:

We have reviewed the principles and the contracts relating to the transactions and applications introduced by the Company during the financial period ended 30 November 2013. We have also conducted our review to form an opinion as to whether the Company has complied with the Shariah principles and with the Shariah rulings issued by the Shariah Advisory Council of Bank Negara Malaysia, as well as decisions made by us.

The Management of the Company is responsible for ensuring that the Company conducts its business in accordance with Shariah principles. It is our responsibility to form an independent opinion, based on our review of the operations of the Company, and to report to you.

We have assessed the work carried out by Shariah review and Shariah audit which included examining, on a test basis, each type of transaction, the relevant documentation and procedures adopted by the Company.

We planned and performed our review so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Company has not violated the Shariah principles.

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SHARIAH COMMITTEE'S REPORT (CONTINUED)

In our opinion:

1. The product structure and contracts offered by the Company during the financial period ended 30 November 2013 that we have reviewed are in compliance with the Shariah principles;

2. The allocation of profit and charging of losses relating to investment accounts conform to the basis that had been approved by us in accordance with Shariah principles.

3. The sharing of surplus arising from the Participants' Risk Fund (i.e. Tabarru' fund) conforms with the respective internal policies that had been approved by us; and

4. The provision of loan from the Shareholders' Fund to certain Participants' Risk Fund to cover the deficit is in accordance with the principle of al-qard al-hassan.

We, the members of the Shariah Committee of AIA PUBLIC Takaful Bhd. (formerly known as ING PUBLIC Takaful Ehsan Berhad) do hereby confirm that the operations of the Company for the financial period ended 30 November 2013 have been conducted in conformity with the Shariah principles

Signed on behalf of the Shariah Committee.

Emeritus Prof. Dato' Paduka Dr. Mahmood Zuhdi Haji Ab. Majid
Chairman
Shariah Committee

Mohd Ridzuan Awang
Member
Shariah Committee

Kuala Lumpur, Malaysia
19 February 2014

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF AIA PUBLIC TAKAFUL BHD. (FORMERLY KNOWN AS ING PUBLIC TAKAFUL EHSAN BERHAD)

(Incorporated in Malaysia)
(Company No. 935955-M)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of AIA PUBLIC Takaful Bhd. (formerly known as ING PUBLIC Takaful Ehsan Berhad), which comprise the statement of financial position as at 30 November 2013, and the statements of income, comprehensive income, changes in equity and cash flows of the Company for the financial period then ended, and a summary of significant policies and other explanatory notes, as set out on pages 20 to 114.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965, and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers (AF 1146), Chartered Accountants,
Level 10, 1 Sentral, Jalan Travers, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF AIA PUBLIC TAKAFUL BHD. (FORMERLY KNOWN AS ING PUBLIC TAKAFUL EHSAN BERHAD) (CONTINUED)
(Incorporated in Malaysia)
(Company No. 935955-M)

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Company as of 30 November 2013 and of their financial performance and cash flows for the financial period then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that, in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

JAYARAJAN A/L U. RATHINASAMY
(No. 2059/06/14 (J))
Chartered Accountant

Kuala Lumpur
19 February 2014

AIA PUBLIC TAKAFUL BHD.
(FORMERLY KNOWN AS ING PUBLIC TAKAFUL EHSAN BERHAD)
(Incorporated in Malaysia)

INCOME STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2013

	Note	<----01.01.2013 to 30.11.2013---->			<----01.01.2012 to 31.12.2012---->		
		Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
Gross earned contributions	3(a)	-	87,063	87,063	-	76,197	76,197
Contributions ceded to retakaful	3(b)	-	(2,312)	(2,312)	-	(1,562)	(1,562)
Net earned contributions		-	84,751	84,751	-	74,635	74,635
Investment income	4	2,822	2,480	5,302	3,141	878	4,019
Fees and commission income	5	20,391	-	-	18,499	-	-
Surplus sharing from Family Takaful fund		308	-	-	-	-	-
Fair value gains	6	-	30	30	-	139	139
Other operating income		106	146	146	21	-	21
Total revenue		23,627	87,407	90,229	21,661	75,652	78,814
Gross benefits and claims paid		-	(30,806)	(30,806)	-	(3,596)	(3,596)
Claims ceded to retakaful operator		-	2,341	2,341	-	-	-
Gross change in Takaful contract liabilities		-	(41,641)	(41,641)	-	(54,458)	(54,458)
Change in Takaful contract liabilities ceded to retakaful operator		-	854	854	-	-	-
Net benefits and claims		-	(69,252)	(69,252)	-	(58,054)	(58,054)
Fees and commission expenses	5	(8,237)	(20,391)	(8,237)	(8,058)	(18,499)	(8,058)
Surplus sharing attributable to Shareholders' fund		-	(308)	-	-	-	-
Management expenses	7	(18,261)	-	(18,261)	(15,266)	-	(15,266)
Other operating expenses		(8)	(112)	(14)	(2)	-	(2)
Change in expense liability		2,090	-	2,090	(6,244)	-	(6,244)
Other expenses		(24,416)	(20,811)	(24,422)	(29,570)	(18,499)	(29,570)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

AIA PUBLIC TAKAFUL BHD.
(FORMERLY KNOWN AS ING PUBLIC TAKAFUL EHSAN BERHAD)
(Incorporated in Malaysia)

INCOME STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2013 (CONTINUED)

	Note	<--01.01.2013 to 30.11.2013-->			<--01.01.2012 to 31.12.2012-->		
		Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
Loss before taxation		(789)	(2,656)	(3,445)	(7,909)	(901)	(8,810)
Tax expense attributable to participant		-	(61)	(61)	-	(10)	(10)
Loss before taxation attributable to Shareholders		(789)	(2,717)	(3,506)	(7,909)	(911)	(8,820)
Taxation	8	-	(61)	(61)	-	(10)	(10)
Tax expense attributable to participants		-	61	61	-	10	10
Tax expense attributable to Shareholders		-	-	-	-	-	-
Net loss for the financial period/year		(789)	(2,717)	(3,506)	(7,909)	(911)	(8,820)
Loss per share (sen)							
Basic	20	-	-	(3.51)	-	-	(8.82)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

AIA PUBLIC TAKAFUL BHD.
(FORMERLY KNOWN AS ING PUBLIC TAKAFUL EHSAN BERHAD)
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2013

	Note	<---01.01.2013 to 30.11.2013--->			<---01.01.2012 to 31.12.2012--->		
		Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
Net loss for the financial period/year		(789)	(2,717)	(3,506)	(7,909)	(911)	(8,820)
Other comprehensive (loss)/income:							
Items that may be subsequently reclassified to profit or loss							
Fair value change of AFS financial assets, net of tax		(1,205)	(913)	(2,118)	406	49	455
Change in Takaful contract liabilities arising from AFS fair value adjustment	16	-	663	663	-	(49)	(49)
Other comprehensive income for the financial period/year		(1,205)	(250)	(1,455)	406	-	406
Total comprehensive loss for the financial period/year		(1,994)	(2,967)	(4,961)	(7,503)	(911)	(8,414)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

AIA PUBLIC TAKAFUL BHD.
(FORMERLY KNOWN AS ING PUBLIC TAKAFUL EHSAN BERHAD)
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT NOVEMBER 2013

	Note	<---As at 30.11.2013		--->	<---As at 31.12.2012		--->	<---As at 31.12.2011		--->
		Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
Assets										
Property and equipment	9	1,361	-	1,361	1,874	-	1,874	1,245	-	1,245
Intangible assets	10	3,787	-	3,787	4,429	-	4,429	3,308	-	3,308
Financial assets - available-for-sale	11	75,764	49,628	125,392	77,302	53,246	130,548	75,206	8,406	83,612
Financial assets - fair value through profit or loss	11	-	39,555	39,555	-	6,303	6,303	-	49	49
Loan and receivables	12	9,015	3,912	12,927	10,411	10,230	20,641	18,291	4,015	22,306
Qard receivable		3,932	-	-	965	-	-	54	-	-
Other receivables	13	4,947	41	197	3,365	39	228	602	1	2
Retakaful assets		-	854	854	-	-	-	-	-	-
Takaful certificates receivables	14	-	21,900	21,900	-	2,381	2,381	-	429	429
Cash and bank balances		1,360	3,312	4,672	1,603	8,703	10,306	675	2,299	2,974
Total assets		100,166	119,202	210,645	99,949	80,902	176,710	99,381	15,199	113,925
Equity										
Share capital	15	100,000	-	100,000	100,000	-	100,000	100,000	-	100,000
Accumulated losses		(16,086)	(3,682)	(19,768)	(15,297)	(965)	(16,262)	(7,388)	(54)	(7,442)
Available-for-sale fair value reserves		(37)	(250)	(287)	1,168	-	1,168	762	-	762
Total equity		83,877	(3,932)	79,945	85,871	(965)	84,906	93,374	(54)	93,320
Liabilities										
Expense liabilities		7,358	-	7,358	9,448	-	9,448	3,204	-	3,204
Takaful contract liabilities	16	-	106,593	106,593	-	65,615	65,615	-	11,108	11,108
Takaful certificates payables	17	-	4,774	4,774	-	3,114	3,114	-	823	823
Other payables	18	8,931	7,764	11,904	4,630	12,163	13,617	2,803	3,268	5,470
Deferred tax liabilities	19	-	38	38	-	10	10	-	-	-
Qard payable		-	3,932	-	-	965	-	-	54	-
Current tax liabilities		-	33	33	-	-	-	-	-	-
Total liabilities		16,289	123,134	130,700	14,078	81,867	91,804	6,007	15,253	20,605
Total equity and liabilities		100,166	119,202	210,645	99,949	80,902	176,710	99,381	15,199	113,925

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

AIA PUBLIC TAKAFUL BHD.
(FORMERLY KNOWN AS ING PUBLIC TAKAFUL EHSAN BERHAD)
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2013

		Non-distributable		
	Share capital	AFS reserves	Accumulated losses	Total equity
	RM'000	RM'000	RM'000	RM'000
At 1 January 2012 - previously reported	100,000	762	(7,388)	93,374
Prior year adjustment (Note 2.5)	-	-	(54)	(54)
At 1 January 2012 - restated	100,000	762	(7,442)	93,320
Total comprehensive gain/(loss) for the financial year	-	406	(8,820)	(8,414)
At 31 December 2012	100,000	1,168	(16,262)	84,906
At 1 January 2013 - previously reported	100,000	1,168	(15,297)	85,871
Prior year adjustment (Note 2.5)	-	-	(965)	(965)
At 1 January 2013 - restated	100,000	1,168	(16,262)	84,906
Total comprehensive loss for the financial period	-	(1,455)	(3,506)	(4,961)
At 30 November 2013	100,000	(287)	(19,768)	79,945

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

935955-M

AIA PUBLIC TAKAFUL BHD.
(FORMERLY KNOWN AS ING PUBLIC TAKAFUL EHSAN BERHAD)
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2013

	01.01.2013 to 30.11.2013 RM'000	01.01.2012 to 31.12.2012 RM'000
Cash flows from operating activities		
Net loss for the financial period/year	(3,506)	(8,820)
Adjustments for:		
Depreciation of property and equipment	537	440
Amortisation of intangible assets	1,536	1,248
Net accretion of discounts on financial assets	128	171
Profit income	(5,338)	(4,190)
Dividend income	(92)	-
Fair value gain on FVTPL financial assets	(30)	(139)
Change in expense liabilities	(2,090)	6,244
Increase in net Takaful contract liabilities	40,787	54,458
Taxation	61	10
Operating profit before working capital changes	31,993	49,422
Decrease in loans and receivables	7,703	1,668
Increase in financial assets	(30,398)	(52,378)
Increase in takaful certificates receivables	(19,519)	(1,952)
Decrease/(increase) in other receivables	31	(226)
Increase in takaful certificates payables	1,660	2,291
(Decrease)/increase in other payables	(1,713)	8,147
	(10,243)	6,972
Profit received	5,435	3,798
Dividend received	92	-
Net cash flow generated (used in)/from operating activities	(4,716)	10,770
Cash flows from investing activities		
Purchase of property and equipment	(24)	(1,069)
Purchase of intangible assets	(894)	(2,369)
Net cash used in investing activities	(918)	(3,438)

AIA PUBLIC TAKAFUL BHD.
(FORMERLY KNOWN AS ING PUBLIC TAKAFUL EHSAN BERHAD)
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2013

	01.01.2013 to 30.11.2013 RM'000	01.01.2012 to 31.12.2012 RM'000
Net (decrease)/increase in cash and cash equivalents	(5,634)	7,332
Cash and cash equivalents at the beginning of financial year	10,306	2,974
Cash and cash equivalents at the end of financial period/year	4,672	10,306
Cash and cash equivalents comprise:		
Cash and bank balances of:		
Shareholders' fund	1,360	1,603
Family Takaful fund	3,312	8,703
Company	4,672	10,306

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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 18, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
50200 Kuala Lumpur

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 19 February 2014.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), and the requirements of Companies Act, 1965 in Malaysia.

The financial statements have been prepared under the historical basis, except as disclosed in the accounting policies.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group and Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.4.

The Company has adopted all MFRS, Amendments to MFRS and Issues Committee ("IC") Interpretations which have become mandatory since the beginning of the financial period, except for those which have been issued but are not yet effective as disclosed below.

(a) Standards, amendments to published standards and interpretations that are effective

The following standards have been adopted by the Company for the first time for the financial period beginning on or after 1 January 2013:

- Amendment to MFRS 7, 'Financial Instruments: Disclosures' requires more extensive disclosures focusing on quantitative information about recognised financial instruments that are offset in the statement of financial position and those that are subject to master netting or similar arrangements irrespective of whether they are offset.

- MFRS 13, 'Fair Value Measurement' aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7, 'Financial Instruments: Disclosures', but apply to all assets and liabilities measured at fair value, not just financial ones.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(a) Standards, amendments to published standards and interpretations that are effective (continued)

There were no material changes to the Company's accounting policies other than enhanced disclosures to the financial statements.

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

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

(i) Financial year beginning on/after 1 January 2014

- Amendment to MFRS 132, 'Financial Instruments: Presentation' (effective from 1 January 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of 'currently has a legally enforceable right of set-off' that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

(ii) Financial year beginning on/after 1 January 2017

- MFRS 9, 'Financial Instruments-Classification and Measurement of Financial Assets and Financial Liabilities' (effective no earlier than annual periods beginning on or after 1 January 2017) replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(ii) Financial year beginning on/after 1 January 2017 (continued)

For financial liabilities, the standard retains most of the MFRS 139 requirements. 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.

The Company is yet to assess MFRS 9's full impact. The Company will also consider the impact of the remaining phases of MFRS 9 when completed by the Board.

All other new amendments to the published standards and interpretations to existing standards issued by the MASB effective for financial period subsequent to 1 January 2014 are not relevant to the Company.

2.2 Shareholders' fund and its Takaful fund

The Company's financial statements reflects the financial position and results of the Shareholder's fund ("SHF") and Takaful fund presented as a single economic entity for the respective financial period/years disclosed. Interfund balances and transactions are eliminated in arriving at the Company's financial statements.

The inclusion of separate financial information of the Takaful fund and the SHF together with the financial information of the Company as a whole in the statement of financial position, the statement of comprehensive income as well as certain relevant notes to the financial statements represents additional supplementary information presented in accordance with the requirements of Bank Negara Malaysia Guideline BNM/RH/GL 004-06: Guidelines on Financial Reporting for SHF to separate assets, liabilities, income and expenses of the Takaful fund from its own. The accounting policies adopted for the SHF and Takaful funds are uniform for like transactions and events in similar circumstances.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies

(a) Property and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred. The cost of major renovations is included in work in progress and will be transferred once it is complete when it is probable that future economic benefits in excess of the original assessed standard of performance of the existing asset will flow to the Company.

The residual values, useful life and depreciation method are reviewed and adjusted, if applicable, at each date of the Statement of Financial Position. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amounts.

The gain and loss on disposal of an asset is the difference between the net sale proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss of the respective funds.

Depreciation of other property, plant and equipment is calculated using the straight-line method to allocate cost less any residual value over the estimated useful life, as summarised as follows:

Furniture and fittings and office equipment	20%
Motor vehicles	25%
Computer equipment	25%
Renovation	20%

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(b) Impairment of Non-Financial Assets

Property, plant and equipment and other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised to the extent that the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's net selling price and value in use. Recoverable amounts are estimated for individual assets, or, if it is not possible, for the cash-generating unit.

An impairment loss is charged to profit or loss. Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss of the respective funds immediately.

(c) Financial Instruments

The Company classifies its financial assets into financial assets at fair value through profit or loss ("FVTPL"), loans and other receivables ("LAR") and available-for-sale financial assets ("AFS"). The classification depends on the purpose for which the financial assets were acquired or originated. Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.
The significant accounting policies by the categories above are as follow:

<u>FVTPL</u>

Financial assets at FVTPL comprise two sub-categories:

- financial assets designated at fair value through profit or loss; and
- financial assets held for trading, including derivatives not designated as hedges.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(c) Financial Instruments (continued)

FVTPL (continued)

The Company designates financial assets at FVTPL if this eliminates a measurement inconsistency or if the related assets and liabilities are actively managed on a fair value basis, including:

- financial assets held to back Investment-linked contracts and Family Takaful fund; and

- other financial assets managed on a fair value basis; consisting of the Company's equity portfolio and investments held by the Company's Investment-linked funds.

Financial assets at FVTPL are initially recorded at fair value. Subsequent to initial recognition, financial assets at FVTPL are re-measured at fair value. Fair value adjustments and realised gain and losses on de-recognition are recognised in profit or loss of the respective funds. Transaction costs in respect of financial assets at FVTPL are expensed as they are incurred.

Dividend income from equity instruments designated at fair value through profit or loss is recognised as investment income in profit or loss of the respective funds, generally when the security becomes ex-dividend or the right to receive payment is established. Investment income is recognised in profit or loss using effective profit method.

LAR

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those the Company intends to sell in the short term or that it has designated as FVTPL. They are initially recognised at fair value plus transaction costs. Subsequently, they are carried at amortised cost using the effective profit rate method less any impairment losses.

Profit income from loans and receivables is recognised in profit or loss of the respective funds using the effective profit rate method. Gains and losses are recognised in profit or loss of respective funds when the investments are derecognised or impaired, as well as through the amortisation process.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(c) Financial Instruments (continued)

AFS

Financial assets, other than those at FVTPL and LAR are classified as AFS.

AFS category is used where the relevant investments backing shareholders' equity are not managed on a fair value basis. These principally consist of the Company's debt securities (other than those backing Family Takaful funds and Investment-linked contracts) and seed money in Investment-linked funds. AFS financial assets are initially recognised at fair value plus attributable transaction costs. For AFS debt securities, the difference between their cost and par value is amortised. AFS financial assets are subsequently measured at fair value.

Profit income from debt securities classified as AFS is recognised in profit or loss of the respective funds using the effective interest method.

Unrealised gains and losses on securities classified as AFS are analysed between differences resulting from foreign currency translation, and other fair value changes. Foreign currency translation differences on monetary AFS financial assets, such as debt securities, and impairment of AFS financial assets are recognised in profit or loss of the respective funds.

Changes in the fair value of securities classified as AFS, except for impairment losses and relevant foreign exchange gains and losses of monetary AFS financial assets, are recorded in a separate fair value reserve within equity.

On derecognition, the cumulative fair value gains and losses previously reported in equity are transferred to profit or loss of the respective funds.

Financial Liabilities

All financial liabilities initially recorded at fair value. Subsequent to initial recognition, financial liabilities are carried at amortised cost using effective profit rate method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(d) Fair value of Financial Instruments

The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, having regard to the specific characteristics of the asset or liability concerned, assuming that the transfer takes place in the most advantageous market to which the Company has access. The fair values of financial instruments traded in active markets (such as financial instruments at FVTPL and AFS) are based on quoted market prices at the date of the Statement of Financial Position. The quoted market price used for financial assets held by the Company is the current bid price. The fair values of financial instruments that are not traded in active markets are determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions at the date of each Statement of Financial Position. The objective of using a valuation technique is to estimate the price at which an orderly transaction would take place between market participants at the date of the Statement of Financial Position.

The fair value of investments in unit and real estate investment trusts is determined by reference to published bid prices.

For financial assets where an active market may not exist, the fair value is determined by using valuation techniques. Such techniques include using recent arm's length transactions, reference to the current market value of another asset which is substantially the same, discounted cash flow analysis and / or option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs. For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market related rate for a similar asset. Certain financial assets are valued using pricing models that consider, among other factors, contractual and market prices, co-relation, time value of money, credit risk, yield curve volatility factors and / or prepayment rates of the underlying positions. The use of different pricing models and assumptions could produce materially different estimates of fair values.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(d) Fair value of Financial Instruments (continued)

The fair value of floating rate and over-night deposits with financial institutions is their carrying value. The carrying value is the cost of the deposit / placement and accrued profit. The fair value of fixed profit / yield-bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the reporting date.

If the fair value of a financial asset cannot be measured reliably, the asset is measured at cost, being the fair value of the consideration paid for the acquisition of the asset. All transaction costs directly attributable to the acquisition are also included in the cost of the financial asset.

(e) Impairment of Financial Instruments

General

Financial assets are assessed for impairment on a regular basis. A financial asset is impaired if its carrying value exceeds the estimated recoverable amount and there is objective evidence of impairment to the financial asset. The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset, or group of financial assets, is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset, or group of assets, is impaired includes observable data that comes to the attention of the Company about the following events:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(e) Impairment of Financial Instruments (continued)

General (continued)

- it becomes probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;

- the disappearance of an active market for that financial asset because of financial difficulties; or

- observable data, including market prices, indicating that there is a potential decrease in the estimated future cash flows since the initial recognition of those assets, including :

  - adverse changes in the payment status of issuers
  - national or local economic conditions that correlate with increased default risk.

The Company first assesses whether objective evidence of impairment exists for financial assets that are individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

Financial Assets Carried at Amortised Cost

For assets carried at amortised cost, impairment is considered to have taken place if it is probable that the Company will not be able to collect principal and/or profit due according to the contractual terms of the instrument. When impairment is determined to have occurred, the carrying amount is decreased through a charge to profit or loss of the respective funds. The carrying amount of mortgage loans or receivables is reduced through the use of an allowance account, and the amount of any allowance is recognised as an impairment loss in profit or loss of the respective fund.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(e) Impairment of Financial Instruments (continued)

Financial Assets Carried at Amortised Cost continued

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss of the respective funds, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

AFS Financial Assets

When a decline in the fair value of an AFS financial asset has been recognised in shareholders' equity and there is objective evidence that the financial asset is impaired, the cumulative loss already recognised directly in shareholders' equity is recognised in current period profit or loss of the SHF. The Company generally considers an AFS debt security for evidence of impairment when it is identified as credit impaired. In the absence of any other evidence of credit impairment, a debt security would be assessed for impairment when there is a significant decline in fair value.

If the fair value of a debt instrument classified as AFS increases in a subsequent period, and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss of the SHF, the impairment loss is reversed through profit or loss of the SHF.

Where, following the recognition of an impairment loss in respect of an AFS debt security, the financial asset suffers further falls in value, such further falls are recognised as an impairment only in the case when objective evidence exists of a further impairment event to which the losses can be attributed.

(f) Derecognition of Financial Assets

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all risks and rewards of ownership.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(g) Equity Instruments

Ordinary Share Capital

Issued capital represents the nominal value of shares issued plus any share contribution received from the issue of share capital, if any. Incremental external costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds of the issue.

Dividends on Ordinary Share Capital

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the date of Statement of Financial Position. A dividend proposed or declared after the date of Statement Financial Position, but before the financial statements are authorised for issue, is not recognised as a liability at the date of Statement of Financial Position but as an appropriation from retained earnings to a "proposed dividend reserve". Upon the dividend becoming payable, it will be accounted for as a liability.

(h) Product Classification

Takaful contracts are those contracts that transfer significant Takaful risk. These contracts may also transfer financial risk. Significant Takaful risk is defined as the possibility of paying significantly more in a scenario where the Takaful event occurs than in a scenario in which it does not. Scenarios considered are those with commercial substance.

Investment contracts are those contracts without significant Takaful risk.

Once a contract has been classified as an Takaful or investment contract no reclassification is subsequently performed, unless the terms of the agreement are later amended.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(h) Product Classification (continued)

Certain contracts has discretionary participating features ("DPF") which are distinct from other Takaful and investment contracts as the Company has discretion in the amount and/or timing of the benefits declared, and how such benefits are allocated between groups of policyholders. Customers may be entitled to receive, as a supplement to guaranteed benefits, additional benefits or surplus sharing:

- that are likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the Company; and
- that are contractually based on:
  - the performance of a specified pool of contracts or a specified type of contract;
  - realised and/or unrealised investment returns on a specified pool of assets held by the issuer; or
  - the Income Statement of the Company, fund or other entity that issues the contract.

Surpluses in the DPF fund are distributable to participants and the Company in accordance with the relevant terms under the Takaful contracts. The Company has the discretion over the amount and timing of the distribution of these surpluses to participants, subject to the advice of the Company's Appointed Actuary. All DPF liabilities, at the end of the reporting period are held within Takaful contract liabilities.

Certain derivatives embedded in Takaful contracts are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the profit or loss of the respective funds.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(h) Product Classification (continued)

The Company does not separately measure embedded derivatives that meet the definition of an Takaful contract or embedded options to surrender Takaful contracts for a fixed amount (or an amount based on a fixed amount and an profit rate). All other embedded derivatives are separated and carried at fair value if they are not closely related to the host Takaful contract and meet the definition of a derivative.

An investment-linked Takaful contract is a Takaful contract with an embedded derivative linking payments on the contract to units of an internal investment fund set up by the Company with the consideration received from the contract holders. This embedded derivative meets the definition of an Takaful contract and is not therefore accounted for separately from the host Takaful contract. The liability for such contracts is adjusted for all changes in the fair value of the underlying assets.

(i) Family takaful contracts

The Family Takaful fund is maintained in accordance with the requirements of Islamic Financial Services Act, 2013 ("IFSA") and includes the amount attributable to participants which represents the participants' share of the returns on the investments of the Family Takaful in accordance with the terms and conditions prescribed in the contracts and approved by the Shariah Committee of the Company.

Surplus distributable to the Company and participants is determined after retakaful, benefits paid and payable, expenses, provision, reserves and withholding tax. The surplus is distributed to the Company and participants in accordance with the terms and conditions prescribed in the contracts.

Any actuarial deficit in the Family Takaful risk fund will be made good by the SHF via a benevolent loan or Qard. Actuarial deficit arising during the financial period/year is reported as a loss in the separate financial statements of Family Takaful fund and the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(i) Family takaful contracts (continued)

Gross contribution

Contribution is recognised as soon as the amount of the contribution can be reliably measured in accordance with the principles of Shariah as advised by the Shariah Committee.

At the end of the financial period, all due contributions are accounted for to the extent that they can be reliably measured.

Contribution income of the Investment-linked Takaful business is in respect of the net creation of units which represents contributions paid by participants as payment for a new contract or subsequent payments to increase the amount of that contract. Net creation of units is recognised on a receipt basis.

Management Expenses, Commission Expenses and Wakalah Fees

Acquisition costs, commissions and management expenses are borne by the Family Takaful fund in profit or loss of the Family Takaful fund at an agreed percentage of the gross contribution, in accordance with the principles of Wakalah as approved by the Company's Shariah Committee and agreed between the participants and the Company. These expenses are allocated to the SHF via wakalah fee and recognised as income by the SHF upon issuance of certificates.

At each reporting date, the Company estimates its net future expense cash flow required on the maintenance of the Family Takaful fund in accordance with the Guidelines on Valuation Basis for Liability of Family Takaful issued by BNM . If the estimate shows that there is deficiency in the net future expense cash flow, the deficiency is immediately charged to profit or loss of the SHF with a corresponding credit to a provision of expense liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(i) Family takaful contracts (continued)

Benefits, Claims and Expenses

Benefit and claims that are incurred during the financial year are recognised when a claimable event occurs and/or the insurer is notified.

Benefits and claims arising on Family Takaful contracts, including settlement costs, are accounted for using the case basis method and for this purpose, the benefits payable under Family Takaful contracts are recognised as follows:

(i) maturity or other policy benefits payments due on specified dates are treated as claims payable on the due dates;

(ii) death, surrender and other benefits without due dates are treated as claims payable, on the date of receipt of intimation of death of the assured or occurrence of contingency covered.

(iii) benefit payable under Investment-linked business include net cancellation of units are recognised as surrender; and

(iv) share of surplus on Family Takaful risk upon its declaration.

Family Takaful Contracts Liabilities

Family Takaful contract liabilities comprise (i) claims liabilities, (ii) actuarial liabilities, (iii) net asset value attributable to participants, (iv) AFS fair value adjustment and (v) unallocated surplus.

(i) Claims liabilities

Claims liabilities represent the amounts payable under a Family Takaful contract in respect of claims including settlement costs, are accounted for using the case-by-case method as set out above under benefits, claims and expenses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(i) Family takaful contracts (continued)

Family Takaful Contracts Liabilities (continued)

(ii) Actuarial liabilities

Actuarial liabilities are recognised when contracts are entered into and contributions are charged.

Actuarial liabilities as determined by the annual actuarial valuation are based on the Guidelines on Valuation Basis for Liabilities of Family Takaful Business issued by BNM pursuant to the IFSA.

Actuarial liabilities are valued, where appropriate by using a prospective actuarial valuation based on the sum of the present value of future gross benefits (with investment returns net of tax), less the present value of future gross tabarru arising from the policy discounted at the appropriate risk discount rate plus unearned tabarru.

The expected future cash flows are determined using best estimate assumptions after taking into account of all future contractual cash flows and investment returns net of tax from assets backing such liabilities. An appropriate allowance for provision of risk margin adverse deviation from expected experience is provided for in the valuation.

The actuarial liabilities are derecognised when the Takaful contract expires, is discharged or is cancelled.

Adjustment to the actuarial liabilities at each reporting date are recorded in profit or loss of Takaful fund.

The liability adequacy test has been in-built in the valuation of actuarial liabilities and hence no separate assessment is to be carried out.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(i) Family takaful contracts (continued)

Family Takaful Contracts Liabilities (continued)

(iii) Net asset value attributable to participants

Net asset value represents contribution received and investment surplus credited to the policy less deduction for mortality and morbility cost and expenses charges. The net asset value attributable to participants of Investment-linked policy is equal to the net asset value of the Investment-linked funds.case-by-case method as set out above under benefits, claims and expenses.

(iv) AFS Fair value adjustment

Where unrealised gain or losses arise on AFS financial assets of the Family Takaful fund, the adjustment to the Takaful contract liabilities equal to the effect that the realisation of those gains or losses at the end of the reporting period would have on those liabilities is recognised directly in the other comprehensive income.

(iv) Unallocated surplus

Unallocated surplus represents undistributable underwriting surplus set aside in accordance with the terms of the contract.

(j) Retakaful contracts

The Company cedes takaful risk in the normal course of business, with retentions varying by line of business. The cost of retakaful is accounted for over the life of the underlying retakaful contracts, using assumptions consistent with those used to account for such contracts.

Contributions ceded and claims recovered are recognised in the same accounting period as the original contract which the retakaful relates, and are presented on a gross basis in profit or loss of the Family Takaful Fund.

Fee income derived from retakaful operators in the course of retakaful are credited to profit or loss of Takaful fund in the financial year in which they are earned.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(j) Retakaful contracts (continued)

Retakaful assets consist of amounts receivable in respect of ceded Takaful liabilities. Amounts recoverable from retakaful operators are estimated in a manner consistent with the takaful's contract or investment contract liabilities or benefits paid and in accordance with the relevant retakaful contract.

To the extent that retakaful contracts principally carry financial risk (as opposed to Takaful risk), they are accounted for directly through the Statements of Financial Position and are not included in retakaful assets or liabilities. A deposit asset or liability is recognised, based on the consideration paid or received less any explicitly identified contributions or fees to be retained by the Takaful operator.

If a retakaful asset is impaired, the Company reduces the carrying amount accordingly and recognises that impairment loss in profit or loss of the Takaful Fund. A retakaful asset is impaired if there is objective evidence, as a result of an event that occurred after initial recognition of the retakaful asset, that the Company may not receive all amounts due to it under the terms of the contract, and the impact on the amounts that the Company will receive from the retakaful can be reliably measured.

(k) Takaful Receivables

Takaful receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, Takaful receivables are measured at amortised cost, using the effective yield method.

If there is objective evidence that the Takaful receivable is impaired, the Company reduces the carrying amount of the Takaful receivable accordingly and recognises that impairment loss in profit or loss of the Takaful fund. The Company gathers the objective evidence that a Takaful receivable is impaired using the same process adopted for financial assets carried at amortised cost. These processes are described in Note 2.2(e).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(l) Other Financial Liabilities and Takaful Payables

Other liabilities and payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective yield method.

(m) Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each date of Statement of Financial Position and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(n) Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hands, deposits held at call with financial institutions with original maturities of three months or less. It excludes deposits which are held for investment purpose. The Company classifies the cash flows for the purchase and disposal of investment in financial asset in its operating cash flows as the purchases are funded from the cash flows associated with the origination of Takaful contracts, net of the cash flows for payments of Takaful benefits and claims benefits.

(o) Employee Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increases their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(o) Employee Benefits (continued)

(ii) Post retirement benefit obligations

Defined Contribution Plans

As required by law, the Company make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss of the SHF as incurred. Once the contributions have been paid, the Company has no further payment obligations.

(p) Foreign Currency

(i) Functional and Presentation Currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in thousands of Ringgit Malaysia (RM), which is the Company's functional and presentation currency.

(ii) Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss of respective funds.

Translation differences on non-monetary items carried at fair value are translated at the rates prevailing on the date when the fair value is determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

(q) Taxation

Income tax on profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the date of Statement of Financial Position.

In addition to paying tax on SHF's profit, Family Takaful business pay tax on policyholders'/certificate holders' investment returns at a tax rate of 8%.

Deferred tax is provided for, using the liability method, on temporary differences at the date of Statement of Financial Position between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the date of Statement of Financial Position. Deferred tax is recognised in profit or loss of the respective funds, except when it arises from a transaction which is recognised directly in equity.

(r) Other Revenue Recognition

Gains and losses on disposal of investments are arrived at after accounting for cost of investments and credited or charged to profit or loss of the respective funds. Cost is determined by specific identification.

(s) Measurement and impairment of Qard

Any deficit in the Takaful risk fund will be made good via a benevolent loan, or Qard, granted by the SHF to the Takaful risk fund. Qard shall be repaid from future surplus of the Takaful risk fund.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(s) Measurement and impairment of Qard (continued)

Qard is accounted for as receivable and payable in the financial information of the Shareholders' fund and Takaful fund respectively. Qard receivable is stated at cost and as of date of the statement of financial position, the Company assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable in the near term. A write down is made if the carrying amount exceeds the recoverable amount, as set out in Note 2.3 on impairment of non-financial assets.

(t) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Subsequent to recognition, intangible assets are stated at cost less accumulated amortisation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

On disposal of intangible assets, the difference between net proceeds and the carrying amount is recognised in the income statement.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Amortisation is charged to the profit or loss.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(t) Intangible assets (continued)

(i) Software development in progress

Software development in progress are tested for impairment annually and represent development expenditure on software. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated impairment losses. When development is complete and the asset is available for use, the asset is reclassified to computer software and amortisation of the asset begins. It is amortised over the period of expected future use. During the period in which the asset is not yet in use, it is tested for impairment annually.

(ii) Computer software and licences

The useful lives of computer software and licenses are considered to be finite because computer software and licenses are susceptible to technological obsolescence.

The acquired computer software and licenses are amortised using the straight line method over their estimated useful lives not exceeding 4 years. Impairment is assessed whenever there is indication of impairment and the amortisation period and method are also reviewed at least at the end of each reporting period.

(u) Balances with related company

Balances with related companies are ststed at the amounts which these balances are due and expected to be settled

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(v) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Company all the risks and rewards incidental to ownership. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(ii) Operating leases - company as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(w) Zakat

This represents an obligatory amount payable by the Company to comply with the principles of Shariah in accordance with the method as approved by the Shariah Committee.

2.4 Critical Accounting Estimates and Judgments in Applying Accounting Policies

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(a) Judgments made in applying accounting policies

Judgments made by management in the process of applying the Company's accounting policies are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Critical Accounting Estimates and Judgements in Applying Accounting Policies (continued)

(a) Judgments made in applying accounting policies (continued)

Income taxes

Significant judgment is required in determining the income and deferred taxes applicable to the Company's business as a SHF. There are transactions and calculations for which the ultimate tax determination is subject to agreement with the tax authorities. The Company recognises tax liabilities on anticipated issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. As at the balance sheet date, there is approximately RM3.4 million tax liabilities that are subject to final tax outcome. The recognised tax liabilities are estimated by the Company based on the recent tax development and strong ground supporting the judgment made.

(b) Key source of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Actuarial liabilities of Family Takaful contracts

The estimation of the actuary liabilities of Family Takaful is made in accordance with the guidelines issued by BNM.

For SHF, the cash flow reserves for operator fund were set up using a discounted cash flow to ensure the present value of expected future expenses payable from SHF in managing the Family Takaful fund for the full contractual obligation of the Family Takaful contract can be covered by present value of expected future income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Critical Accounting Estimates and Judgements in Applying Accounting Policies (continued)

(b) Key source of estimation uncertainty (continued)

Actuarial liabilities of Family Takaful contracts (continued)

For Family Takaful fund, the cash flow reserves were set up using a discounted cash flow method, with sufficient Provision of Risk Margin for Adverse Deviation ("PRAD"), to ensure that any future negative cash flow resulting from insufficiency of tabarru's charges to meet expected Family Takaful contract benefits are eliminated.

Uncertainty in accounting estimates for Shareholders' Fund expenses liabilities

The principal uncertainty in the SHF Takaful contract liabilities arises from the technical provisions which includes the unearned wakalah fees reserve and expenses liabilities of Family Takaful Fund.

The expense liabilities for Family business are estimated assuming that the block of in-force contracts are to be maintained on a 'going concern' basis. Under a 'going concern' scenario, the contracts so valued are taken as a particular sub-block of contracts and the maintenance expenses for which are valued to the point the last certificate goes off the books.

The maintenance expenses related to such contracts include the cost of functions that would normally associated with operation of the business on a 'going concern' basis.

The expense liabilities are calculated using adjusted parameters to provide sufficiency at the appropriate percentile of statistical variation that is higher than the best estimate values.

The expense liabilities are the present value of future maintenance expenses on the current in-force Family Takaful contracts and are further reduced by the present value of future Shareholders' Fund income realisable with reasonable certainty relating to those in-force Family Takaful contracts.

The present value of the future Shareholders' Fund income relates to future renewal wakalah fees, certificate fee and fund management charges of Investment Linked Participants' Account (PA).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Prior year adjustment

On 29 May 2013, in conjunction with the adoption of MFRS Framework, Malaysian Institution of Accountants has issued a guidance on the presentation of financial statements for Takaful Companies: and Classification and Measurement of Qard ("Guidance") which was developed to provide guidance on presentation of financial statements and accounting treatment for certain transactions and events. of Takaful Companies.

Under the Guidance, the deficit of Takaful funds if any, should be reported as a loss in the financial statements of Takaful funds and Takaful Company as losses are recognised in the income statement when there is a decrease in future economic benefits related to a decrease in asset or an increase in a liability in accordance with the "Conceptual Framework for Financial Reporting".

Accordingly, in line with the above Guideline, the Company has rectified the application of accounting policy to recognise the loss in the Takaful fund in profit or loss of Takaful fund and the Company instead of offsetting against the Takaful liability reserves of the Takaful fund.

As a result, the above adjustment has been recognised retrospectively to the opening balance as at 1 January 2012 and 1 January 2013 as follows:

	As previously stated RM'000	Effects of prior year adjustment RM'000	As restated RM'000
<u>As at 1 January 2012</u>			
Accumulated losses	(7,388)	(54)	(7,442)
Takaful contract liabilities	11,054	54	11,108
<u>As at 1 January 2013</u>			
Accumulated losses	(15,297)	(965)	(16,262)
Takaful contract liabilities	64,650	965	65,615

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Prior year adjustment (continued)

The effects of the prior year year adjustments to the Company's income statement for the financial year ended 31 December 2012 are as follows:-

	As previously stated RM'000	Effects of prior year adjustment RM'000	As restated RM'000
Gross benefits and claims paid	(4,482)	886	(3,596)
Gross change to Takaful contract liabilities	(52,661)	(1,797)	(54,458)
Loss before taxation	(7,899)	(911)	(8,810)

There is no effect on the cash flows of the Company for the financial year ended 31 December 2012 as a result of the prior year adjustment.

3. NET EARNED CONTRIBUTION

Family Takaful fund/Company	**01.01.2013 to 30.11.2013 RM'000**	**01.01.2012 to 31.12.2012 RM'000**
(a) Gross contributions		
Takaful contracts	86,917	76,353
Retakaful contracts	146	(156)
	87,063	76,197
(b) Contributions ceded		
Takaful contracts	(2,312)	(1,562)
Net earned contributions	84,751	74,635

4. INVESTMENT INCOME

01.01.2013 to 30.11.2013	**Shareholders' fund RM'000**	**Family Takaful fund RM'000**	**Company RM'000**
Financial assets-available-for-sale ("AFS"):			
Profit income	2,621	1,655	4,276
Net amortisation of premiums on investments	(88)	(80)	(168)
Financial assets - fair value through profit or loss ("FVTPL"):			
Profit income	-	560	560
Net accretion of discounts on investments	-	40	40
Dividend income	-	92	92
Loans and receivables			
Profit income	289	213	502
	2,822	2,480	5,302

4. INVESTMENT INCOME (CONTINUED)

01.01.2012 to 31.12.2012	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
Financial assets-AFS:			
Profit income	2,844	895	3,739
Net amortisation of premiums on investments	(91)	(80)	(171)
Loans and receivables:			
Profit income	388	63	451
	3,141	878	4,019

5. FEES AND COMMISSION INCOME/(EXPENSES)

01.01.2013 to 30.11.2013	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
Fees and commission income			
Wakalah fees income	20,291	-	-
Certificate fees	100	-	-
	20,391	-	-
Fees and commission expense			
Commission paid to agents	(8,237)	-	(8,237)
Wakalah fees expense	-	(20,291)	-
Certificate fees	-	(100)	-
	(8,237)	(20,391)	(8,237)
01.01.2012 to 31.12.2012			
Fees and commission income			
Wakalah fees income	18,426	-	-
Certificate fees	73	-	-
	18,499	-	-

5. FEES AND COMMISSION INCOME/(EXPENSES)(CONTINUED)

01.01.2012 to 31.12.2012 (continued)	**Shareholders' fund RM'000**	**Family Takaful fund RM'000**	**Company RM'000**
Fees and commission expense			
Commission paid to agents	(8,058)	-	(8,058)
Wakalah fees expense	-	(18,426)	-
Certificate fees	-	(73)	-
	(8,058)	(18,499)	(8,058)

All fees and commission income and expenses are related to takaful/retakaful contracts issued by the Family Takaful fund.

6. FAIR VALUE GAINS

01.01.2013 to 30.11.2013	**Shareholders' fund RM'000**	**Family Takaful fund RM'000**	**Company RM'000**
FVTPL - designated upon initial recognition			
- realised	-	289	289
- unrealised	-	(259)	(259)
	-	30	30
01.01.2012 to 31.12.2012			
FVTPL - designated upon initial recognition			
- realised	-	8	8
- unrealised	-	131	131
	-	139	139

7. MANAGEMENT EXPENSES

	01.01.2013 to 30.11.2013 RM'000	01.01.2012 to 31.12.2012 RM'000
Shareholders' fund/Company		
Employee benefits expense (Note 7(a))	8,007	6,124
Directors' remuneration (Note 7(b))	222	207
Auditors' remuneration		
- statutory audit	216	140
Management fees	2,412	1,820
Office rental	460	576
Depreciation of property and equipment	537	440
Amortisation of intangible assets	1,536	1,248
Travelling expenses	390	279
Advertisement and promotion	74	1,209
Professional and legal fees	605	1,000
Market training expenses	49	179
Printing and stationeries	65	192
Repair and maintenance	340	107
Integration cost	1,950	-
Other expenses	1,398	1,745
	18,261	15,266

(a) Employee benefits expense

Salaries, bonus and other related costs	6,800	5,353
Pension costs - EPF	1,173	738
Social security costs	34	33
	8,007	6,124

7. MANAGEMENT EXPENSES (CONTINUED)

(b) Directors' remuneration

The details of remuneration receivable by non-executive directors during the financial period are as follows:

	01.01.2013 to 30.11.2013 RM'000	**01.01.2012 to 31.12.2012 RM'000**
Fees	154	168
Allowances	68	39
	222	207

The number of directors whose total remuneration during the financial period fall within the following band is analysed below:

Number of directors

Non-executive directors		
RM50,001 - RM100,000	4	4

(c) Chief executive officer's remuneration

Salaries, bonus and other related costs	531	507
Pension costs - EPF	61	61
Social security costs	1	1
	593	569

8. TAXATION

	Shareholders' Fund RM'000	**Family Takaful fund RM'000**	**Company RM'000**
01.01.2013 to 30.11.2013			
Tax expenses			
- current	-	33	33
- deferred (Note 19)	-	28	28
	-	61	61
01.01.2012 to 31.12.2012			
Tax expenses			
- current	-	-	-
- deferred (Note 19)	-	10	10
	-	10	10

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to the effective income tax rate of the Company is as follows:

Company	**01.01.2013 to 30.11.2013 RM'000**	**01.01.2012 to 31.12.2012 RM'000**
Loss before taxation	(3,445)	(8,810)
Taxation at Malaysian statutory tax rate of 25%	(861)	(2,203)
Impact of tax expense on investment income attributable to participants	46	8
Expenses not deductible for tax purposes	-	856
Income not subject to tax	(7)	-
Deferred tax assets not recognised	883	1,349
Tax expense for the financial period/year	61	10

AIA PUBLIC TAKAFUL BHD.
(FORMERLY KNOWN AS ING PUBLIC TAKAFUL EHSAN BERHAD)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2013 (CONTINUED)

9. PROPERTY AND EQUIPMENT

	Computer equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
Shareholders' fund/Company					
Cost					
At 1 January 2013	1,340	450	140	615	2,545
Additions	6	1	-	17	24
At 30 November 2013	1,346	451	140	632	2,569
Accumulated depreciation					
At 1 January 2013	491	64	61	55	671
Depreciation charge for the financial period	307	81	32	117	537
At 30 November 2013	798	145	93	172	1,208
Net carrying amount					
At 30 November 2013	548	306	47	460	1,361

9. PROPERTY AND EQUIPMENT (CONTINUED)

	Computer equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
Shareholders' fund/Company					
Cost					
At 1 January 2012	1,152	124	140	60	1,476
Additions	188	326	-	555	1,069
At 31 December 2012	1,340	450	140	615	2,545
Accumulated depreciation					
At 1 January 2012	188	12	26	5	231
Depreciation charge for the financial year	303	52	35	50	440
At 31 December 2012	491	64	61	55	671
Net carrying amount					
At 31 December 2012	849	386	79	560	1,874

10. INTANGIBLE ASSETS

Shareholders' fund/Company	Computer software and licences RM'000
Cost	
At 1 January 2013	6,025
Additions	894
At 30 November 2013	6,919
Accumulated amortisation	
At 1 January 2013	1,596
Amortisation charge for the financial period	1,536
At 30 November 2013	3,132
Net carrying amount	
At 30 November 2013	3,787
Cost	
At 1 January 2012	3,656
Additions	2,369
At 31 December 2012	6,025
Accumulated amortisation	
At 1 January 2012	348
Amortisation charge for the financial year	1,248
At 31 December 2012	1,596
Net carrying amount	
At 31 December 2012	4,429

11. FINANCIAL ASSETS

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

30.11.2013	**Shareholders' fund RM'000**	**Family Takaful fund RM'000**	**Company RM'000**
AFS:			
Government investment issues	75,497	38,558	114,055
Unquoted corporate Sukuks	-	10,770	10,770
Accrued profit	267	300	567
	75,764	49,628	125,392
FVTPL - designated upon initial recognition:			
Government investment issues	-	18,889	18,889
Unquoted corporate Sukuks	-	16,852	16,852
Shariah approved shares	-	3,533	3,533
Accrued profit	-	281	281
	-	39,555	39,555

31.12.2012	**Shareholders' fund RM'000**	**Family Takaful fund RM'000**	**Company RM'000**
AFS:			
Government investment issues	76,790	41,876	118,666
Unquoted corporate Sukuks	-	10,948	10,948
Accrued profit	512	422	934
	77,302	53,246	130,548
FVTPL - designated upon initial recognition:			
Shariah approved unit trust funds	-	6,303	6,303
	-	6,303	6,303

11. FINANCIAL ASSETS (CONTINUED)

(b) Movement in carrying values

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
AFS			
At 1 January 2012	75,206	8,406	83,612
Purchases	1,767	46,028	47,795
Disposals at amortised cost	-	(1,532)	(1,532)
Fair value losses recorded in :			
Other comprehensive income	406	49	455
Amortisation of premiums – net	(91)	(80)	(171)
Movement of investment income due and accrued	14	375	389
At 31 December 2012/1 January 2013	77,302	53,246	130,548
Disposals at amortised cost	-	(2,503)	(2,503)
Fair value losses recorded in :			
Other comprehensive income	(1,205)	(913)	(2,118)
Amortisation of premiums – net	(88)	(80)	(168)
Movement of investment income due and accrued	(245)	(122)	(367)
At 30 November 2013	75,764	49,628	125,392

(b) Movement in carrying values (continued)

	Family Takaful fund/Company RM'000
FVTPL	
At 1 January 2012	49
Purchases	6,123
Fair value gains recorded in :	
Profit or loss	131
At 31 December 2012/ 1 January 2013	6,303
Purchases	41,435
Disposals at amortised cost	(8,245)
Fair value gains recorded in :	
Profit and loss	(259)
Accretion at discounts – net	40
Movement of investment income due and accrued	281
At 30 November 2013	39,555

11. 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:

	30.11.2013	**31.12.2012**
AFS		
SHF		
Quoted market price (Level 1)	-	-
Valuation techniques –market observable inputs (Level 2)	75,764	77,302
	75,764	77,302
Family Takaful fund		
Quoted market price (Level 1)	-	-
Valuation techniques –market observable inputs (Level 2)	49,628	53,246
	49,628	53,246
Company		
Quoted market price (Level 1)	-	-
Valuation techniques –market observable inputs (Level 2)	125,392	130,548
	125,392	130,548
FVTPL		
Family Takaful fund/Company		
Quoted market price (Level 1)	3,533	6,303
Valuation techniques –market observable inputs (Level 2)	36,022	-
	39,555	6,303

11. FINANCIAL ASSETS (CONTINUED)

(c) Fair value hierarchy (continued)

A level is assigned to each fair value measurement based on the significant 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 service 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 an 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. LOANS AND RECEIVABLES

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
30.11.2013			
Loans and receivables:			
Islamic investment accounts	9,003	3,911	12,914
Accrued profit	12	1	13
	9,015	3,912	12,927
31.12.2012			
Loans and receivables:			
Islamic investment accounts	10,387	10,230	20,617
Accrued profit	24	-	24
	10,411	10,230	20,641

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

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
30.11.2013			
Loans and receivables:			
Islamic investment accounts	3.03	2.93	2.98
31.12.2012			
Loans and receivables:			
Islamic investment accounts	3.08	2.88	2.98

13. OTHER RECEIVABLES

30.11.2013	**Shareholders' fund RM'000**	**Family Takaful fund RM'000**	**Company RM'000**
Due from Family Takaful fund (Note 18)	4,791	-	-
Other receivables	156	41	197
	4,947	41	197
31.12.2012			
Due from Family Takaful fund (Note 18)	3,176	-	-
Other receivables	189	39	228
	3,365	39	228

The carrying amounts approximate fair values due to the relatively short-term maturity of these balances.

14. TAKAFUL CERTIFICATES RECEIVABLES

	30.11.2013 RM'000	**31.12.2012 RM'000**
Family Takaful fund/Company		
Outstanding contribution	20,617	2,332
Amount due from retakaful operator	1,283	49
	21,900	2,381
Gross amount of recognised financial assets	22,239	2,381
Less : Gross amounts of recognised financial liabilities set off in the statement of financial position	(339)	-
Net amount of financial assets presented in the statement of financial position	21,900	2,381

There are no financial liablities subjected to an enforceable master netting arrangement or similar agreement fianancial instrument received as collateral, nor any cash collateral pledged or received as at 30 November 2013 (2012 : Nil).

15. SHARE CAPITAL

Shareholders' fund/Company	30.11.2013 No. of shares ('000)	30.11.2013 Amount RM'000	31.12.2012 No. of shares ('000)	31.12.2012 Amount RM'000
Authorised:				
Ordinary shares of RM1 each				
At beginning and end of financial period/year	100,000	100,000	100,000	100,000
Issued and paid-up:				
Ordinary shares of RM1 each				
At beginning and end of financial period/year	100,000	100,000	100,000	100,000

16. TAKAFUL CONTRACT LIABILITIES

Family Takaful fund/Company	<---- 30.11.2013 ---- Gross RM'000	Retakaful RM'000	Net RM'000 ---->
Participants' Risk Fund:			
Claims liabilities	3,009	(854)	2,155
Actuarial liabilities	93,997	-	93,997
Net asset value attributable to certificate holders	6,375	-	6,375
AFS fair value adjustment	(605)	-	(605)
Underwriting profit distributable to participants	308	-	308
Unallocated surplus	3,509	-	3,509
	106,593	(854)	105,739

Family Takaful fund/Company	<---- 31.12.2012 ---- Gross RM'000	Retakaful RM'000	Net RM'000 ---->
Participants' Risk Fund:			
Claims liabilities	886	-	886
Actuarial liabilities	57,683	-	57,683
Net asset value attributable to certificate holders	6,988	-	6,988
AFS fair value adjustment	58	-	58
	65,615	-	65,615

16. TAKAFUL CONTRACT LIABILITIES (CONTINUED)

	<------31.12.2011------>		
Family Takaful fund/Company	Gross RM'000	Retakaful RM'000	Net RM'000
Participants' Risk Fund:			
Actuarial liabilities	11,025	-	11,025
Net asset value attributable to certificate holders	74	-	74
AFS fair value adjustment	9	-	9
	11,108	-	11,108

	<------30.11.2013------>		
Family Takaful fund/Company	Gross RM'000	Retakaful RM'000	Net RM'000
Movement of Takaful contract liabilities			
At 1 January	65,615	-	65,615
Increase in claims liabilities	2,123	(854)	1,269
Policy movement	36,314	-	36,314
Decrease in net asset value attributable to certificate holders	(613)	-	(613)
Decrease in AFS fair value adjustment	(663)	-	(663)
Increase in underwriting profit distributable to participants	308	-	308
Unallocated surplus	3,509	-	3,509
At 30 November	106,593	(854)	105,739

	<------31.12.2012------>		
Family Takaful fund/Company	Gross RM'000	Retakaful RM'000	Net RM'000
Movement of Takaful contract liabilities			
At 1 January	11,108	-	11,108
Increase in claims liabilities	886	-	886
Policy movement	46,658	-	46,658
Decrease in net asset value attributable to certificate holders	6,914	-	6,914
Increase in AFS fair value adjustment	49	-	49
At 31 December	65,615	-	65,615

17. TAKAFUL PAYABLES

Family Takaful fund/Company	30.11.2013 RM'000	31.12.2012 RM'000
Amount due to retakaful operators	67	307
Amount due to participants	2,771	1,691
Deposit contribution	1,936	1,116
	4,774	3,114

18. OTHER PAYABLES

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
30.11.2013			
Sundry payables	793	692	1,485
Accruals and provisions	3,609	-	3,609
Due to Shareholders' fund (Note 13)	-	4,791	-
Due to affiliated companies	4,529	2,281	6,810
	8,931	7,764	11,904
31.12.2012			
Sundry payables	222	8,987	9,209
Accruals and provisions	3,146	-	3,146
Due to Shareholders' fund (Note 13)	-	3,176	-
Due to affiliated companies	1,262	-	1,262
	4,630	12,163	13,617

19. DEFERRED TAX LIABILITIES

30.11.2013	**Shareholders' fund RM'000**	**Family Takaful fund RM'000**	**Company RM'000**
Deferred tax liabilities	-	38	38

Family Takaful fund/Company	**Gross deferred tax liabilities - financial assets RM'000**
At 1 January 2013	10
Recognised in :	
Profit and loss (Note 8)	28
At 30 November 2013	38

31.12.2012	**Shareholders' fund RM'000**	**Family Takaful fund RM'000**	**Company RM'000**
Deferred tax liabilities	-	10	10

Family Takaful fund/Company	**Gross deferred tax liabilities - financial assets RM'000**
At 1 January 2012	-
Recognised in :	
Profit and loss (Note 8)	10
At 31 December 2012	10

Deferred tax assets have not been recognised in respect of the following items:

30.11.2013	**Shareholders' fund RM'000**	**Family Takaful fund RM'000**	**Company RM'000**
Income statement:			
Unutilised business losses	3,640	-	3,640
Unabsorbed capital allowances	-	4,861	4,861
	3,640	4,861	8,501
Statement of comprehensive income:			
Available-for-sale fair value reserve	(37)	-	(37)
Takaful contract liabilities			
Available-for-sale fair value reserve	-	605	605
	3,603	5,466	9,069

19. DEFERRED TAX LIABILITIES (CONTINUED)

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
31.12.2012			
Income statement:			
Unutilised business losses	313	-	313
Unabsorbed capital allowances	-	6,450	6,450
	313	6,450	6,763
Statement of comprehensive income:			
Available-for-sale fair value reserve	(1,168)	-	(1,168)
Takaful contract liabilities			
Available-for-sale fair value reserve	-	(58)	(58)
	(855)	6,392	5,537

The temporary differences above do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Company can utilise the benefits.

20. LOSS PER SHARE

Loss per share is calculated by dividing the loss for the financial period/year attributable to ordinary equity holders of the Company by the weighted average number of Ordinary Shares in issue during the financial period/year.

	01.01.2013 to 30.11.2013 RM'000	01.01.2012 to 31.12.2012 RM'000
Loss attributable to Shareholders' fund	(3,506)	(8,820)
Weighted average number of shares in issue during the financial period/year	100,000	100,000
Basic loss per share (sen)	(3.51)	(8.82)

There were no dilutive potential ordinary shares as at the reporting date. There have been no other transactions involving ordinary shares between the reporting date and the date of completion of these financial statements.

21. SEGMENTAL INFORMATION ON CASH FLOW

01.01.2013 to 30.11.2013	**Shareholders' fund RM'000**	**Family Takaful fund RM'000**	**Total RM'000**
Net cash flow used in:			
Operating activities	675	(5,391)	(4,716)
Investing activities	(918)	-	(918)
	(243)	(5,391)	(5,634)
Net increase in cash and cash equivalents	(243)	(5,391)	(5,634)
At 1 January 2013	1,603	8,703	10,306
As 30 November 2013	1,360	3,312	4,672
01.01.2012 to 31.12.2012			
Net cash flow generated from:			
Operating activities	4,366	6,404	10,770
Investing activities	(3,438)	-	(3,438)
	928	6,404	7,332
Net increase in cash and cash equivalents	928	6,404	7,332
At 1 January 2012	675	2,299	2,974
As 31 December 2012	1,603	8,703	10,306

22. CAPITAL COMMITMENT

There is no capital commitments as at the end of the financial period.

23. OPERATING LEASE ARRANGEMENTS

The Company as lessee

The future aggregate minimum lease payments under operating lease contracted for as at the reporting date but not recognised as liabilities are as follows:

Future minimum lease rental payments:

Shareholders' fund	**30.11.2013 RM'000**	**31.12.2012 RM'000**
Rental of office premises:		
Not later than 1 year	193	535
Later than 1 year and not later than 5 years	102	379
	295	914

24. RELATED PARTY DISCLOSURE

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel include all Directors of the Company, and certain members of senior management of the Company.

24. RELATED PARTY DISCLOSURE (CONTINUED)

(a) Related party transactions and balances

In addition to the transactions detailed elsewhere in the financial statements, the Company had the following transactions and balances with related parties during and at the end of the financial period/year:

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
Significant transactions with related parties during the financial period:			
01.01.2013 to 30.11.2013			
Expenses/(income):			
AIA Bhd. (formerly known as American International Assurance Bhd.) (an affiliated company)			
Outsourcing fees	1,393	-	1,393
Rental of office premises	129	-	129
AIA Health Services Sdn. Bhd. (an affiliated company):			
Outsourcing fees	1,020	-	1,020
Claims paid on behalf	-	6,179	6,179
AIA AFG Takaful Bhd. (an affiliated company):			
Integration Cost	3,053	-	3,053
AIA Shared Services Sdn. Bhd. (an affiliated company):			
Integration Cost	144	-	144

24. RELATED PARTY DISCLOSURE (CONTINUED)

(a) Related party transactions and balances (continued)

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
01.01.2013 to 30.11.2013 (continued)			
Public Islamic Bank Berhad (an affiliated company):			
Profit income	(150)	-	(150)
Fee and commission expenses	5,177	-	5,177
Public Mutual Berhad (an affiliated company):			
Fee and commission expenses	(2)	-	(2)
01.01.2012 to 31.12.2012			
Expenses/(income):			
AIA Bhd. (formerly known as American International Assurance Bhd.) (an affiliated company)			
Outsourcing fees	1,783	-	1,783
Rental of office premises	297	-	297
AIA Health Services Sdn. Bhd. (an affiliated company):			
Outsourcing fees	37	-	37
Public Islamic Bank Berhad (an affiliated company):			
Profit income	(368)	(19)	(387)
Fee and commission expenses	6,901	-	6,901

24. RELATED PARTY DISCLOSURE (CONTINUED)

(a) Related party transactions and balances (continued)

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
Balances with related parties at financial period/year-end:			
30.11.2013			
AIA Bhd. (formerly known as American International Assurance Bhd.) (an affiliated company)			
Amount due to an affiliated company	(1,332)	-	(1,332)
AIA Health Services Sdn. Bhd. (an affiliated company):			
Amount due to an affiliated company	-	(2,281)	(2,281)
AIA AFG Takaful Bhd. (an affiliated company):			
Amount due to an affiliated company	(3,053)	-	(3,053)
AIA Shared Services Sdn. Bhd. (an affiliated company):			
Amount due to an affiliated company	(144)	-	(144)
Public Islamic Bank Berhad (an affiliated company):			
Cash and bank balances	1,304	-	1,304
Islamic investment accounts	3,000	3,056	6,056

24. RELATED PARTY DISCLOSURE (CONTINUED)

(a) Related party transactions and balances (continued)

	Shareholders' fund RM'000	Family Takaful fund RM'000	Company RM'000
Balances with related parties at financial period/year-end:			
31.12.2012			
AIA Bhd. (formerly known as American International Assurance Bhd.) (an affiliated company)			
Amount due to an affiliated company	(1,213)	-	(1,213)
AIA Shared Services Sdn. Bhd. (an affiliated company):			
Amount due to an affiliated company	(49)	-	(49)
Public Islamic Bank Berhad (an affiliated company):			
Cash and bank balances	1,599	-	1,599
Islamic investment accounts with a licensed bank	7,300	8,522	15,822

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and were carried out on terms and conditions negotiated between related parties.

24. RELATED PARTY DISCLOSURE (CONTINUED)

(b) Compensation of key management personnel

Shareholders' fund/Company	**01.01.2013 to 30.11.2013 RM'000**	**01.01.2012 to 31.12.2012 RM'000**
Non-executive directors remuneration		
Fees (Note 7(b)):	154	168
Allowances (Note 7(b)):	68	39
Chief executive officer's remuneration (Note 7(c)):	593	569
Other key management personnel:		
Salaries and bonus	717	1,368
Pension costs - EPF	80	164
Social security cost	2	69
Allowances	39	5
	1,653	2,382

All directors, Chief Executive Officer and Senior Management Officers are collectively referred to as key management personnel.

25. RISK MANAGEMENT FRAMEWORK

(a) Risk management framework

The managed acceptance of risk is fundamental to the Company's Takaful business model. The Company's risk management framework seeks to effectively manage, rather than eliminate, the risks the Company faces. The risk management framework requires all operations to establish processes for identifying, evaluating and managing the key risks faced by the organisation. The risk management framework encompasses an established risk governance structure with clear oversight and assignment of responsibility for monitoring and management of financial, operational, Shariah non-compliance and strategic risks.

25. RISK MANAGEMENT FRAMEWORK (CONTINUED)

(b) Capital management objectives, policies and approach

The Company manages its capital by maintaining a capital adequacy level available in the Takaful Operator and Takaful funds to support the total capital required for the Takaful business.

The Company's capital management objective is to maintain effective capital management processes and a prudent level of capital resources, consistent with the risk appetite agreed by the Board from time to time. It is designed to provide the principles to ensure the efficient management of capital where capital resources must be managed in a way which optimises returns to shareholders, stakeholders and meets the expectation of the regulator.

On a half-yearly basis, the Company performs stress testing based on several adverse scenarios and stress levels as part of the part of the pro-active measures in monitoring and managing the capital position. The report will be presented to the Risk Management Committee and Board of Directors.

(c) Operational Risks

Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems, from either internal or external events. Consequences from such control inadequacies or failures may cause one or a combination of the following: financial loss, operational disruption, damage to reputation, risk to employees as well as legal and regulatory implications. This includesShariah non-compliance risk arising from failure to comply with Shariah rules and principles prescribed by Shariah Advisory Council and Shariah Committee.

The Company performs operational risk management to manage operational risk via the process of:

(i) pro-actively identifying operational risks;
(ii) ensuring transparency through a sustainable framework for assessing and measuring such risks; and
(iii) providing decision-making methodologies and tools for mitigating risk exposure and improving business processes.

A holistic risk governance and reporting structure has been established encompassing the Board, Shariah Committee, Management and operational functions, providing oversight of the operational risk management activities within the Company to ensure operational risk management policies and programmes are implemented appropriately, timely and consistently.

26. TAKAFUL RISKS

(a) Family Takaful contracts

The Takaful risk of Family Takaful contracts consists of mortality/longevity and calamity risks. Mortality/longevity risk represents the risk of loss attributable to positive or negative changes in the assumed medical prognosis for life expectancy, occupational disability, illness and the need for long-term care as well as underestimation of these probabilities. Calamity risk represents the risk of loss because of strong short-term fluctuation in the mortality rate, for example as a result of war or epidemics.

The table below shows the breakdown of Family Takaful contract liabilities-actuarial liabilities by type of certificate.

30.11.2013	Gross RM'000	Retakaful RM'000	Net RM'000
Family Takaful fund			
Mortgage takaful plan	78,029	-	78,029
Hire purchase takaful plan	4,800	-	4,800
Investment linked product	54	-	54
Group Family Takaful	11,114	-	11,114
	93,997		93,997
31.12.2012			
Family Takaful fund			
Mortgage takaful plan	44,476	-	44,476
Hire purchase takaful plan	2,741	-	2,741
Investment linked product	280	-	280
Group Family Takaful	10,186	-	10,186
	57,683	-	57,683

Mortality, Total Permanent Disability and Critical Illness

Mortality, total permanent disability and critical illness assumption was derived based on past experience, and expectation of current and future experience. In the absence of credible experience, reference has been made to pricing assumptions.

26. TAKAFUL RISKS

(i) Family Takaful contracts (continued)

Expenses

Expenses assumption was based on 100% of expense unit cost factors as derived in the current expense analysis and expense inflation rate was based on expectation of long-term consumer price index. In the absence of credible experience, reference has been made to pricing assumptions.

Lapse and surrender rates

Lapse rate assumption was derived based on past experience and best estimate of current and future experience. Lapse rate assumptions vary by certificate year and product type with different rates for regular and single contribution products. Where experience for a particular product was not credible enough to allow any meaningful analysis to be performed, experience for similar products was used as a basis for future persistency experience assumptions. In the case of surrenders, the valuation assumes that current surrender value bases will continue to apply in the future.

Discount rate

The risk-free discount rate was derived from a yield curve, as follows:

1) for certificate duration of less than 15 years: zero-coupon spot yields of Government investment issues (GII) with matching duration; and

2) for certificate duration of 15 years or more: zero-coupon spot yields of GII with 15 years term to maturity.

Sensitivities

The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions.

26. TAKAFUL RISKS (CONTINUED)

(i) Family Takaful contracts (continued)

<u>Sensitivities (continued)</u>

	Changes in variable	Impact on gross liabilities RM'000	Impact on net liabilities RM'000
30.11.2013			
Family Takaful fund			
Mortality rates	+10%	27	27
	-10%	(0)	(0)
Lapse and surrender rates	+10%	0	0
	-10%	(0)	(0)
Discount rates	+100bps	(0)	(0)
	-100bps	243	243

31.12.2012

Family Takaful fund

	Changes in variable	Impact on gross liabilities RM'000	Impact on net liabilities RM'000
Mortality rates	+10%	449	449
	-10%	(449)	(449)
Lapse and surrender rates	+10%	3	3
	-10%	(3)	(3)
Discount rates	+100bps	1,130	1,130
	-100bps	(1,130)	(1,130)

27. FINANCIAL RISKS

The Company are exposed to a range of financial risks, including credit risk, liquidity risk and market risk. The Company apply a consistent risk management philosophy that is embedded in management processes and controls such that both existing and emerging risk are considered and addressed.

Financial risks of Investment-linked investments are not further provided and analysed as the financial risks in respect of Investment-linked investments are generally wholly borne by our customer, and do not directly affect the profit for the financial year before tax. Furthermore, Investment-linked participants are responsible for allocation of their policy values amongst investment options offered by the Company. Although profit for the financial year before tax is not affected by Investment-linked investments, the investment return from such financial investments is included in the Company's profit for the financial year before tax, as the company has selected the fair value option for all Investment-linked Investments with corresponding change in Takaful contract liabilities for Investment-linked contract.

(a) Credit risk

Credit risk represents the loss that would be recognised if counter parties to Takaful, reTakaful and investment transactions failed to perform as contracted and the decrease in the value of financial instruments due to deterioration in credit quality. The key areas where the Company is exposed to credit risk include repayment risk in respect of:

- cash and cash equivalents;
- investments in islamic debt securities; and
- Family Takaful receivables;

Credit risk exposures are monitored and controlled through various means such as robust credit evaluation process; credit limits; having independent credit evaluation on issuers and counterparties; and regular credit reviews, taking into consideration credit ratings assigned by rating agencies. The Company also actively manages its product and counterparty limits and mix to ensure that there is no significant concentration of credit risk.

27. FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Credit exposure

At the reporting date, the Company's maximum exposure to credit risk is represented by the maximum amount of each class of financial assets recognised in the statement of financial position as shown in the table below:

30.11.2013	**Shareholders' fund RM'000**	**Family Takaful fund RM'000**	**Company RM'000**
AFS financial assets:			
Government investment issues	75,497	38,558	114,055
Unquoted corporate Sukuks	-	10,770	10,770
Income due and accrued	267	300	567
FVTPL financial assets:			
Government investment issues	-	18,889	18,889
Unquoted corporate Sukuks	-	16,852	16,852
Shariah approved shares		3,533	3,533
Income due and accrued	-	281	281
Loan and receivables:			
Islamic investment accounts with licensed islamic banks	9,003	3,911	12,914
Income due and accrued	12	1	13
Other receivables	4,947	41	197
Retakaful assets	-	854	854
Takaful certificates receivables	-	21,900	21,900
Cash and bank balances	1,360	3,312	4,672
	91,086	119,202	205,497

27. FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Credit exposure (continued)

31.12.2012	**Shareholders' fund RM'000**	**Family Takaful fund RM'000**	**Company RM'000**
AFS financial assets:			
Government investment issues	76,790	41,876	118,666
Unquoted corporate Sukuks	-	10,948	10,948
Income due and accrued	512	422	934
FVTPL financial assets:			
Shariah approved unit trust fund	-	6,303	6,303
Loan and receivables:			
Islamic investment accounts with licensed islamic banks	10,387	10,230	20,617
Income due and accrued	24	-	24
Other receivables	3,365	39	228
Takaful certificates receivables	-	2,381	2,381
Cash and bank balances	1,603	8,703	10,306
	92,681	80,902	170,407

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26. FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Credit exposure by credit rating

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to Rating Agency of Malaysia and Malaysian Rating Corporation Berhad. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade.

	<----------------Neither past due nor impaired			-------------->	Not subject	Past due but	Invesment-	
	AAA	AA	A	Not rated	to credit risk	not impaired	Linked	Total
30.11.2013	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Shareholders' fund								
AFS financial assets:								
Government investment issues	-	-	-	75,497	-	-	-	75,497
Income due and accrued	-	-	-	267	-	-	-	267
Loan and receivables:								
Islamic investment accounts with licensed islamic banks	7,553	1,450	-	-	-	-	-	9,003
Income due and accrued	11	1	-	-	-	-	-	12
Other receivables	-	-	-	4,947	-	-	-	4,947
Cash and bank balances	1,360	-	-	-	-	-	-	1,360
	8,924	1,451	-	80,711	-	-	-	91,086

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26. FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Credit exposure by credit rating (continued)

	<----------------Neither past due nor impaired--------------->				Not subject	Past due but	Invesment-	
	AAA	**AA**	**A**	**Not rated**	**to credit risk**	**not impaired**	**Linked**	**Total**
30.11.2013 (cont'd.)	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Family Takaful fund								
AFS financial assets:								
Government investment issues	-	-	-	38,558	-	-	-	38,558
Unquoted corporate Sukuks	4,673	5,558	-	539	-	-	-	10,770
Income due and accrued	37	55	-	208	-	-	-	300
FVTPL financial assets:								
Government investment issues	-	-	-	18,889	-	-	-	18,889
Unquoted corporate Sukuks	5,814	1,003	-	7,543	-	-	2,492	16,852
Shariah approved shares	-	-	-	-	-	-	3,533	3,533
Income due and accrued	66	17	-	187	-	-	11	281
Loan and receivables:								
Islamic investment accounts with licensed islamic banks	2,661	700	-	-	-	-	550	3,911
Income due and accrued	-	1	-	-	-	-	-	1
Retakaful assets	-	854	-	-	-	-	-	854
Other receivables	-	-	-	36	-	-	5	41
Takaful certificates receivables	-	-	1,283	7,761	-	12,856	-	21,900
Cash and bank balances	3,229	47	-	-	-	-	36	3,312
	16,480	8,235	1,283	73,721	-	12,856	6,627	119,202

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26. FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Credit exposure by credit rating (continued)

	<----------------Neither past due nor impaired			--------------->	Not subject	Past due but	Invesment-	
	AAA	**AA**	**A**	**Not rated**	**to credit risk**	**not impaired**	**Linked**	**Total**
30.11.2013 (cont'd.)	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Company								
AFS financial assets:								
Government investment issues	-	-	-	114,055	-	-	-	114,055
Unquoted corporate Sukuks	4,673	5,558	-	539	-	-	-	10,770
Income due and accrued	37	55	-	475	-	-	-	567
FVTPL financial assets:								
Government investment issues	-	-	-	18,889	-	-	-	18,889
Unquoted corporate Sukuks	5,814	1,003	-	7,543	-	-	2,492	16,852
Shariah approved shares	-	-	-	-	-	-	3,533	3,533
Income due and accrued	66	17	-	187	-	-	11	281
Loan and receivables:								
Islamic investment accounts with licensed islamic banks	10,214	2,150	-	-	-	-	550	12,914
Income due and accrued	11	2	-	-	-	-	-	13
Retakaful assets	-	854	-	-	-	-	-	854
Other receivables	-	-	-	192	-	-	5	197
Takaful certificates receivables	-	-	1,283	7,761	-	12,856	-	21,900
Cash and bank balances	4,589	47	-	-	-	-	36	4,672
	25,404	9,686	1,283	149,641	-	12,856	6,627	205,497

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27. FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Credit exposure by credit rating (continued)

	<----------------Neither past due nor impaired			------------->	Not subject	Past due but	Invesment-	
	AAA	AA	A	Not rated	to credit risk	not impaired	Linked	Total
31.12.2012	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Shareholders' fund								
AFS financial assets:								
Government investment issues	-	-	-	76,790		-	-	76,790
Income due and accrued	-	-	-	512		-	-	512
Loan and receivables								
Islamic investment accounts with licensed Islamic bank	10,387	-	-	-	-	-	-	10,387
Income due and accrued	24	-	-	-	-	-	-	24
Other receivables	-	-	-	3,365		-	-	3,365
Takaful certificates receivables	-	-	-	-	-	-	-	-
Cash and bank balances	1,603	-	-	-	-	-	-	1,603
	12,014	-	-	80,667	-	-	-	92,681

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27. FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Credit exposure by credit rating (continued)

	<----------------Neither past due nor impaired			------------->	Not subject	Past due but	Invesment-	
	AAA	AA	A	Not rated	to credit risk	not impaired	Linked	Total
31.12.2012 (continued)	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Family Takaful fund								
AFS financial assets:								
Government investment issues	-	-	-	41,876	-	-	-	41,876
Unquoted corporate Sukuks	6,254	3,593	-	1,101	-	-	-	10,948
Income due and accrued	42	42	-	338	-	-	-	422
FVTPL financial assets:								
Shariah approved unit trust fund	-	-	-	-	-	-	6,303	6,303
Loan and receivables:								
Islamic investment accounts with licensed Islamic bank	5,010	5,220	-	-	-	-	-	10,230
Other receivables	-	-	-	39	-	-	-	39
Takaful certificates receivables	-	-	-	2,124	-	257	-	2,381
Cash and bank balances	8,469	42	-	-	-	-	192	8,703
	19,775	8,897	-	45,478	-	257	6,495	80,902

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27. FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Credit exposure by credit rating (continued)

31.12.2012 (continued)	<----Neither past due nor impaired---- AAA RM'000	AA RM'000	A RM'000	Not rated RM'000 ---->	Not subject to credit risk RM'000	Past due but not impaired RM'000	Invesment-Linked RM'000	Total RM'000
Company								
AFS financial assets:								
Government investment issues	-	-	-	118,666	-	-	-	118,666
Unquoted corporate Sukuks	6,254	3,593	-	1,101	-	-	-	10,948
Income due and accrued	42	42	-	850	-	-	-	934
FVTPL financial assets:								
Shariah approved unit trust	-	-	-	-	-	-	6,303	6,303
Loan and receivables:								
Islamic investment accounts with licensed Islamic bank	15,397	5,220	-	-	-	-	-	20,617
Income due and accrued	24	-	-	-	-	-	-	24
Other receivables	-	-	-	228	-	-	-	228
Takaful certificates receivables	-	-	-	2,124	-	257	-	2,381
Cash and bank balances	10,072	42	-	-	-	-	192	10,306
	31,789	8,897	-	122,969	-	257	6,495	170,407

27. FINANCIAL RISKS (CONTINUED)

(a) Credit risk (continued)

Credit exposure by credit rating (continued)

The Company do secondary credit rating assessment and use RAM or MARC rating methodology for the assessment. This enables management to focus on the applicable risks and the comparison of credit exposures across all lines of business and products.

The Company has not provided the credit risk analysis for the financial assets of the unit-linked business where the liability to policyholders is linked to the performance and value of the assets that back those liabilities. The shareholders do not have direct exposure to any credit risk in those assets.

Age analysis of financial assets past-due but not impaired:

30.11.2013	**61 to 90 days**	**91 to 180 days**	**181 to 365 days**	**Total**
Family Takaful fund				
Takaful certificates receivables	5,200	6,007	1,649	12,856
31.12.2012				
Family Takaful fund				
Takaful certificates receivables	118	104	35	257

At the reporting date, all other financial assets are neither past-due nor impaired.

27. FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk

Liquidity risk primarily refers to the possibility of having insufficient cash available to meet the payment obligations to counterparties when they become due. This can arise when internal funds are insufficient to meet cash outflow obligations and where the Company is unable to obtain funding at market rates or liquidate assets at fair value resulting in the forced liquidation of assets at depressed prices. The Company is exposed to liquidity risk in respect of Takaful contracts that permit surrender, withdrawal or other forms of early termination for a cash surrender value specified in the contractual terms and conditions.

The Company's liquidity position is monitored in compliance with regulatory and internal requirements in combination with maturity gap analyses. To manage liquidity risk, the Company has implemented a variety of measures, including emphasising flexible Takaful product design so that it can retain the greatest flexibility to adjust contract pricing or crediting rates.

The Company continually seeks to match, to the extent possible and appropriate, the duration of its investment assets with the duration of Takaful contracts issued. The Company constantly monitors its liquidity position and has in place several contingency sources of liquidity in order to minimise the impact of any liquidity risk.

The table below summarises the maturity profit of the financial assets and financial liabilities of the respective funds on remaining contractual obligation, including profit payable and receivable. For Takaful contracts liabilities, maturity profiles are determined based on estimated this of discounted net cashflow from the recognized net cashflow for the recognized takaful contracts liabilities.

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27. FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (continued)

30.11.2013	Carrying value RM'000	Up to a year RM'000	1 - 5 years RM'000	5-15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Investment-Linked RM'000	Total RM'000
Shareholders' fund								
	-							
AFS financial assets:								
Government investment issues	75,497	25,727	31,610	28,411	-	-	-	85,748
Income due and accrued	267	267	-	-	-	-	-	267
Loan and receivables:								
Islamic investment accounts with licensed Islamic bank	9,003	9,003	-	-	-	-	-	9,003
Income due and accrued	12	12	-	-	-	-	-	12
Other receivables	4,947	4,947	-	-				4,947
Cash and bank balances	1,360	1,360	-	-	-	-	-	1,360
	91,086	41,316	31,610	28,411	-	-	-	101,337
Expense liabilities	7,358	2,255	1,622	893	2,588	-	-	7,358
Other payables	8,931	8,931	-	-	-	-	-	8,931
	16,289	11,186	1,622	893	2,588	-	-	16,289

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27. FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (continued)

30.11.2013 (continued)	**Carrying value RM'000**	**Up to a year RM'000**	**1 - 5 years RM'000**	**5-15 years RM'000**	**Over 15 years RM'000**	**No maturity date RM'000**	**Investment-Linked RM'000**	**Total RM'000**
Family Takaful fund								
AFS financial assets:								
Government investment issues	38,558	1,544	26,298	18,315	-	-	-	46,157
Unquoted corporate Sukuks	10,770	508	6,117	6,645	-	-	-	13,270
Income due and accrued	300	300	-	-	-	-	-	300
FVTPL financial assets:								
Government investment issues	18,889	4,116	10,712	6,155	-	-	-	20,983
Unquoted corporate Sukuks	16,852	-	5,500	13,471	1,738	-	2,492	23,201
Shariah approved shares	3,533	-	-	-	-	-	3,533	3,533
Income due and accrued	281	270	-	-	-	-	11	281
Loan and receivables:								
Islamic investment accounts with licensed Islamic bank	3,911	3,361	-	-	-	-	550	3,911
Income due and accrued	1	1	-	-	-	-	-	1
Other receivables	41	36	-	-	-	-	5	41
Retakaful assets	854	854	-	-	-	-	-	854
Takaful certificates receivables	21,900	21,900	-	-	-	-	-	21,900
Cash and bank balances	3,312	3,276	-	-	-	-	36	3,312
	119,202	36,166	48,627	44,586	1,738	-	6,627	137,744

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27. FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (continued)

30.11.2013 (continued)	**Carrying value RM'000**	**Up to a year RM'000**	**1 - 5 years RM'000**	**5-15 years RM'000**	**Over 15 years RM'000**	**No maturity date RM'000**	**Investment-Linked RM'000**	**Total RM'000**
Family takaful fund								
Takaful contract liabilities	106,593	6,235	11,114	4,800	78,083	-	6,361	106,593
Takaful certificates payables	4,774	4,774	-	-	-	-	-	4,774
Other payables	7,764	7,764	-	-	-	-	-	7,764
	119,131	18,773	11,114	4,800	78,083	-	6,361	119,131
Company								
AFS financial assets:								
Government investment issues	114,055	27,271	57,908	46,726	-	-	-	131,905
Unquoted corporate Sukuks	10,770	508	6,117	6,645	-	-	-	13,270
Income due and accrued	567	567	-	-	-	-	-	567
FVTPL financial assets:								
Government investment issues	18,889	4,116	10,712	6,155	-	-	-	20,983
Unquoted corporate Sukuks	16,852	-	5,500	13,471	1,738	-	2,492	23,201
Shariah approved shares	3,533	-	-	-	-	-	3,533	3,533
Income due and accrued	281	270	-	-	-	-	11	281

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27. FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (continued)

30.11.2013 (continued)	**Carrying value RM'000**	**Up to a year RM'000**	**1 - 5 years RM'000**	**5-15 years RM'000**	**Over 15 years RM'000**	**No maturity date RM'000**	**Investment-Linked RM'000**	**Total RM'000**
Company (continued)								
Loan and receivables:								
Islamic investment accounts with licensed Islamic bank	12,914	12,364	-	-	-	-	550	12,914
Income due and accrued	13	13	-	-	-	-	-	13
Other receivables	197	192	-	-	-	-	5	197
Retakaful assets	854	854	-	-	-	-	-	854
Takaful certificates receivables	21,900	21,900	-	-	-	-	-	21,900
Cash and bank balances	4,672	4,636	-	-	-	-	36	4,672
	205,497	72,691	80,237	72,997	1,738	-	6,627	234,290
Expense liabilities	7,358	2,255	1,622	893	2,588	-	-	7,358
Takaful contract liabilities	106,593	6,235	11,114	4,800	78,083	-	6,361	106,593
Takaful certificates payables	4,774	4,774	-	-	-	-	-	4,774
Other payables	11,904	11,904	-	-	-	-	-	11,904
	130,629	25,168	12,736	5,693	80,671	-	6,361	130,629

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27. FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (continued)

31.12.2012	**Carrying value RM'000**	**Up to a year RM'000**	**1 - 5 years RM'000**	**5-15 years RM'000**	**Over 15 years RM'000**	**No maturity date RM'000**	**Investment-Linked RM'000**	**Total RM'000**
Shareholders' fund								
AFS financial assets:								
Government investment issues	76,790	-	59,132	29,239	-	-	-	88,371
Income due and accrued	512	512	-	-	-	-	-	512
Loan and receivables:								
Islamic investment accounts with licensed Islamic bank	10,387	10,387	-	-	-	-	-	10,387
Income due and accrued	24	24	-	-	-	-	-	24
Other receivables	3,365	3,365	-	-				3,365
Cash and bank balances	1,603	1,603	-	-	-	-	-	1,603
	92,681	15,891	59,132	29,239	-	-	-	104,262
Expense liabilities	9,448	5,151	1,484	743	2,070	-	-	9,448
Other payables	4,630	4,630	-	-	-	-	-	4,630
	14,078	9,781	1,484	743	2,070	-	-	14,078

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27. FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (continued)

31.12.2012 (continued)	**Carrying value RM'000**	**Up to a year RM'000**	**1 - 5 years RM'000**	**5-15 years RM'000**	**Over 15 years RM'000**	**No maturity date RM'000**	**Investment-Linked RM'000**	**Total RM'000**
Family Takaful fund								
AFS financial assets:								
Government investment issues	41,876	-	26,598	23,745	-	-	-	50,343
Unquoted corporate Sukuks	10,948	-	4,860	8,852	-	-	-	13,712
Income due and accrued	422	422	-	-	-	-	-	422
FVTPL financial assets:								
Shariah approved unit trust	6,303	-	-	-	-	-	6,303	6,303
Loan and receivables:								
Islamic investment accounts with licensed Islamic bank	10,230	10,230	-	-	-	-	-	10,230
Other receivables	39	39	-	-	-	-	-	39
Takaful certificates receivables	2,381	2,381	-	-	-	-	-	2,381
Cash and bank balances	8,703	8,511	-	-	-	-	192	8,703
	80,902	21,583	31,458	32,597	-	-	6,495	92,133
Takaful contract liabilities	65,615	886	4,163	2,741	50,779	58	6,988	65,615
Takaful certificates payables	3,114	3,114	-	-	-	-	-	3,114
Other payables	12,163	12,588	-	-	-	-	(425)	12,163
	80,892	16,588	4,163	2,741	50,779	58	6,563	80,892

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27. FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (continued)

31.12.2012 (continued)	Carrying value RM'000	Up to a year RM'000	1 - 5 years RM'000	5-15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Investment-linked RM'000	Total RM'000
Company								
AFS financial assets:								
Government investment issues	118,666	-	85,730	52,984	-	-	-	138,714
Unquoted corporate Sukuks	10,948	-	4,860	8,852	-	-	-	13,712
Income due and accrued	934	934	-	-	-	-	-	934
FVTPL financial assets:								
Shariah approved unit trust	6,303	-	-	-	-	-	6,303	6,303
Loan and receivables								
Islamic investment accounts with licensed Islamic bank	20,617	20,617	-	-	-	-	-	20,617
Income due and accrued	24	24	-	-	-	-	-	24
Other receivables	228	228	-	-	-	-	-	228
Takaful certificates receivables	2,381	2,381	-	-	-	-	-	2,381
Cash and bank balances	10,306	10,114	-	-	-	-	192	10,306
	170,407	34,298	90,590	61,836	-	-	6,495	193,219
Expense liabilities	9,448	5,151	1,484	743	2,070	-	-	9,448
Takaful contract liabilities	65,615	886	4,163	2,741	50,779	58	6,988	65,615
Takaful certificates payables	3,114	3,114	-	-	-	-	-	3,114
Other payables	13,617	14,042	-	-	-	-	(425)	13,617
	91,794	23,193	5,647	3,484	52,849	58	6,563	91,794

27. FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (continued)

The table below summarises the expected utilisation or settlement of assets:

	30.11.2013		31.12.2012	
	Current*	**Non-current**	**Current***	**Non-current**
Shareholders' fund	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Property and equipment	-	1,361	-	1,874
Intangible assets	-	3,787	-	4,429
AFS financial assets:			-	
Government investment issues	25,110	50,387	-	76,790
Income due and accrued	267	-	512	-
Loan and receivables:				
Islamic investment accounts with licensed Islamic bank	9,003	-	10,387	-
Income due and accrued	12	-	24	-
Other receivables	4,947	-	3,365	-
Qard receivables	-	3,932	-	965
Cash and bank balances	1,360	-	1,603	-
	40,699	59,467	15,891	84,058

** expected utilisation or settlement within 12 months from the reporting date.*

27. FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (continued)

	30.11.2013		31.12.2012	
	Current*	**Non-current**	**Current***	**Non-current**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Family Takaful fund				
AFS financial assets:				
Government investment issues	1,506	37,052	-	41,876
Unquoted corporate Sukuks	502	10,268	-	10,948
Income due and accrued	300	-	422	-
FVTPL financial assets:				
Government investment issues	4,018	14,871	-	-
Unquoted corporate Sukuks	-	16,852	-	-
Shariah approved shares	-	3,533	-	-
Shariah approved unit trust fund	-		-	6,303
Income due and accrued	281	-	-	-
Loan and receivables:				
Islamic investment accounts with licensed Islamic bank	3,911	-	10,230	-
Income due and accrued	1	-	-	-
Other receivables	41	-	39	-
Retakaful assets	854	-	-	-
Takaful certificates receivables	21,900	-	2,381	-
Cash and bank balances	3,312	-	8,703	-
	36,626	82,576	21,775	59,127

** expected utilisation or settlement within 12 months from the reporting date.*

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27. FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (continued)

	30.11.2013		31.12.2012	
	Current*	Non-current	Current*	Non-current
	RM'000	RM'000	RM'000	RM'000
Company				
Property and equipment	-	1,361	-	1,874
Intangible assets	-	3,787	-	4,429
AFS financial assets:				
Government investment issues	26,616	87,439	-	118,666
Unquoted corporate Sukuks	502	10,268	-	10,948
Income due and accrued	567	-	934	-
FVTPL financial assets:				
Government investment issues	4,018	14,871	-	-
Unquoted corporate Sukuks	-	16,852	-	-
Shariah approved shares	-	3,533	-	-
Shariah approved unit trust fund	-	-	-	6,303
Income due and accrued	281	-	-	-
Loan and receivables:				
Islamic investment accounts with licensed Islamic bank	12,914	-	20,617	-
Income due and accrued	13	-	24	-
Other receivables	197	-	228	-
Retakaful assets	854	-	-	-
Takaful certificates receivables	21,900	-	2,381	-
Cash and bank balances	4,672	-	10,306	-
	72,534	138,111	34,490	142,220

* *expected utilisation or settlement within 12 months from the reporting date.*

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FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2013 (CONTINUED)

27. FINANCIAL RISKS (CONTINUED)

(b) Liquidity risk (continued)

The table below summarises the expected settlement of liabilities:

	30.11.2013		31.12.2012	
	Current*	Non-current	Current*	Non-current
	RM'000	RM'000	RM'000	RM'000
Shareholders' fund				
Expense liabilities	2,255	5,103	5,151	4,297
Other payables	8,931	-	4,630	-
	11,186	5,103	9,781	4,297
Family Takaful fund				
Takaful contract liabilities	6,235	100,358	886	64,729
Takaful certificates payables	4,774	-	3,114	-
Other payables	7,764	-	12,163	-
Deferred tax liabilities	-	38	-	10
Qard payable	-	3,932	-	965
Current tax liabilities	-	33	-	-
	18,773	104,361	16,163	65,704
Company				
Expense liabilities	2,255	5,103	5,151	4,297
Takaful contract liabilities	6,235	100,358	886	64,729
Takaful certificates payables	4,774	-	3,114	-
Other payables	11,904	-	13,617	-
Deferred tax liabilities	-	38	-	10
Current tax liabilities	-	33	-	-
	25,168	105,532	22,768	69,036

* *expected utilisation or settlement within 12 months from the reporting date.*

27. FINANCIAL RISKS (CONTINUED)

(c) Market risk

Market risk arises from the possibility of financial loss caused by changes in financial instruments' fair values or future cash flows due to fluctuations in profit rate. The Company manages the risk of market-based fluctuations in the value of the Company's investments, as well as liabilities with exposure to market risk.

Policies on asset allocation, portfolio limit structure and diversification benchmark have been set in line with the Company's risk management policy after taking cognizance of the regulatory requirements in respect of maintenance of assets and solvency.

(i) Profit rate risk

Profit rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market profit yield.

Floating yield instruments expose the Company to cash flow profit risk, whereas yield instruments expose the Company to fair value profit risk.

The Company manages the risk by maintaining an appropriate mix of variable and yield instruments. It also requires the Company to manage the maturities of Islamic financial assets and its corresponding liabilities.

27. FINANCIAL RISKS (CONTINUED)

(i) Profit rate risk (continued)

Sensitivity analysis:

30.11.2013	**Changes in basis points** %	**Effect on Takaful contract liabilities** RM'000	**Effect on equity** RM'000
Shareholders' fund			
Profit rates	+ 100 bps	-	(2,159)
	- 100 bps	-	1,037
Family Takaful fund			
Profit rates	+ 100 bps	(4,313)	-
	- 100 bps	2,213	-
Company			
Profit rates	+ 100 bps	(4,313)	(2,159)
	- 100 bps	2,213	1,037
31.12.2012			
Shareholders' fund			
Profit rates	+ 100 bps	-	(2,041)
	- 100 bps	-	2,958
Family Takaful fund			
Profit rates	+ 100 bps	(2,421)	-
	- 100 bps	3,467	-
Company			
Profit rates	+ 100 bps	(2,421)	(2,041)
	- 100 bps	3,467	2,958

27. FINANCIAL RISKS (CONTINUED)

(c) Market risk (continued)

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's primary transactions are carried out in Ringgit Malaysia (RM) with minimal exposure to foreign currency risks.

(iii) Equity price risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk), irregardless whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting similar financial instruments traded in the market.

Sensitivity analysis:

Management's best estimate of the effect on the net income for the year and equity due to a reasonably possible change in the FTSE Bursa Malaysia KLCI Index ("FBMKLCI") with all other variables held constant is indicated in the table below:

30.11.2013	**Change in FBMKLCI %**	**Effect on net income/ (loss) for the period RM'000**	**Effect on equity RM'000**
Family Takaful fund/Company			
Market indices:			
FBMKLCI	+5%	132	-
FBMKLCI	-5%	(132)	-
31.12.2012			
Family Takaful fund/Company			
Market indices:			
FBMKLCI	+5%	-	-
FBMKLCI	-5%	-	-

28. INVESTMENT-LINKED TAKAFUL FUNDS

(a) STATEMENT OF INCOME AND EXPENDITURE

	01.01.2013 to 30.11.2013 RM'000	**01.01.2012 to 31.12.2012 RM'000**
Investment income	172	-
Net fair value gains	633	131
	805	131
Other operating expenses	(208)	-
Profit before taxation	597	131
Taxation	(61)	(10)
Profit after taxation	536	121
Undistributed income brought forward	123	2
Undistributed income carried forward	659	123

(b) STATEMENT OF FINANCIAL POSITION

ASSETS	**2013 RM'000**	**2012 RM'000**
FVTPL financial assets:		
Unquoted Corporate Sukuks	2,492	-
Shariah approved shares	3,533	-
Shariah approved unit trust	-	6,303
Income due and accrued	11	-
Loan and receivables		
Islamic investment accounts with licensed Islamic bank	550	-
Other receivables	5	425
Cash and cash equivalent	36	192
Total assets	6,627	6,920
LIABILITIES		
Other payables	195	-
Deferred tax liabilities	38	10
Current tax liabilities	33	-
Total liabilities	266	10

28 INVESTMENT-LINKED TAKAFUL FUNDS (CONTINUED)

(b) STATEMENT OF FINANCIAL POSITION (CONTINUED)

	2013 RM'000	2012 RM'000
Represented by:		
Net asset value of funds	6,361	6,910
Value of units	5,702	6,787
Undistributed income carried forward	659	123
Net asset value of funds	6,361	6,910

29. SHARIAH NON-COMPLIANCE RISK

Shariah Non-Compliance risk refers to possible failure to meet the obligation of Shariah principles. When controls fail to perform, Shariah non compliance risk can cause reputational and operational damage, have regulatory implications or can even lead to financial loss and finally, impediment from Allah's barakah or blessing. The Company expect to mitigate such risk by initiating, monitoring and responding to robust Shariah control framework. Controls include effective oversight of the Shariah Committee, supported by internal Shariah Department in all aspects of the Company's operations. Other relevant controls include implementation of Shariah Compliance Manual, staff awareness training and internal operating policies, processes and guidelines, including internal Shariah review and the use of internal and external audit.