

Prudential BSN Takaful Berhad

(Company No. 740651-H)
(Incorporated in Malaysia)

**Unaudited condensed interim
financial statements
for the half-year ended
30 June 2019**

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Prudential BSN Takaful Berhad

(Company No. 740651-H)

(Incorporated in Malaysia)

Condensed interim financial statements

Unaudited statements of financial position as at 30 June 2019

	← As at 30 June 2019 →			← As at 31 December 2018 →				
	Note	Takaful operator RM'000	Family takaful fund RM'000	Company RM'000	Takaful operator RM'000	Family takaful fund RM'000	General takaful fund (Note 17) RM'000	Company RM'000
Assets								
Property and equipment		37,958	-	37,958	32,042	-	-	32,042
Intangible assets		85,606	-	85,606	76,314	-	-	76,314
Right-of-use assets	2	82,793	-	82,793	-	-	-	-
Investments	3	306,431	2,796,902	3,100,679	296,645	2,503,195	-	2,798,152
Retakaful assets	4	-	28,246	28,246	-	15,284	-	15,284
Trade and other receivables		210,254	38,426	75,780	207,608	18,671	10	50,204
Cash and cash equivalents		71,524	435,446	506,970	78,804	368,350	7,113	454,267
Total assets		794,566	3,299,020	3,918,032	691,413	2,905,500	7,123	3,426,263
Equity								
Capital		100,000	-	100,000	100,000	-	-	100,000
Reserves		286,070	-	286,070	277,716	-	-	277,716
Total equity		386,070	-	386,070	377,716	-	-	377,716
Liabilities								
Lease liabilities	2	84,345	-	84,345	-	-	-	-
Participants' fund	5	-	2,924,621	2,921,967	-	2,602,113	-	2,600,425
Takaful contract liabilities	6	-	90,189	90,189	-	79,391	72	79,463
Provision for wakalah fees		53,506	-	53,506	40,068	-	-	40,068
Takaful payables		-	9,757	9,757	-	12,574	5	12,579
Trade and other payables		268,701	258,792	354,593	270,186	206,937	6,888	307,926
Current tax liabilities		128	4,539	4,667	2,656	3,325	158	6,139
Deferred tax liabilities		1,816	11,122	12,938	787	1,160	-	1,947
Total liabilities		408,496	3,299,020	3,531,962	313,697	2,905,500	7,123	3,048,547
Total equity and liabilities		794,566	3,299,020	3,918,032	691,413	2,905,500	7,123	3,426,263

These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2018.

Prudential BSN Takaful Berhad

(Company No. 740651-H)

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Condensed interim financial statements

Unaudited statements of profit or loss and other comprehensive income for the period ended 30 June 2019

	← As at 30 June 2019 →			← As at 30 June 2018 →			
	Takaful operator	Family takaful fund	Company	Takaful operator	Family takaful fund	General takaful fund (Note 17)	Company
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	349,894	928,856	939,633	356,148	843,905	1,060	857,353
Wakalah fee income	338,577	-	-	343,220	-	-	-
Gross contributions	-	903,299	902,759	-	819,880	683	820,023
Contributions ceded to retakaful	-	(35,704)	(35,704)	-	(30,674)	(513)	(31,187)
Change in unearned contribution reserves	-	-	-	-	-	435	435
Net earned contributions	338,577	867,595	867,055	343,220	789,206	605	789,271
Surplus sharing from family takaful fund	21,000	-	-	21,500	-	-	-
Investment income	11,317	25,557	36,874	12,928	24,025	377	37,330
Realised losses on investments	(66)	(15,937)	(16,003)	(58)	(3,059)	-	(3,117)
Fair value gains/(losses) on investments	4,289	125,409	129,698	(906)	(89,585)	-	(90,491)
Other operating income	114	808	922	45	655	-	700
Other income	36,654	135,837	151,491	33,509	(67,964)	377	(55,578)
Gross benefits and claims paid	-	(317,211)	(317,211)	-	(263,418)	(272)	(263,690)
Claims ceded to retakaful	-	26,939	26,939	-	30,103	1	30,104
Gross change to contract liabilities	-	(10,798)	(10,798)	-	(25,487)	24	(25,463)
Change in contract liabilities ceded to retakaful	-	12,501	12,501	-	(5,668)	(39)	(5,707)
Net benefits and claims	-	(288,569)	(288,569)	-	(264,470)	(286)	(264,756)

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Condensed interim financial statements

Unaudited statements of profit or loss and other comprehensive income for the period ended 30 June 2019 (continued)

	← As at 30 June 2019 →			← As at 30 June 2018 →			
	Takaful operator	Family takaful fund	Company	Takaful operator	Family takaful fund	General takaful fund (Note 17)	Company
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Surplus sharing to takaful operator	-	(21,000)	-	-	(21,500)	-	-
Wakalah fee expense	-	(338,577)	-	-	(343,112)	(108)	-
Management expenses	(160,415)	-	(160,415)	(161,593)	-	-	(161,593)
Commission expenses	(175,440)	-	(175,440)	(179,254)	-	-	(179,254)
Increase in provision for wakalah fees	(13,438)	-	(13,438)	(2,056)	-	-	(2,056)
Other operating expenses	(6,278)	(979)	(7,257)	(9,664)	(2,308)	(1)	(11,973)
Finance cost of leases	(739)	-	(739)	-	-	-	-
Other expenses	(356,310)	(360,556)	(357,289)	(352,567)	(366,920)	(109)	(354,876)
Surplus attributable to participants before taxation	-	354,307	-	-	89,852	587	-
Tax expense attributable to participants	-	(11,247)	(11,247)	-	5,256	(144)	5,112
Surplus distributed to participants	-	(21,084)	(21,084)	-	(25,379)	-	(25,379)
Net surplus attributable to participants	-	(321,976)	(321,436)	-	(69,729)	(443)	(69,632)
Profit before zakat and taxation	18,921	-	18,921	24,162	-	-	24,162
Zakat	(1,390)	-	(1,390)	(882)	-	-	(882)
Tax expense	(9,177)	-	(9,177)	(6,945)	-	-	(6,945)
Net profit	8,354	-	8,354	16,335	-	-	16,335

These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2018.

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Condensed interim financial statements

Unaudited statement of changes in equity for the period ended 30 June 2019

	← Non-distributable →			← Distributable →				
	← Capital →			← Retained earnings →				
	← Takaful operator →				Family	General		
	Share	Share	Revaluation	Takaful	takaful	takaful	Company	Total
	capital	premium	reserves	operator	fund	fund		equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2018	58,824	41,176	-	208,466	-	-	208,466	308,466
Net profit and total comprehensive income for the year	-	-	1,925	67,325	-	-	67,325	69,250
Transfer in accordance with Section 618 (2) of the Companies Act 2016	41,176	(41,176)	-	-	-	-	-	-
At 31 December 2018/1 January 2019	100,000	-	1,925	275,791	-	-	275,791	377,716
Net profit and total comprehensive income for the period	-	-	-	8,354	-	-	8,354	8,354
At 30 June 2019	100,000	-	1,925	284,145	-	-	284,145	386,070

These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2018.

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Condensed interim financial statements

Unaudited statement of cash flows for the period ended 30 June 2019

	30 June 2019 RM'000	30 June 2018 RM'000
Profit before zakat and taxation	18,921	24,162
Adjustments for:		
Depreciation on property and equipment	2,214	2,046
Depreciation of right-of-use assets	1,379	-
Amortisation of intangible assets	4,231	1,936
Investment income	(36,874)	(37,330)
Realised losses on disposal on investments	16,003	3,117
Fair value (gains)/losses on investments	(129,698)	90,491
Finance cost of leases	739	-
Increase in provision for wakalah fee	13,438	2,056
(Loss)/Profit from operations before changes in operating assets and liabilities	(109,647)	86,478
Increase in general takaful fund	-	444
Increase in family takaful fund	321,542	69,348
(Increase)/Decrease in retakaful assets	(12,962)	5,759
Decrease in takaful receivables	-	59
Increase in trade and other receivables	(24,080)	(5,117)
Increase in takaful contract liabilities	10,726	25,020
Decrease in takaful payables	(2,822)	(6,034)
Increase in trade and other payables	56,452	37,131
Tax paid	(10,833)	(8,727)
Net cash generated from operating activities	228,375	204,361
Cash flows from investing activities		
Investment income received	35,378	35,843
Investment in intangible asset	(13,523)	(4,955)
Proceeds from maturity/disposal of investments	9,623,488	612,470
Purchase of investments	(9,812,318)	(692,738)
Purchase of property and equipment	(8,130)	(8,858)
Net cash used in investing activities	(175,105)	(58,238)
Cash flows from financing activities		
Lease payment	(566)	-
Net cash used in financing activities	(566)	-
Net increase in cash and cash equivalents	52,704	146,123
Cash and cash equivalents at 1 January	454,267	269,039
Cash and cash equivalents at 30 June	506,971	415,162
Cash and cash equivalents comprise:		
Cash and bank balances		
- Takaful operator	71,524	88,197
- Family takaful fund	435,446	304,852
- General takaful fund	-	22,113
	506,970	415,162

These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2018.

Explanatory Notes Pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 Interim Financial Reporting

1. Basis of preparation

The unaudited condensed interim financial statements of the Company for the period ended 30 June 2019 have been prepared in accordance with MFRS 134 Interim Financial Reporting and Takaful Guidelines/Circulars issued by Bank Negara Malaysia (BNM).

The significant accounting policies applied in the unaudited condensed interim financial statements are consistent with those adopted in the audited annual financial statement of the Company for the financial year ended 31 December 2018, except for the adoption of the following accounting standards, amendments and interpretations that are effective during the current financial period:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- (i) MFRS 16, *Leases*
- (ii) IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- (iii) Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Company for the financial year ended 31 December 2018. The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the year ended 31 December 2018.

2. Changes in Accounting Policies

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease* which requires a lessee to recognise a “right-of-use” of the underlying asset and a lease liability reflecting future lease payments.

The right-of-use asset is initially measured at cost at commencement date. Subsequently, right of use is measured at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability, decreased by lease payment made and adjustments for remeasurement for change in future lease payments.

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2. Changes in Accounting Policies (continued)

Upon adoption of MFRS 16 using modified retrospective approach with no restatement of comparative information, the Company recognised additional right-of-use assets equals to the additional lease liabilities on 1 January 2019. The impact on transition is summarised below.

	1 January 2019
	RM'000
Takaful operator and Company	
Right-of-use assets	4,850
Lease liabilities	<u>4,850</u>

The effect arising from the adoption of MFRS 16 for period are as follow.

	30 June 2019
	RM'000
Takaful operator and Company	
Right-of-use assets	<u>82,793</u>
Lease liabilities	<u>84,345</u>

	30 June 2019
	RM'000
Recognised in profit and loss	
Management Expenses	
- Depreciation of right-of-use assets	1,379
Finance cost of leases	739

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3. Investments

	← 30 June 2019 →			← 31 December 2018 →		
	Takaful operator RM'000	Family takaful fund RM'000	Company RM'000	Takaful operator RM'000	Family takaful fund RM'000	Company RM'000
Malaysian government investment issue	3,285	190,124	193,409	3,287	186,912	190,199
Islamic debts securities	146,688	1,079,606	1,226,294	148,478	1,055,823	1,204,301
Equity securities	-	1,285,205	1,285,205	-	1,100,123	1,100,123
Unit trust funds	55,986	59,873	115,859	55,004	49,333	104,337
Deposits with financial institutions	97,818	182,094	279,912	88,188	111,004	199,192
Investment-linked funds	2,654	-	-	1,688	-	-
	<u>306,431</u>	<u>2,796,902</u>	<u>3,100,679</u>	<u>296,645</u>	<u>2,503,195</u>	<u>2,798,152</u>

(a) The Company's financial investments are summarised by categories as follows:

	← 30 June 2019 →			← 31 December 2018 →		
	Takaful operator RM'000	Family takaful fund RM'000	Company RM'000	Takaful operator RM'000	Family takaful fund RM'000	Company RM'000
Receivables						
- Deposits with financial institutions	97,818	182,094	279,912	88,188	111,004	199,192
Fair value through profit or loss (Held-for-trading)						
Malaysian government investment issue	3,285	190,124	193,409	3,287	186,912	190,199
Islamic debts securities	146,688	1,079,606	1,226,294	148,478	1,055,823	1,204,301
Equity securities	-	1,285,205	1,285,205	-	1,100,123	1,100,123
Unit trust funds	55,986	59,873	115,859	55,004	49,333	104,337
Investment-linked funds	2,654	-	-	1,688	-	-
	<u>208,613</u>	<u>2,614,808</u>	<u>2,820,767</u>	<u>208,457</u>	<u>2,392,191</u>	<u>2,598,960</u>
	<u>306,431</u>	<u>2,796,902</u>	<u>3,100,679</u>	<u>296,645</u>	<u>2,503,195</u>	<u>2,798,152</u>

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3. Investments (continued)

(b) Carrying values of financial investments are as follows:

Company	Receivables RM'000	FVTPL RM'000	Total RM'000
At 1 January 2018	222,864	2,425,347	2,648,211
Purchases	16,001,842	745,262	16,747,104
Maturities/disposals	(16,025,514)	(442,862)	(16,468,376)
Fair value gains recognised in profit or loss	-	(128,787)	(128,787)
At 31 December 2018/1 January 2019	199,192	2,598,960	2,798,152
Purchases	9,403,380	408,938	9,812,318
Maturities/disposals	(9,322,660)	(316,831)	(9,639,491)
Fair value losses recognised in profit or loss	-	129,698	129,698
At 30 June 2019	279,912	2,820,766	3,100,678

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3. Investments (continued)

(c) Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

Company	Fair value of financial instruments carried at fair value			Total RM'000	Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000			
30 June 2019						
Malaysian government investment issue	-	193,409	-	193,409	193,409	193,409
Islamic debt securities	-	1,226,294	-	1,226,294	1,226,294	1,226,294
Equity securities	1,285,205	-	-	1,285,205	1,285,205	1,285,205
Unit trust funds	115,859	-	-	115,859	115,859	115,859
	<u>1,401,064</u>	<u>1,419,703</u>	<u>-</u>	<u>2,820,767</u>	<u>2,820,767</u>	<u>2,820,767</u>
At 31 December 2018						
Malaysian government investment issue	-	190,199	-	190,199	190,199	190,199
Islamic debt securities	-	1,204,301	-	1,204,301	1,204,301	1,204,301
Equity securities	1,100,123	-	-	1,100,123	1,100,123	1,100,123
Unit trust funds	104,337	-	-	104,337	104,337	104,337
	<u>1,204,460</u>	<u>1,394,500</u>	<u>-</u>	<u>2,598,960</u>	<u>2,598,960</u>	<u>2,598,960</u>

There are no financial instruments which are not carried at fair value.

3. Investments (continued)

(c) Fair value information (continued)

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial period. (2018: no transfer in either directions)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

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4. Retakaful asset

	Note	← 30 June 2019 →		← 31 December 2018 →	
		Family takaful fund RM'000	Company RM'000	Family takaful fund RM'000	Company RM'000
Retakaful for actuarial liabilities	5	2,541	2,541	2,080	2,080
Retakaful for takaful contract liabilities	6	25,705	25,705	13,204	13,204
		<u>28,246</u>	<u>28,246</u>	<u>15,284</u>	<u>15,284</u>

5. Participants' fund

(i) Family takaful fund

Family takaful fund at end of the period/year comprise the following:

	← 30 June 2019 →			← 31 December 2018 →		
	Gross RM'000	Retakaful (Note 3) RM'000	Net RM'000	Gross RM'000	Retakaful (Note 3) RM'000	Net RM'000
Actuarial liabilities	156,039	(2,541)	153,498	131,631	(2,080)	129,551
Seed money	2,654	-	2,654	1,688	-	1,688
Participants' account	2,765,928	-	2,765,928	2,468,794	-	2,468,794
	<u>2,924,621</u>	<u>(2,541)</u>	<u>2,922,080</u>	<u>2,602,113</u>	<u>(2,080)</u>	<u>2,600,033</u>

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5. Participants' fund (continued)

(i) Family takaful fund (continued)

The total participant's fund and its movements are analysed as follows:

	← 30 June 2019 →			← 31 December 2018 →		
	Gross RM'000	Retakaful (Note 3) RM'000	Net RM'000	Gross RM'000	Retakaful (Note 3) RM'000	Net RM'000
Total Participants' fund						
At 1 January	2,602,113	(2,080)	2,600,033	2,313,957	(1,785)	2,312,172
Gross earned contributions	903,299	(35,704)	867,595	1,751,541	(69,075)	1,682,466
Benefits and claims paid during the year	(317,211)	26,939	(290,272)	(605,471)	65,809	(539,662)
Experience variation	(6,530)	8,304	1,774	(10,001)	2,971	(7,030)
Fees deducted	(338,748)	-	(338,748)	(699,750)	-	(699,750)
Credit of profit or change in unit-prices	135,029	-	135,029	(90,825)	-	(90,825)
Surplus sharing to takaful operator	(21,000)	-	(21,000)	(60,150)	-	(60,150)
Profit paid to participants	(21,084)	-	(21,084)	(4,776)	-	(4,776)
Tax expense	(11,247)	-	(11,247)	7,588	-	7,588
At 30 June/31 December	<u>2,924,621</u>	<u>(2,541)</u>	<u>2,922,080</u>	<u>2,602,113</u>	<u>(2,080)</u>	<u>2,600,033</u>

5. Participants' fund (continued)

(i) Family takaful fund (continued)

Valuation of family takaful contract liabilities

The liability for family takaful contracts is based on current assumptions, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflect best current estimate of future cash flows.

The main assumptions used relate to mortality, morbidity, investment returns, expenses, lapse, surrender rates and discount rates. The mortality and morbidity assumptions are based on retakaful operators' tables adjusted when appropriate to reflect the unique risk exposure, product characteristics, target markets, own claims severity and frequency experiences. As the Company credible own experience is available, the mortality and morbidity assumptions will be re-assessed to be based on own experience.

Estimates are also made as to future investment income arising from the assets backing family takaful contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

Assumptions on future expenses are based on current expense levels, adjusted for expected expense inflation adjustments and allowing for future growth of the business, as appropriate. Expenses are borne by the takaful operator and do not affect the family takaful fund.

Lapse rate is based on the historical experience of lapses. Discount rate for liabilities accord a level of guarantee no less certain than that accorded by a Government Islamic Issue.

(ii) Company

	← 30 June 2019 →			← 31 December 2018 →		
	Retakaful		Net	Retakaful		Net
	Gross	(Note 3)		Gross	(Note 3)	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Actuarial liabilities	156,039	(2,541)	153,498	131,631	(2,080)	129,551
Participants' account	2,765,928	-	2,765,928	2,468,794	-	2,468,794
	<u>2,921,967</u>	<u>(2,541)</u>	<u>2,919,426</u>	<u>2,600,425</u>	<u>(2,080)</u>	<u>2,598,345</u>

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6. Takaful contract liabilities

(a) Family takaful fund

	← 30 June 2019 →			← 31 December 2018 →		
	Retakaful			Retakaful		
	Gross RM'000	(Note 3) RM'000	Net RM'000	Gross RM'000	(Note 3) RM'000	Net RM'000
Provision for claims reported by participants	63,157	(25,705)	37,452	53,599	(13,204)	40,395
Provision for IBNR	27,032	-	27,032	25,792	-	25,792
Provision for outstanding claims	<u>90,189</u>	<u>(25,705)</u>	<u>64,484</u>	<u>79,391</u>	<u>(13,204)</u>	<u>66,187</u>
At 1 January	79,391	(13,204)	66,187	78,849	(19,692)	59,157
Claims incurred during the period/year	326,769	(39,440)	287,329	602,995	(59,321)	543,674
Benefits and claims paid during the period/year	(317,211)	26,939	(290,272)	(605,471)	65,809	(539,662)
Increase in IBNR	1,240	-	1,240	3,018	-	3,018
At 30 June/31 December	<u>90,189</u>	<u>(25,705)</u>	<u>64,484</u>	<u>79,391</u>	<u>(13,204)</u>	<u>66,187</u>

Prudential BSN Takaful Berhad

(Company No. 740651-H)

(Incorporated in Malaysia)

6. Takaful contract liabilities (continued)

(b) Company

	← 30 June 2019 →			← 31 December 2018 →		
	Retakaful			Retakaful		
	Gross	(Note 3)	Net	Gross	(Note 3)	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Provision for claims reported by participants	63,157	(25,705)	37,452	53,671	(13,204)	40,467
Provision by IBNR	27,032	-	27,032	25,792	-	25,792
Provision for outstanding claims	90,189	(25,705)	64,484	79,463	(13,204)	66,259

Prudential BSN Takaful Berhad

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7. Investment-linked business

Unaudited statement of financial position as at 30 June 2019

	30 June 2019 RM'000	31 December 2018 RM'000
Assets		
Investments	1,548,773	1,326,729
Income due and accrued	2,422	4,170
Amount due from family takaful fund	46,343	64,314
Amount due from/(due to) takaful operator	5,825	(10,463)
Current tax assets	802	123
Cash and bank balances	1,350	2,153
Total investment-linked business assets	<u>1,605,514</u>	<u>1,387,026</u>
Liabilities		
Other payables	1,672	5,080
Deferred tax liabilities	7,698	543
Total investment-linked business liabilities	<u>9,369</u>	<u>5,623</u>
Net asset value of funds	<u>1,596,145</u>	<u>1,381,403</u>
Represented by:		
Unit holders' account	<u>1,596,145</u>	<u>1,381,403</u>

Unaudited statement of profit or loss and other comprehensive income for the period ended 30 June 2019

	30 June 2019 RM'000	30 June 2018 RM'000
Investment income	19,627	18,929
Realised losses on investments	(14,335)	(3,287)
Fair value gains/(losses) on investments	89,432	(84,305)
Investment management fees	(9,818)	(8,246)
Other operating income/(expenses)	75	(1)
Investment and other income/(expenses) before taxation	84,982	(76,910)
Tax expense	680	6,652
Investment and other income/(expenses) after taxation	<u>85,661</u>	<u>(70,258)</u>

8. Regulatory capital requirement

The capital structure of the Company as at 30 June 2019, as prescribed under the Risk Based Capital Framework for Takaful Operators (RBCT) is provided below:

	30 June 2019	31 December 2018
	RM'000	RM'000
Eligible Tier 1 Capital		
Ordinary share	100,000	100,000
Reserves, including retained earnings	400,703	364,197
	<u>500,703</u>	<u>464,197</u>
Tier 2 Capital		
Revaluation reserves	1,925	1,925
	<u>1,925</u>	<u>1,925</u>
Amounts deducted from capital	(119,778)	(90,574)
Total capital available	<u><u>382,850</u></u>	<u><u>375,548</u></u>

9. Seasonal or Cyclical Factors

The Company's business operations were not materially affected by any seasonal or cyclical factors during the period ended 30 June 2019.

10. Unusual items

There were no items of unusual nature and amount affecting assets, liabilities, equity, net income or cash flows of the Company during the period ended 30 June 2019.

11. Change in estimates

There were no material changes in the basis used for the accounting estimates during the period ended 30 June 2019.

12. Debt and equities securities

There were no issuance, repurchase and repayment of debt, equity and securities by the Company during period ended 30 June 2019.

13. Dividends

No dividend was declared and paid during the period ended 30 June 2019.

14. Subsequent events

There were no other significant events subsequent to the end of the reporting date that require disclosure or adjustment to the unaudited condensed interim financial statements.

15. Changes in the composition of the Company

There was no change in the composition of the Company during the period ended 30 June 2019.

16. Auditors' report on preceding annual financial statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2018 was not qualified.

17. General takaful business

The Islamic Financial Service Act 2013 (IFSA 2013), which came into effect on 30 Jun 2013, requires all licensed Takaful Operator carrying on Family Takaful business and General Takaful business (composite licensed Takaful Operator) to convert their business to a Single Takaful business.

As such, the company entered into a proposed transfer of its general takaful certificates to Syarikat Takaful Malaysia Am Berhad (Company No. 1246486-D) and this was completed on 30 September 2018, on which the transfer of certificates, including takaful contract liabilities in relation to the business, was made.

As the General Takaful business is not significant to the Company, the comparative statement of profit or loss and other comprehensive income has not been represented to show the discontinued operations separately from continuing operations.