Insurans Islam TAIB General Takaful Sdn Bhd
(Incorporated in Brunei Darussalam)

Registration Number: [RC/00008254]

Year Ended 31 December 2017

INSURANS ISLAM TAIB GENERAL TAKAFUL SDN BHD
(Incorporated in Brunei Darussalam)

REPORT AND FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

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INSURANS ISLAM TAIB GENERAL TAKAFUL SDN BHD
(Incorporated in Brunei Darussalam)

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report and audited financial statements for the financial year ended December 31, 2017.

PRINCIPAL ACTIVITY

The principal activity of the Company consists of general takaful business. There has been no significant change in the nature of this activity during the financial year.

RESULTS

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Retained earnings at the beginning of the year as previously stated	3,249,133
Prior year adjustments	(561,575)
Retained earnings at the beginning of the year as restated	2,687,558
Profit for the year	2,030,251
Transfer to general reserve	(710,587)
Retained earnings at the end of the year	4,007,222

DIVIDEND

There were no dividends declared or paid during the financial year.

Subsequent to the financial year, the directors do not recommend any dividend to be paid in respect of the financial year ended December 31, 2017.

RESERVES

There were no transfers to or from reserves during the financial year other than that shown in the attached financial statements. There were no transfers to reserves subsequent to year end and to the date of this report.

DIRECTORS

The directors in office during the financial year and at the date of this report are:

Yang Mulia Dato Seri Paduka Awang Ahmaddin bin Haji Abdul Rahman - Chairman
Yang Mulia Awang Haji Osman bin Haji Md. Jair - Managing Director
Yang Mulia Dayang Hajah Noorrafidah binti Sulaiman
Yang Mulia Awang Haji Khairuddin bin Haji Abdul Hamid (appointed on January 30, 2018)

DIRECTORS

Yang Mulia Awang Haji Mohd Serudin bin Haji Timbang	(appointed on January 30, 2018)
Yang Berhormat Dato Seri Setia Dr. Haji Mohd Amin Liew bin Abdullah	(resigned on January 30, 2018)
Yang Mulia Awang Ainadin Cader	(resigned on January 30, 2018)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND/OR DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND/OR DEBENTURES

The directors holding office at the end of the financial year had no interests in the share capital or debentures of the company and related corporations as recorded in the register of directors' shareholdings kept by the company.

DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed, by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for as disclosed in the financial statements. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

AUDITORS

The auditors, Deloitte & Touche, have indicated their willingness to accept re-appointment.

ON BEHALF OF THE BOARD

DIRECTOR

DIRECTOR

Brunei Darussalam
Date: August 31, 2018

REPORT OF THE SHARIAH ADVISORY COMMITTEE

بسم الله الرحمن الرحيم

الحمد لله رب العالمين والصلاة والسلام على سيدنا محمد خاتم النبيين وعلى اله
وصحبه أجمعين

To the Shareholders of Insurans Islam TAIB General Takaful Sdn Bhd

السلام عليكم ورحمة الله وبركاته

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 Insurans Islam TAIB General Takaful Sdn Bhd (IITGT) during the year ended December 31, 2017. We have also conducted our review to form an opinion as to whether IITGT has complied with Shariah Rules and Principles and also with the specific fatwas, rulings and guidelines issued by us.

The IITGT management is responsible for ensuring that the financial institution conducts its business in accordance with Shariah Rules and Principles. It is our responsibility to form an independent opinion, based on our review of the operations of IITGT, and to report to you.

We conducted our review which included examining, on a test basis of each type of transaction, the relevant documentation and procedures adopted by IITGT.

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

In our opinion:

a) The contracts, transactions and dealings entered into by IITGT during the year ended December 31, 2017 that we have reviewed are in compliance with the Shariah Rules and Principles;

b) During the year the company has derecognized Shariah non-compliant income specifically derived from conventional banks from the Statement of Profit or Loss and Other Comprehensive Income amounting to $5,192 (2016: $5,968) and has designated to charities following the Utilisation of Dana Amal Maslahat Umum Perbadanan TAIB's guidelines as approved by the Shariah Advisory Committee.

We beg Allah the Almighty to grant us all the success and straight-forwardness.

والله ولى التوفيق والهداية

On behalf of the Committee

Yang Mulia Haji Dennie bin Haji Abdullah
Chairman

Yang Mulia Awang Haji Mohd Serudin bin Haji Timbang
Member

Yang Mulia Dr Azme bin Haji Matali
Member

Yang Arif Haji Hassan bin Haji Metali
Member

Yang Mulia Awang Haji Osman bin Haji Md. Jair
Secretary and Member

Brunei Darussalam
Date: August 31, 2018

Deloite.

ديلويت دان توچ
Deloitte & Touche
Certified Public Accountants
5th Floor, Wisma Hajjah Fatimah
22 & 23 Jalan Sultan
Bandar Seri Begawan BS8811
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

INSURANS ISLAM TAIB GENERAL TAKAFUL SDN BHD
(Incorporated in Brunei Darussalam)

Opinion

We have audited the financial statements of Insurans Islam TAIB General Takaful Sdn Bhd (the "company") which comprise the statement of financial position of the company as at December 31, 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of policyholders' surplus and statement of cash flows of the company for the year then ended, and a summary of significant accounting policies, as set out on pages 8 to 74.

In our opinion, the accompanying financial statements of the company are properly drawn up in accordance with the provisions of the Brunei Darussalam Companies Act Cap. 39 (the "Act"), the Takaful Order 2008 (the "Order") and International Financial Reporting Standards ("IFRS") so as to give a true and fair view of the financial position of the company as at December 31, 2017 and of the financial performance, changes in equity, changes in policyholders' surplus and cash flows of the company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the requirements of the Code of Ethics for Professional Accountants ("The Code") issued by the International Ethics Standards Boards for Accountants ("IESBA") together with the ethical requirements that are relevant to our audit of the financial statements in Brunei Darussalam, and we have fulfilled our other ethical responsibilities in accordance with these requirements and The Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

These financial statements for the year ended December 31, 2017, with our report dated March 30, 2018, were previously filed with Autoriti Monetari Brunei Darussalam and the Ministry of Finance on March 30, 2018. Due to certain material adjustments arising from facts known to us after the financial statements had been issued, and as disclosed in note 31, these financial statements have been reissued.

Information Other than the Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the Directors' Report and the Report of the Shariah Advisory Committee, as set out on pages 1 to 4.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with the provisions of the Act, the Order and with IFRS and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act and the Order to be kept by the company have been properly kept in accordance with the provisions of the Act and the Order. We have obtained all the information and explanations we required.

Deloitte & Touche

DELOITTE & TOUCHE
Certified Public Accountants

HAJI ZULFARIQ ZARA BIN HAJI ZAINUDDIN
Public Accountant

Brunei Darussalam
Date: August 31, 2018

Statement of profit or loss and other comprehensive income
Year ended 31 December 2017

	Note	31.12.2017			31.12.2016		
		Takaful Operator	Takaful Fund	Company	Takaful Operator	Takaful Fund	Company
		BND	BND	BND	BND	BND	BND
					Restated	Restated	Restated
Gross takaful contributions	12(b)	–	62,458,803	62,458,803	–	56,235,929	56,235,929
Changes in unearned contribution reserves		–	1,502,728	1,502,728	–	687,654	687,654
Gross earned contributions	12(b)	–	63,961,531	63,961,531	–	56,923,583	56,923,583
Contributions ceded to retakaful	12(b)	–	(22,452,163)	(22,452,163)	–	(16,529,180)	(16,529,180)
Changes in unearned retakaful contribution reserves		–	501,122	501,122	–	(1,015,813)	(1,015,813)
Earned contributions ceded to retakaful	12(b)	–	(21,951,041)	(21,951,041)	–	(17,544,993)	(17,544,993)
Net earned contributions	12(b)	–	42,010,490	42,010,490	–	39,378,590	39,378,590
Investment income	19	–	496,759	496,759	–	569,646	569,646
Commission income		–	153,655	153,655	–	115,142	115,142
Other income	20	907,485	485,634	1,393,119	1,195,273	284,053	1,479,326
Total other operating revenue		907,485	1,136,048	2,043,533	1,195,273	968,841	2,164,114
Gross claim and benefits paid	12(a)	–	(23,967,418)	(23,967,418)	–	(17,253,554)	(17,253,554)
Claim and benefits ceded to retakaful	12(a)	–	7,036,943	7,036,943	–	(958,056)	(958,056)
Net claims and benefits	12(a)	–	(16,930,475)	(16,930,475)	–	(18,211,610)	(18,211,610)

The accompanying notes form an integral part of these financial statements

Statement of profit or loss and other comprehensive income (cont'd)
Year ended 31 December 2017

	Note	31.12.2017			31.12.2016		
		Takaful Operator	Takaful Fund	Company	Takaful Operator	Takaful Fund	Company
		BND	BND	BND	BND	BND	BND
					Restated	Restated	Restated
Wakalah expense		–	(8,340,460)	(8,340,460)	–	(7,984,856)	(7,984,856)
Management expenses	21	(6,068,301)	(32,699)	(6,101,000)	(4,920,997)	(64,784)	(4,985,781)
Change in expense liabilities	22	(664,721)	–	(664,721)	462,047	-	462,047
Other gains and losses	23	(17,473)	(456,587)	(474,060)	–	(5,277,619)	(5,277,619)
Total expenses		(6,750,495)	(8,829,746)	(15,580,241)	(4,458,950)	(13,327,259)	(17,786,209)
Operating (loss) surplus before taxation		(5,843,010)	17,386,317	11,543,307	(3,263,677)	8,808,562	5,544,885
Surplus attributable to operator		8,503,059	(8,503,059)	–	6,321,393	(6,321,393)	–
Surplus attributable to takaful fund		–	(8,883,258)	(8,883,258)	–	(2,487,169)	(2,487,169)
Profit before taxation		2,660,049	–	2,660,049	3,057,716	–	3,057,716
Tax expense	24	(629,798)	–	(629,798)	(1,130,083)	–	(1,130,083)
Profit after taxation		2,030,251	–	2,030,251	1,927,633	–	1,927,633
Items that are or may be reclassified subsequently to profit or loss:							
Net change in fair value of AFS financial assets		145,910	–	145,910	–	–	–
Net foreign exchange difference on revaluation of AFS financial assets		(55,667)	–	(55,667)	–	–	–
Reclassification to profit or loss		–	–	–	–	1,961,250	1,961,250
Profit attributable to participants fund		–	–	–	–	(1,961,250)	(1,961,250)
Total comprehensive income for the year		2,120,494	–	2,120,494	1,927,633	–	1,927,633

The accompanying notes form an integral part of these financial statements

Statement of financial position
As at 31 December 2017

	Note	31.12.2017 Takaful Operator BND	31.12.2017 Takaful Fund BND	31.12.2017 Company BND	31.12.2016 Takaful Operator BND Restated	31.12.2016 Takaful Fund BND Restated	31.12.2016 Company BND Restated
Assets							
Plant and equipment	4	714,593	–	714,593	251,904	–	251,904
Investments	5	2,230,343	–	2,230,343	–	965,606	965,606
Retakaful certificate assets	12	–	16,423,187	16,423,187	–	9,190,629	9,190,629
Deferred acquisition costs	6	–	3,099,218	3,099,218	–	4,692,681	4,692,681
Takaful certificate receivables	7	–	3,614,676	3,614,676	–	779,041	779,041
Other receivables	8	462,811	8,303,146	1,954,245	6,145,613	850,953	378,026
Deposits and placements	9	16,000,000	41,500,000	57,500,000	11,000,000	37,766,035	48,766,035
Cash and cash equivalents	10	8,323,808	11,308,708	19,632,516	2,557,002	21,126,541	23,683,543
Total assets		27,731,555	84,248,935	105,168,778	19,954,519	75,371,486	88,707,465
Liabilities							
Deferred tax liability	11	102,652	–	102,652	40,604	–	40,604
Takaful certificate liabilities	12	–	64,270,403	64,270,403	–	57,592,872	57,592,872
Expense liabilities	13	3,313,990	–	3,313,990	2,649,269	–	2,649,269
Deferred acquisition costs	6	–	33,790	33,790	–	–	-
Takaful certificate payables	14	–	6,723,835	6,723,835	–	3,463,794	3,463,794
Other payables	15	7,444,787	7,101,256	7,734,331	1,930,919	11,648,518	6,960,897
Current tax liabilities		373,096	–	373,096	957,191	–	957,191
Total liabilities		11,234,525	78,129,284	82,552,097	5,577,983	72,705,184	71,664,627

The accompanying notes form an integral part of these financial statements

Statement of financial position (cont'd)
As at 31 December 2017

	Note	31.12.2017 Takaful Operator	31.12.2017 Takaful Fund	31.12.2017 Company	31.12.2016 Takaful Operator	31.12.2016 Takaful Fund	31.12.2016 Company
		BND	BND	BND	BND Restated	BND Restated	BND Restated
Participants' fund	16	–	6,119,651	6,119,651	–	2,666,302	2,666,302
Equity							
Share capital	17	8,000,002	–	8,000,002	8,000,002	–	8,000,002
General reserve	18	4,399,563	–	4,399,563	3,688,976	–	3,688,976
Fair value reserve		90,243	–	90,243	–	–	–
Retained earnings		4,007,222	–	4,007,222	2,687,558	–	2,687,558
Total shareholders' equity		16,497,030	–	16,497,030	14,376,536	–	14,376,536
Total equity, participants' fund and liabilities		27,731,555	84,248,935	105,168,778	19,954,519	75,371,486	88,707,465

DIRECTOR

DIRECTOR

The accompanying notes form an integral part of these financial statements

Statement of policyholders' surplus
As at 31 December 2017

	Note	Takaful Fund	
		31.12.2017	**31.12.2016**
		BND	**BND**
Surplus balance at beginning of year		2,666,302	5,574,060
Surplus for the financial year as previously stated		–	3,547,245
Prior year adjustments	30	–	(1,060,076)
Surplus for the financial year as restated		8,883,258	2,487,169
Change in fair value reserve		–	1,961,250
Total surplus at the end of year		11,549,560	10,022,479
Distribution to policyholders		(5,429,909)	(7,356,177)
Balance of retained surplus at end of year		6,119,651	2,666,302

The accompanying notes form an integral part of these financial statements

Statement of changes in equity
Year ended 31 December 2017

	Note	Share capital BND	Fair value reserve BND	General reserve BND	Retained earnings BND	Total BND
At 1 January 2016		8,000,002	–	3,014,305	1,442,477	12,456,784
Total comprehensive income for the year:						
Profit for the year as previously stated		–	–	–	2,791,595	2,791,595
Prior year adjustments	30	–	–	–	(863,962)	(863,962)
Profit for the year as restated		–	–	–	1,927,633	1,927,633
Transactions with owners, recognized directly in equity:						
Transfer to general reserve, as previously stated		–	–	977,058	(977,058)	–
Prior year adjustment	30	–	–	(302,387)	302,387	–
Transfer to general reserve, as restated		–	–	674,671	(674,671)	–
Dividends paid		–	–	–	(7,881)	(7,881)
At 31 December 2016		8,000,002	–	3,688,976	2,687,558	14,376,536
Total comprehensive income for the year:						
Profit for the year		–	–	–	2,030,251	2,030,251
Other comprehensive income		–	90,243	–	–	90,243
Transactions with owners, recognized directly in equity:						
Transfer to general reserve		–	–	710,587	(710,587)	–
At 31 December 2017		8,000,002	90,243	4,399,563	4,007,222	16,497,030

The accompanying notes form an integral part of these financial statements

Statement of cash flows
Year ended 31 December 2016

	31.12.2017	31.12.2016
	BND	BND
Cash flows from operating activities		
Profit before income tax	2,660,049	3,057,716
Adjustments for:		
Surplus transferred to participants' fund	8,883,258	2,487,169
Change in expense liabilities	664,721	(462,047)
Impairment loss on takaful receivables	661,489	722,077
Depreciation	62,532	24,873
Net fair value gain from investment	(48,099)	(3,089)
Reversal of impairment loss on takaful receivables	(89,193)	(553,270)
Dividend income	(448,660)	(566,557)
Net change in provision for takaful contracts	(5,429,909)	(4,671,447)
Impairment losses on investment	–	3,038,750
Reversal for retirement benefit obligation	–	(127,594)
	6,916,188	2,946,581
Changes in working capital:		
Retakaful assets	(7,232,558)	1,698,414
Takaful receivables	(3,407,931)	2,135,465
Deferred acquisition costs	1,627,253	2,036,734
Other receivables	(1,576,219)	4,664,853
Takaful certificate liabilities	6,677,531	3,574,584
Takaful payables	3,260,041	(2,149,559)
Other payables	773,434	(2,607,784)
Cash generated from operations	7,037,739	12,299,288
Income tax paid	(1,151,845)	(924,081)
Net cash generated from operating activities	5,885,894	11,375,207
Cash flows from investing activities		
Dividend received	448,660	566,557
Proceeds from disposal of investments	1,013,705	80,211
Acquisition of investments	(2,140,100)	–
Acquisition of deposits and placements	(8,733,965)	(14,501,792)
Acquisition of property, plant and equipment	(525,221)	(208,920)
Dividends paid	–	(7,881)
Net cash used in investing activities	(9,936,921)	(14,071,825)
Net decrease in cash and cash equivalents	(4,051,027)	(2,696,618)
Cash and cash equivalents at 1 January	23,683,543	26,380,161
Cash and cash equivalents at 31 December	19,632,516	23,683,543

The accompanying notes form an integral part of these financial statements

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on August 31, 2018.

1 Domicile and activity

Insurans Islam TAIB General Takaful Sdn Bhd (the "Company") is a Company incorporated in Brunei Darussalam. The address of the Company's registered office is Head Office, Bangunan Suria, Unit 5, 6 & 7, Kiulap, Bandar Seri Begawan BE1518, Brunei Darussalam.

The financial statements of the Company as at and for the year ended December 31, 2017 comprise the Takaful Operator ("Operator") and the Takaful Fund ("Fund") (together referred to as the "Company").

The principal activity of the Company consists of the operation of General Takaful business. There has been no significant change in the nature of this activity during the financial year. The immediate holding Company is Insurans Islam TAIB Holdings Sdn Bhd (IITHSB) and ultimate holding Company is Perbadanan Tabung Amanah Islam Brunei (TAIB).

2 Basis of preparation

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), as required by the Takaful Order 2008 ("TO") including Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI") financial accounting standards ("FAS") prescribed in the AMBD/ITSCM/2014/1 Guidelines on Financial Reporting for Takaful Operator issued by Autoriti Monetari Brunei Darussalam (AMBD).

The following AAOIFI financial accounting standards were applied in the financial statements:

AAOIFI FAS 12	General Presentation and Disclosure in the Financial Statements of Islamic Insurance Companies;
AAOIFI FAS 13	Disclosure of Bases for Determining and Allocating Surplus or Deficit in Islamic Insurance Companies;
AAOIFI FAS 15	Provisions and Reserves in Islamic Insurance Companies (disclosures)

A Takaful Operator is required to present consolidated financial statements for itself and the Takaful fund it manages and controls in accordance with the requirements of IFRS 10 *Consolidated Financial Statements*. The statements of financial position and the statements of profit or loss and other comprehensive income of the Takaful Operator and General Takaful Fund are supplementary financial information presented in accordance with the requirements of Takaful Order, 2008 in Brunei to segregate assets, liabilities, income and expenses of Takaful fund from its own. The statements of financial position and profit or loss and other comprehensive income of the Takaful Operator include only assets, liabilities, income and expenses of the Takaful Operator, excluding the Takaful fund managed by it. The statements of financial position and profit or loss and other comprehensive income of the General Takaful Fund include only the assets, liabilities, income and expenses of the General Takaful Fund that is set up, managed and controlled by the Takaful Operator.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are measured at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Brunei Darussalam dollars, which is the Company's functional currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements and information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are described in note 3.17.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

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

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

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

Transfers between the different levels are discussed in Note 27.

Further information about assumptions made in measuring fair value is included in note 27.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

3.1 Basis of consolidation

Takaful Fund

The Takaful Fund is an entity controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the fund are included in the financial statements from the date that control commences until the date the control ceases.

Transactions eliminated on consolidation

Intra-fund balances and transactions, and any unrealised income and expenses arising from intra-fund transactions, are eliminated in preparing the consolidated financial statements.

3.2 Foreign currencies

Transactions in foreign currencies are translated to the respective functional currency of the Company at the exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective yield and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for the following differences which are recognised in other comprehensive income arising on the retranslation of available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss).

3.3 Financial instruments

Non-derivative financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any profit in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following categories:

Financial assets at fair value through profit or loss (FVTPL)

A financial asset is classified at FVTPL if it is designated as such upon initial recognition. Financial assets are designated at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at FVTPL are measured at fair value, and changes therein, which takes into account any dividend income, are recognised in profit or loss.

Financial assets designated at FVTPL comprise equity securities that otherwise would have been classified as available for sale.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective yield method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value. Bank overdrafts that are repayable on demand that form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the cash flows.

Available-for-sale financial assets (AFS)

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. AFS financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on AFS debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

AFS financial assets comprise equity securities.

Non-derivative financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company's Takaful contract liabilities and other payables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective yield method.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.4 Plant and equipment

(i) *Recognition and measurement*

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) *Subsequent costs*

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognized as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Depreciation is recognized from the date that the plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation is computed on a straight-line basis over the estimated useful life of the assets as follows:

Office equipment	20%
Computer – hardware	20%
Computer – software	33.33%
Furniture, fixtures and fittings	20%
Renovations	10%

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of yield on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3.6 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Company, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Company considers evidence of impairment for loans and receivables at a specific asset level. All individually significant loans and receivables are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective yield rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Yield on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The Company's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.7 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.8 Takaful product classification

Takaful contracts are contracts under which the Company's underwrite/accept significant risks (by pooling the risks in a risk fund) from participants of General Takaful Fund (collectively referred to as "the fund") ("the participant") by agreeing to compensate the participant or other beneficiary if a specified uncertain future event ("the insured event") adversely affects the participant or other beneficiary. Takaful risk is risk other than financial risk. Financial risk is the risk of a possible future change in one or more of a specified financial or non-financial variable. The Takaful Operator does not sell investment that transfer insignificant takaful risk.

Contracts where insignificant takaful risks are accepted by the fund are classified as either investment contracts or service contracts. There are currently no such contracts in the fund's portfolios.

Once a contract has been classified as a takaful contract, it remains a takaful contract for the remainder of its lifetime, even if the takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

Based on the Company's assessment, all takaful contracts underwritten by the Company meet the definition of takaful contracts and accordingly are classified as takaful contracts.

3.9 General Takaful Fund

The General Takaful fund is maintained in accordance with the Company's policies approved by the Shariah Advisory Committee and includes the profits attributable to participants, which represents the participants' share of the return of investments and underwriting surplus and are distributable in accordance with the terms and conditions prescribed by the Company.

The general takaful underwriting results are determined for each class of takaful business after taking into account retakaful, commissions, unearned contributions and claims incurred. The net surplus from the general takaful fund is attributable to the Takaful Operator and the Participants' Fund based on the Company's approved policy.

(i) *Contribution income*

Contribution is recognised in the financial period in respect of risks assumed during that particular financial period based on the inception date. Inward treaty retakaful contributions are recognised on the basis of periodic advices received from ceding takaful operators.

(ii) *Contribution liabilities*

Contribution liabilities represent the fund's future obligations on takaful certificates as represented by contributions received for risks that have not yet expired. The movement in contribution liabilities is released over the term of the takaful certificates and recognised as earned contribution.

Contribution liabilities are reported as the higher of the aggregate of the Unearned Contribution Reserves ("UCR") for all lines of business and the overall Company best estimate value of the Unexpired Risk Reserves ("URR") together with a Provision of Risk Margin for Adverse Deviation ("PRAD") calculated at 75% confidence level, at the end of the reporting date.

(a) Unearned contribution reserves

The Unearned Contribution Reserves (UCR) represents the portion of the gross contributions and the ceded contributions of takaful certificates written that relate to the unexpired periods of the certificates at the end of the financial period. In determining the UCR at statement of financial position, the method used is pro-rata basis based on a time apportionment method for general takaful business.

(b) Unearned risk reserves

Unearned risk reserves (URR) is a prospective estimate of the expected future payments arising from future events expected to be incurred as at the end of the reporting date. This includes allowance for expenses including costs of retakaful, expected to be incurred in administering these certificates during the unexpired period and settling the relevant claims and expected refund of future contributions.

URR is estimated via an actuarial valuation performed by a qualified actuary.

(c) Provision for outstanding claims

Claims and settlement costs that are incurred during the financial year are recognised when a claimable event occurs and the Company is notified. The amount of outstanding claims at the end of the reporting date, is the best estimate of the claims and the claims related expenses less salvage and recoveries to settle the obligation.

Claim liabilities are valued at best estimate which include a provision for claims reported, claims incurred but not enough reserved ("IBNER") and claims incurred but not yet reported ("IBNR") together with claims related expenses and reductions for salvage and other recoveries. The PRAD is calculated such that the provision is sufficient at a 75% confidence level.

The liabilities valuation is estimated by a qualified actuary at the reporting date using a mathematical method of estimation based on, amongst other, actual claim development patterns. The valuation of claim liabilities is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are de-recognised when the certificates expire, are discharged or are cancelled.

(d) Liability adequacy test

At each reporting date, the Company reviews all general takaful certificate liabilities to ensure that the carrying amount of the liabilities is sufficient or adequate to cover the obligations of the fund, contractual or otherwise, with respect to takaful certificates issued. In performing this review, all contractual cash flows are compared against the carrying value of general takaful certificate liabilities. Any deficiency is recognised in profit or loss.

The estimation of claim and contribution liabilities performed at the reporting date is part of the liability adequacy tests performed by the Company.

(e) Deferred acquisition costs

Commissions as recognised in the profit or loss of the general takaful fund refers to commission earned from retakaful operators in the course of accepting retakaful risks and contributions. Commission income are incurred and properly allocated to the relevant periods. This is in accordance with the principle of Wakalah as approved by the Shariah Advisory Committee and as agreed between the Company and the retakaful operator.

(iii) Bases for determining and allocating surplus or deficit

The Company calculates the underwriting surplus attributable to the policyholders on the basis of segregation between the different types of takaful fund. Distribution and allocation of the surplus is only among policyholders who did not make claims during the financial year. In any case it has not been collected by the policyholders within the terms and conditions prescribed by the Company, then, it is given to charity.

In the case of covering the takaful deficit, the Company has adapted to settle the deficit from the reserve of policyholders, if any.

3.10 Retakaful

The fund cedes takaful risk in the normal course of business. Retakaful assets represent balances receivable and recoverable from retakaful operators. Amounts recoverable from retakaful operators are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the retakaful's certificates and are in accordance with the related retakaful contracts.

Ceded retakaful arrangements do not relieve the fund from its obligations to participants. Contributions and claims are presented on a gross basis for both ceded and assumed retakaful.

Retakaful assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting period. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the retakaful asset that the General Takaful Fund may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the General Takaful Fund will receive from the retakaful operator. The impairment loss is recorded in profit or loss.

Gains or losses on buying retakaful, if any, are recognised in profit or loss immediately at the date of purchase and are not amortised.

Retakaful assets or liabilities are derecognised when the contractual rights are extinguished or expired or when the contract is transferred to another party.

Retakaful contracts that do not transfer significant takaful risk are accounted for directly through the statement of financial position. These are deposit assets or financial liabilities that are recognised based on the consideration paid or received less any explicit identified contributions or fees to be retained by the retakaful operators. Investment income on these contracts is accounted for using the effective yield method when accrued.

Assumed Retakaful risks

The fund also assumes retakaful risk in the normal course of business for and General Takaful contracts when applicable.

Contributions and claims on assumed retakaful are recognised as revenue or expenses in the same manner as they would be if the retakaful were considered direct business, taking into account the product classification of the retakaful business. Retakaful liabilities represent balances due to retakaful operators. Amounts payable are estimated in a manner consistent with the related retakaful contract.

3.11 Expenses liability

The contract underlying takaful operations defines a unique relationship between the Takaful Operator and participants of a takaful scheme. While the General Takaful Fund are responsible to meet contractual benefits accorded to participants on the basis of mutual assistance amongst participants, the Company is expected to duly observe fundamental obligations towards participants, particularly in terms of adhering to Shariah principles and undertaking fiduciary duties to prudently manage the takaful fund as well as meet costs involved in managing the takaful business.

In carrying out the fiduciary duty, the Company must put in place sufficient measures to ensure sustainability of the General Takaful Fund to meet takaful benefits and the Takaful Operator's fund to support the takaful certificates for the full term. These measures include the setting up of appropriate provisions for liabilities in the Takaful Operator's fund on behalf of participants in General Takaful Fund, to ensure that adequate fund would be available to meet all contractual obligations and commitments as they fall due, with a reasonable level of certainty.

(i) *Expenses liability of General Takaful Fund*

The expenses liability is reported at the higher of the aggregate of Unearned Wakalah Fee ("UWF") and Unexpired Expense Risk ("UER") together with related provision of risk margin for adverse deviation as at the end of the financial year.

The UWF reserves represent the portion of wakalah fee income allocated for management expenses of general takaful certificates that relate to the unexpired periods of certificates at the end of the financial year. The method used in computing UWF is consistent with the calculation of UCR.

3.12 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. The Company gathers the objective evidence that a Takaful receivable is impaired using the same process adopted for financial assets carried at amortised cost. The impairment loss is calculated under the same method used for these financial assets.

Takaful receivables are derecognised when the de-recognition criteria for financial assets have been met.

3.13 Other income

Investment income is recognised on a time proportion basis that takes into account the effective yield of the asset. Profits including the amount of amortisation of premium and accretion of discount rate are recognised on a time proportion basis taking into account the principle outstanding and the effective date over the period to maturity, when it is determined that such income will accrue to the Company.

Dividend income is recognised when the right to receive payment is established.

Gains and losses arising on disposals of investments are credited or charged to profit or loss.

3.14 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans such as Tabung Amanah Pekerja (TAP) and Supplementary Contributory Pensions Fund (SCP) are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.15 Zakat

The Company is exempted from Zakat under the "tabi' matbu" principle as advised by the Shariah Advisory Committee. According to this principle, since the holding Company, a statutory body, was incorporated under Perbadanan Tabung Amanah Islam Brunei Act, Chapter 163, and has no shareholder, it is not obligated to pay Zakat. The same applies to its subsidiaries.

3.16 Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and effective yield rates may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of the existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.17 Significant accounting estimates and judgements

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts 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) Critical judgements made in applying accounting policies

The followings are judgements made by the management in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements. Judgements 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.

(i) Impairment of AFS financial assets

Significant judgement is required to assess impairment for available-for-sale investments. The Company evaluates the duration and extent to which the fair value of an investment is less than its cost; the financial health and near term business outlook for the investee, including but not limited to factors such as industry and sector performance, changes in technology and operational and financial cash flows.

(b) Key sources 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:

(i) Depreciation

Depreciation and amortisation is based on management's estimates of the future estimated average useful lives and residual values of property, plant and equipment and intangible assets. Estimates may change due to technological developments, expected level of usage, competition, market conditions and other factors, and could impact the estimated average useful lives and the residual values of these assets.

This may result in future changes in the estimated useful lives and in the depreciation or amortisation expenses. It is currently estimated that the property, plant and equipment and intangible assets of the Company will not have any residual values.

(ii) Uncertainty in accounting estimates for general takaful certificate liabilities

The principal uncertainty in the general takaful certificate liabilities arises from the technical provisions which include the contribution liabilities and claim liabilities. The estimation bases for contribution liabilities for general takaful certificate liabilities are explained in Note 3.9 (ii).

Generally, claim liabilities are estimated based upon historical claims experience, existing knowledge of events, the terms and conditions of the relevant certificates and interpretation of circumstances. Particularly relevant is past experience of similar cases, historical claims development trends, legislative changes, judicial decisions and economic conditions. It is certain that final claim liabilities may vary from current projection. The uncertainty is also inherent in the projected contribution liabilities as it is correlated to the projected claim liabilities.

The estimates of contribution liabilities and claim liabilities are therefore sensitive to various factors and uncertainties. The establishment of technical provisions is an inherently uncertain process and, as a consequence of this uncertainty, the eventual settlement of contribution and claim liabilities may vary from the initial estimates. At each reporting date, the estimates of financial year end are reassessed for adequacy by an appointed actuary and changes will be reflected as adjustments to these liabilities. The appointment of the actuary is approved by AMBD.

There may be reporting lag between the occurrence of an insured event and the time it is actually recorded. For these cases, the IBNR reserves are estimated. Even for liabilities which have been recorded, there are potential uncertainties as to the magnitude of the final claims compared to initial reserve provisions. For these cases, IBNER reserve provision are estimated. There are various factors affecting the level of uncertainty such as inflation, judicial interpretations, legislative changes and claims handling procedures.

(iii) Uncertainty in accounting estimates for takaful operator's expense liabilities

The best estimate for unexpired expense risk ("UER") for general takaful business is estimated based on a run-off basis. It is derived from the estimation for expected certificate management expenses required to maintain existing certificates and the costs of claims handling expenses to administer and settle open claim files. The UER is calculated at PRAD level of 75% confidence level calculated at the overall Company level as required by the Guidelines on Valuation Basis for Liabilities of General Takaful Business.

(iv) Impairment of takaful certificate receivables

The Company reviews its takaful certificate receivables on a regular basis to assess whether an allowance for impairment should be recorded in profit or loss. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of impairment required. Such estimates are necessarily based on assumptions about the probability of default and probable losses in the event of default, the value of the underlying security and realisation costs.

3.18 Adoption of new and revised standards but not yet effective

As at January 1, 2017 there were no new standards effective and relevant for the Company's operations for which adoption had a material impact on the Company's financial statements.

The following accounting standards amendments and interpretations have been issued by the International Accounting Standards Board (IASB) but are not yet effective for the Company. The Company intend to adopt these standards and interpretations, if applicable, when they become effective.

IFRS 9 Financial Instruments

IFRS 9 was issued in December 2014 to replace IAS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting and (iii) impairment requirements for financial assets.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 are now required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI).

All other debt instruments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, IFRS 9 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The standard is effective for financial periods beginning on or after 1 January, 2018.

The Company is still assessing the possible effect of the application of the above standard.

IFRS 16 Leases

IFRS 16 was issued in June 2016 and will supersede IAS 17 *Leases* and its associated interpretative guidance. The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor IAS 17.

The standard is effective for financial periods beginning on or after 1 January, 2019.

The Company is still assessing the possible effect of the application of the above standard.

IFRS 17 Insurance Contracts

IFRS 17 *Insurance Contracts* establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

The standard is effective for financial periods beginning on or after 1 January, 2021.

The Company is still assessing the possible effect of the application of the above standard.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

This Interpretation applies to a foreign currency transaction when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income.

The Interpretation clarifies that:

- the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.

- if there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

The standard is effective for financial periods beginning on or after 1 January, 2018.

The Company believes that the above interpretation will not have a significant impact on its financial statements.

4 Plant and equipment

	Office equipment	Computer hardware and software	Furniture, fixtures and fittings	Renovation	Capital work-in-progress	Total
	BND	BND	BND	BND	BND	BND
Company						
Cost						
At 1 January 2016	19,481	9,424	7,740	38,985	–	75,630
Additions	7,368	3,450	–	880	197,222	208,920
At 31 December 2017	26,849	12,874	7,740	26,849	12,874	7,740
Additions	8,535	21,644	39,179	88,758	367,105	525,221
Reclassification	–	564,327	–	–	(564,327)	–
At 31 December 2017	35,384	598,845	46,919	128,623	–	809,771
Accumulated depreciation						
At 1 January 2016	(3,219)	(318)	(3,911)	(325)	–	(7,773)
Additions	(4,980)	(1,849)	(2,037)	(4,032)	(11,975)	(24,873)
At 31 December 2017	(8,199)	(2,167)	(5,948)	(4,357)	(11,975)	(32,646)
Additions	(6,472)	(4,234)	(4,938)	(9,193)	(37,695)	(62,532)
Reclassification	–	(49,670)	–	–	49,670	–
At 31 December 2017	(14,671)	(56,071)	(10,886)	(13,550)	–	(95,178)
Carrying amounts						
At 31 December 2016	18,650	10,707	1,792	35,508	185,247	251,904
At 31 December 2017	20,713	542,774	36,033	115,073	–	714,593

5 Investments

		Takaful Operator BND	Takaful Fund BND	Company BND
31.12.2017				
Financial assets at FVTPL (designated)	(a)	–	–	–
AFS financial assets	(b)	2,230,343	–	2,230,343
		2,230,343	–	2,230,343
31.12.2016				
Financial assets at FVTPL (designated)	(a)	–	965,606	965,606
AFS financial assets	(b)	–	–	–
		–	965,606	965,606

(a) Financial assets at FVTPL (designated)

The financial assets designated at fair value through profit or loss (FVTPL) and its components are further analysed as follows:

	Takaful Operator BND	Takaful Fund BND	Company BND
31.12.2017			
Quoted equity securities	–	–	–
Quoted fixed income securities	–	–	–
Financial assets at FVTPL	–	–	–
31.12.2016			
Quoted equity securities	–	210,272	210,272
Quoted fixed income securities	–	755,334	755,334
Financial assets at FVTPL	–	965,606	965,606

(b) AFS financial assets

The available-for-sale (AFS) financial assets and its components are further analysed as follows:

	Takaful Operator BND	Takaful Fund BND	Company BND
31.12.2017			
Unquoted equity securities	2,230,343	3,038,750	5,269,093
Less – impairment	–	(3,038,750)	(3,038,750)
AFS financial assets	2,230,343	–	2,230,343
31.12.2016			
Unquoted equity securities	–	3,038,750	3,038,750
Less – impairment	–	(3,038,750)	(3,038,750)
AFS financial assets	–	–	–

The movement in the allowance for impairment of AFS financial assets are as follows:

	Takaful Operator BND	Takaful Fund BND	Company BND
1.1.2016	–	–	–
Provision during the year	–	3,038,750	3,038,750
31.12.2016	–	3,038,750	3,038,750
Provision during the year	–	–	–
31.12.2017	–	3,038,750	3,038,750

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6 Deferred acquisition costs

	Takaful Fund and Company		
	Gross	Ceded to Retakaful	Net
	BND	BND	BND
31.12.2017			
As at beginning of the year	4,692,681	–	4,692,681
Movement during the year	(1,593,463)	(33,790)	(1,627,253)
	3,099,218	(33,790)	3,065,428
31.12.2016			
As at beginning of the year	6,756,761	(27,346)	6,729,415
Movement during the year	(2,064,080)	27,346	(2,036,734)
	4,692,681	–	4,692,681

7 Takaful certificate receivables

	Takaful Fund and Company	
	31.12.2017	31.12.2016
	BND	BND
Due from agents/brokers and co-takaful balances	7,565,453	4,068,209
Due from retakaful operators	1,058,603	1,147,916
	8,624,056	5,216,125
Less - impairment	(5,009,380)	(4,437,084)
	3,614,676	779,041

The movement in the allowance for impairment for takaful certificate receivables are as follows:-

	Takaful Fund and Company	
	31.12.2017	31.12.2016
	BND	BND
At the beginning of the year	(4,437,084)	(4,268,277)
Impairment losses during the year	(661,489)	(722,077)
Recoveries during the year	89,193	553,270
At the end of the year	(5,009,380)	(4,437,084)

The Company and Fund's exposure to credit and currency risks, and impairment losses related to Takaful and other receivables are disclosed in note 27.

8 Other receivables

	Takaful Operator BND	Takaful Fund BND	Company BND
31.12.2017			
Amount due from ultimate parent	–	533,644	533,644
Amount owing from parent Company	252,590	35,181	287,771
Amount owing from Takaful Operator of General Takaful Fund	–	6,811,712	–
Amount owing from Takaful Operator of Family Takaful Fund	156,917	9,727	166,644
Amount owing from Family Takaful Fund	–	860,371	860,371
Other receivables	53,304	52,511	105,815
	462,811	8,303,146	1,954,245

	Takaful Operator BND Restated	Takaful Fund BND	Company BND
31.12.2016			
Amount due from ultimate parent	–	24,545	24,545
Amount owing from parent Company	143,087	2,874	145,961
Amount owing from Takaful Operator of General Takaful Fund	–	712,854	–
Amount owing from General Takaful Fund	5,905,686	–	–
Amount owing from Takaful Operator of Family Takaful Fund	66,437	1,011	67,448
Other receivables	30,403	109,669	140,072
	6,145,613	850,953	378,026

The amount due from related parties are unsecured, interest free and without fixed repayment terms. There is no allowance for doubtful debts arising from these balances.

9 Deposits and placements

As at the reporting date, the carrying amounts of short-term placements approximate their fair value.

Short-term placements are generally placed on short-term maturities of 6-24 months in duration.

Short-term placements include fixed deposit of $2,000,000 registered in favour of AMBD as a reserve in accordance with part III of the Takaful order, 2008 section 9(1) and section 5(1) of the Motor Vehicles Insurance (Third Party Risks) Act, Cap.90.

10 Cash and cash equivalents

	Takaful Operator	Takaful Fund	Company
	BND	BND	BND
31.12.2017			
Cash and bank balances	8,323,808	11,308,708	19,632,516
31.12.2016			
Cash and bank balances	2,557,002	21,126,541	23,683,543

As at the reporting date, the carrying amounts of cash and bank balances approximate their fair value.

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11 Deferred tax liability

Deferred tax liability arises mainly from the temporary difference relating to unrealized foreign exchange gains and from the excess of tax over book depreciation of property, plant and equipment.

	Takaful Operator and Company	
	31.12.2017	**31.12.2016**
	BND	**BND**
At the beginning of the year	40,604	17,178
Origination of temporary differences (Note 24)	62,048	40,604
Overprovision in prior year	–	(17,178)
At the end of the year	102,652	40,604

12 Takaful certificate liabilities

The takaful certificate liabilities comprise the following:

		Takaful Fund and Company		
		Gross	**Ceded to Retakaful**	**Net**
	Note	**BND**	**BND**	**BND**
31.12.2017				
Provision for claims incurred and admitted		26,944,335	(9,820,185)	17,124,150
Provision for incurred but not reported claims ("IBNR")		11,240,325	(2,151,570)	9,088,755
Provision for outstanding claims	(a)	38,184,660	(11,971,755)	26,212,905
Provision for unearned contributions	(b)	26,085,743	(4,451,432)	21,634,311
		64,270,403	(16,423,187)	47,847,216

		Takaful Fund and Company		
		Gross	Ceded to Retakaful	Net
	Note	BND	BND	BND
			Restated	
31.12.2016				
Provision for claims incurred and admitted		20,269,199	(3,777,694)	16,491,505
Provision for incurred but not reported claims ("IBNR")		9,735,202	(1,462,625)	8,272,577
Provision for outstanding claims	(a)	30,004,401	(5,240,319)	24,764,082
Provision for unearned contributions	(b)	27,588,471	(3,950,310)	23,638,161
		57,592,872	(9,190,629)	48,402,243

(a) Provision for outstanding claims

The provision for outstanding claims and its movements are further analyzed as follows:

	Takaful Fund and Company		
	Gross	Ceded to Retakaful	Net
	BND	BND	BND
As at 31.12.2016	30,004,401	(5,240,319)	24,764,082
Claims incurred during the year	23,967,418	(7,036,943)	16,930,475
Movements in claims incurred	(15,787,159)	305,507	(15,481,652)
As at 31.12.2017	38,184,660	(11,971,755)	26,212,905

	Takaful Fund and Company		
	Gross	Ceded to Retakaful	Net
	BND	BND	BND
As at 31.12.2015	25,742,163	(5,922,920)	19,819,243
Claims incurred during the year	17,253,554	958,056	18,211,610
Movements in claims incurred	(12,991,316)	(275,455)	(13,266,771)
As at 31.12.2016	30,004,401	(5,240,319)	24,764,082

(b) Provision for unearned contributions

Movement of provision for unearned contributions:

	Takaful Fund and Company		
	Gross	**Ceded to Retakaful**	**Net**
	BND	**BND**	**BND**
As at 31.12.2016	27,588,471	(3,950,310)	23,638,161
Contributions written during the year	62,458,803	(22,452,163)	40,006,640
Contributions earned during the year	(63,961,531)	21,951,041	(42,010,490)
As at 31.12.2017	26,085,743	(4,451,432)	21,634,311

	Takaful Fund and Company		
	Gross	**Ceded to Retakaful**	**Net**
	BND	**BND**	**BND**
		Restated	Restated
As at 31.12.2015	28,276,125	(4,966,123)	23,310,002
Contributions written during the year	56,235,929	(16,529,180)	39,706,749
Contributions earned during the year	(56,923,583)	17,544,993	(39,378,590)
As at 31.12.2016	27,588,471	(3,950,310)	23,638,161

13 Expense liabilities

	Takaful Operator and Company	
	31.12.2017	**31.12.2016**
	BND	**BND**
Expense liabilities	3,313,990	2,649,269

The method used to value its expense liability is discussed in Note 3.11 of these financial statements.

The movement in expense liabilities is as follows:

	Takaful Operator and Company
	BND
1.1.2016	3,111,316
Movement in provision for unexpired expense reserve	(462,047)
31.12.2016	2,649,269
Movement in provision for unexpired expense reserve	664,721
31.12.2017	3,313,990

14 Takaful certificate payables

	Takaful Fund and Company	
	31.12.2017	**31.12.2016**
	BND	**BND**
Due to retakaful companies	6,723,835	3,463,794

Takaful certificate payables are current.

The carrying amounts disclosed above approximate their fair values at the end of the reporting period.

15 Other payables

	Takaful Operator	Takaful Fund	Company
	BND	**BND**	**BND**
31.12.2017			
Advanced contributions from participants	–	2,086,958	2,086,958
Profit payable to participants	–	2,539,091	2,539,091
Provision for unutilised leave	40,167	–	40,167
Amount owing to General Takaful Fund	6,811,712	–	–
Other creditors	592,908	2,475,207	3,068,115
	7,444,787	7,101,256	7,734,331

	Takaful Operator	Takaful Fund	Company
	BND	**BND**	**BND**
		Restated	
31.12.2016			
Advanced contributions from participants	–	1,736,907	1,736,907
Profit payable to participants	–	1,969,489	1,969,489
Provision for unutilised leave	41,870	–	41,870
Amount owing to Takaful Operator of General Takaful Fund	–	5,905,686	–
Amount owing to General Takaful Fund	712,854	–	–
Derivative liabilities*	–	8,859	8,859
Other creditors	1,176,195	2,027,577	3,203,772
	1,930,919	11,648,518	6,960,897

The amount due to related parties are unsecured, interest free and without fixed repayment terms.

* The account represents derivative liabilities amounting to $ NIL (2016: $8,859) as at December 31, 2017 arising from forward foreign exchange contracts. The Company utilises currency derivatives to hedge significant future transactions and cash flows.

	December 31,2017			December 31,2016		
	Contract or underlying principal amount	Gross positive fair value	Gross negative fair value	Contract or underlying principal amount	Gross positive fair value	Gross negative fair value
Foreign exchange derivatives:						
Forwards	–	–	–	561,965	–	8,859

16 Participants' fund

Participants' fund balance at end of reporting period comprises the following:

	31.12.2017	31.12.2016
	BND	BND
		Restated
General Takaful fund	6,119,651	2,666,302

The participants' fund movements are analyzed as follows:

	Takaful Fund and Company	
	31.12.2017	31.12.2016
	BND	BND
		Restated
Accumulated surplus		
At beginning of year	2,666,302	5,574,060
Underwriting surplus	17,386,317	8,808,562
Surplus attributable to operator	(8,503,059)	(6,321,393)
Distribution to policyholders	(5,429,909)	(7,356,177)
Change in fair value reserve	–	1,961,250
At end of year	6,119,651	2,666,302

17 Share capital

	31.12.2017	31.12.2016
	Number of shares	**Number of shares**
Company		
Authorised ordinary shares	20,000,000	20,000,000
	BND	**BND**
Issued and paid up		
Value of ordinary shares	8,000,002	8,000,002

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. All shares rank equally with regard to the Company's residual assets.

Capital management

The Company's capital management policy aims to:

- maintain a strong capital base to sustain and grow the business so as to uphold investors, creditors and market confidence;
- comply with the regulatory capital requirements for the Company; and
- provide an adequate return to shareholders through prudent underwriting of takaful risks and optimising investment returns within the risk parameters established by the Board.

The Company determines the amount of capital in accordance with business expansion needs as well as to meet the regulatory capital requirements for the Company.

The Board monitors the return on shareholders' equity, which is defined as net profit after tax divided by total shareholders' equity, and the level of dividends to ordinary shareholders. In addition, the Board also establishes and monitors the Capital Adequacy Ratio of the Company, defined in the Takaful Regulations as the total financial resources divided by total risk requirements of the insurer.

There was no significant change in the Company's approach to capital management during the year.

18 General reserves

The general reserve is set up in accordance with the company's policies to aid participants in the event of any deficit.

19 Investment income

	Takaful Operator BND	Takaful Fund BND	Company BND
31.12.2017			
Dividend income	–	448,718	448,718
Fair value gains	–	48,099	48,099
Loss on disposal of investment	–	(58)	(58)
	–	496,759	496,759
31.12.2016			
Dividend income	–	568,448	568,448
Fair value gains	–	3,089	3,089
Loss on disposal of investment	–	(1,891)	(1,891)
	–	569,646	569,646

20 Other income

	Takaful Operator BND	Takaful Fund BND	Company BND
31.12.2017			
Road assistance service	573,963	–	573,963
Service charges	85,393	–	85,393
Other income	248,129	485,634	733,763
	907,485	485,634	1,393,119
31.12.2016			
Road assistance service	533,047	–	533,047
Service charges	397,020	–	397,020
Other income	265,206	284,053	549,259
	1,195,273	284,053	1,479,326

21 Management expenses

	Takaful Operator		Takaful Fund		Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	BND	BND	BND	BND	BND	BND
Management fee to parent Company	2,449,974	845,909	–	–	2,449,974	845,909
Salaries, bonuses and other employee benefits	1,983,060	2,367,093	–	–	1,983,060	2,367,093
Wakalah fee	642,165	665,441	–	–	642,165	665,441
Other management expenses	562,415	539,152	32,699	64,784	595,114	603,936
Office rental expenses	109,358	113,500	–	–	109,358	113,500
Utilities	92,905	103,401	–	–	92,905	103,401
Legal and professional fees	86,436	150,645	–	–	86,436	150,645
Marketing and promotional costs	79,456	110,983	–	–	79,456	110,983
Depreciation	62,532	24,873	–	–	62,532	24,873
	6,068,301	4,920,997	32,699	64,784	6,101,000	4,985,781

22 Change in expense liability

	Takaful Operator and Company	
	31.12.2017	31.12.2016
	BND	BND
Increase (decrease) in unexpired expense reserve	664,721	(462,047)

The method used to value its expense liability is discussed in Note 3.11 of these financial statements.

23 Other gains and losses

	Takaful Operator	Takaful Fund	Company
	BND	BND	BND
31.12.2017			
Impairment of takaful receivables	–	661,489	661,489
Provision for takaful receivables no longer required	–	(89,193)	(89,193)
Foreign exchange (gains) losses	17,473	(115,709)	(98,236)
	17,473	456,587	474,060
31.12.2016			
Impairment loss on available-for-sale investment	–	3,038,750	3,038,750
Reclassification of cumulative loss on impairment of available-for-sale investment	–	1,961,250	1,961,250
Impairment of takaful receivables	–	722,077	722,077
Provision for takaful receivables no longer required	–	(553,270)	(553,270)
Foreign exchange losses	–	261,249	261,249
	–	5,277,619	5,277,619

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24 Tax expense

	Takaful Operator and Company	
	31.12.2017	**31.12.2016**
		Restated
Taxation in respect of current year's profit	373,096	957,191
Prior year under provision	194,654	132,288
Deferred tax expense (note 11)	62,048	40,604
	629,798	1,130,083

Relationship between tax expense and accounting profit:

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate is as follows:

	Takaful Operator and Company	
	31.12.2017	**31.12.2016**
	BND	**BND**
		Restated
Profit before taxation	2,660,049	3,057,716
Tax calculated at the rate of 18.5% on the first $100,000 at one-quarter of the full rate, the next $150,000 at one-half of the full rate and the remaining profit at the full rate	492,109	565,678
Adjustments:		
Further deduction	(22,433)	(17,046)
Capital allowances	(76,051)	(37,567)
Non-deductible expenses	13,319	473,876
Tax threshold deduction and others	(33,848)	(27,750)
Provision for taxation in respect of current year's profit	373,096	957,191

The income tax for the Takaful Operator is calculated based on the standard corporate tax rate of 18.5% of the estimated assessable profit for the financial year.

25 Related party disclosures

Transactions with key management personnel

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 Company's Executive and Non-Executive Directors are considered Key Management Personnel. Other than that disclosed below there were no transactions with Key Management Personnel during the year.

Other related party transactions

During the year, apart from the balances and transactions disclosed elsewhere in these financial statements, the transactions with the Company's related parties are as follows:

	Company	
	31.12.2017	**31.12.2016**
	BND	**BND**
Ultimate parent Company		
- Contributions received/ receivable	553,516	22,491
- Rental and other fees paid / payable	25,275	329
Parent Company		
- Management fee paid / payable	2,449,974	816,849
Other related parties		
- Contributions received / receivable	33,763	64,860
- Rental and other fees paid / payable	108	6,510
- Travelling expenses paid / payable	18,979	5,492

The Company is 100% owned by Insurans Islam TAIB Holdings Sdn Bhd, a Company incorporated in Brunei Darussalam under the Companies Act.

Insurans Islam TAIB Holdings Sdn Bhd, is 100% owned by Perbadanan Tabung Amanah Islam Brunei, a statutory body established in Brunei.

The amount owing to/from the holding Company and related parties are unsecured, interest free and without fixed repayment terms.

The management is of the opinion that all the above transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

26 Takaful risk management

The risk under any one takaful contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of a takaful contract, this risk is random and therefore unpredictable.

For a portfolio of takaful contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its takaful contracts is that the actual claims and benefit payments exceed the carrying amount of the takaful liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Takaful events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar takaful contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Company has developed its takaful underwriting strategy to diversify the type of takaful risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate takaful risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The most significant are the increasing level of awards for the damage suffered as a result of road accidents, and the increase in the number of cases coming to court that have been inactive or latent for a long period of time. Estimated inflation is also a significant factor due to the long period typically required to settle these cases.

The Company manages these risks through its underwriting strategy, adequate retakaful arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. Underwriting limits are in place to enforce appropriate risk selection criteria.

The concentration of takaful risk by gross takaful contribution is summarised below:

	Takaful Fund and Company	
	31.12.2017	**31.12. 2016**
	BND	**BND**
Concentration of gross takaful contribution:		
General Takaful business	46,011,174	44,248,648
General Special Risk Takaful business	16,447,629	11,980,041
General Inwards Retakaful business	–	7,240
	62,458,803	56,235,929

The key coverage for the General Takaful contracts

The key coverage for the General Takaful contracts are motor, energy, fire, liability, personal accidents, engineering, marine and aviation.

Concentration of General Takaful risk

The table below sets out the concentration of general takaful gross and net concentration by type of business:

	Gross	Ceded to Retakaful	Net
	BND	BND	BND
31.12.2017			
Motor	44,140,291	(5,204,700)	38,935,591
Personal Accidents	516,147	(138,515)	377,632
Fire	923,457	(553,322)	370,135
Liability	321,370	(12,034)	309,336
Engineering	35,761	(28,030)	7,731
Energy	9,206,792	(9,202,753)	4,039
Aviation	4,221,057	(4,219,735)	1,322
Miscellaneous	3,093,928	(3,093,074)	854
	62,458,803	(22,452,163)	40,006,640

	Gross	Ceded to Retakaful	Net
	BND	BND	BND
31.12.2016			
Motor	42,243,629	(4,279,331)	37,964,298
Fire	979,398	(307,884)	671,514
Personal Accidents	598,057	(175,966)	422,091
Liability	2,704,489	(2,447,310)	257,179
Energy	8,095,134	(7,912,799)	182,335
Miscellaneous	306,803	(191,142)	115,661
Aviation	462,563	(386,926)	75,637
Engineering	845,856	(827,822)	18,034
	56,235,929	(16,529,180)	39,706,749

Key assumptions

The key assumptions underlying the estimation of liabilities is that the Company's and the Fund's future claims development will follow a similar pattern to past claims development experience, including average claim cost, average claim frequency, business mix for each accident year.

Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example, isolated occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors, such as, portfolio mix, underwriting policy, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Sensitivities

The claim liabilities are sensitive to the above key assumptions and change in these assumptions may impact the liabilities and operating surplus of the fund significantly. The correlation of assumptions will have significant effect in determining the ultimate claims liabilities.

The key assumptions to which the estimation of actuarial liabilities is particularly sensitive are as follow:

Loss ratio for latest accident year

This is significant as a change in loss ratio estimate will impact the liabilities significantly, in particularly Motor and Energy as they are two of the largest under general business.

Average claim cost

Reserves are based on assumption that historical average claim cost is reflective of the future experience. Increase in average cost will increase future liabilities.

Average claims frequency

Reserves are based on assumption that historical average claim number in each accident year reflects the future experience. A change in average number of claims will impact the future liabilities.

Average claim settlement period

Reserves are based on assumption that claim settlement period will be stable over years. A change in claim handling practice will affect the claim cost and future liabilities.

Sensitivity Analysis

The sensitivity analysis has been performed for the main classes of business which are motor, fire, miscellaneous excluding special risks and special risks.

Sensitivity in Total Outstanding Claims Liability including PRAD

Class of business	Change in assumption of ultimate ratio	Impact on Gross Outstanding Claims Liability	Impact on Net Outstanding Claims Liability
31.12.2017			
Motor	+10%	15,274,805	14,936,989
Fire	+10%	133,442	121,117
Miscellaneous excluding Special risks	+10%	211,244	165,950
Special risks	+10%	420,983	229,197
		16,040,474	15,453,253
31.12.2016			
Motor	+10%	11,952,116	11,613,006
Fire	+10%	106,501	93,886
Miscellaneous excluding Special risks	+10%	499,279	268,775
Special risks	+10%	77,384	44,414
		12,635,280	12,020,081

Claims development

In setting provisions for claims, the Company give consideration to the probability and magnitude of future experience being more adverse than assumed and exercise the degree of caution in setting reserves when there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development and the margin necessary to provide the necessary confidence in adequacy of provision is relatively at its highest. As claims develop and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease.

The resulting Loss Development triangle established was for 3 diagonal years. Claims development factors that extracted from the triangulation were used in part to establish Ultimate Claims and the Ultimate Loss Ratio. The projected Ultimate Loss ratio (ULR) is determined as the higher of the Current Incurred Loss Ratio, the Incurred Loss Ratio (weighted by Incurred Claims in the year), and the Ultimate Loss Ratio derived as a product of the Loss Development Factors estimated from the partial claims triangulation.

Projected Ultimate Claims is thus computed as the product of the projected ULR with Earned Contributions. The IBNR provision is taken as the Projected Ultimate Claims less the Case Reserve. The Claim Liability is then taken as the Case Reserve plus the IBNR.

Claims development table

Gross General Takaful Certificate Liabilities for 2017:

Accident Year	2007 BND	2008 BND	2009 BND	2010 BND	2011 BND	2012 BND	2013 BND	2014 BND	2015 BND	2016 BND	2017 BND	Total BND
At the end of accident year			8,519,469	11,484,640	14,410,123	18,441,265	17,637,752	11,880,361	15,883,858	17,566,484	22,576,820	
One year later			9,188,153	16,649,121	15,996,878	28,321,898	14,041,280	14,503,647	16,019,586	15,974,134		
Two years later			8,690,161	11,654,587	16,717,067	19,593,015	16,219,668	14,547,528	16,792,266			
Three years later			9,210,177	13,291,619	14,816,002	21,314,965	18,111,333	15,382,130				
Four years later			10,203,764	10,698,308	15,912,001	19,630,084	18,078,400					
Five years later			8,490,943	13,539,103	16,878,557	19,808,475						
Six years later			9,142,386	13,570,772	16,390,185							
Seven years later			9,892,518	13,572,800								
Eight years later			8,808,026									
Nine years later		6,857,030										
Ten years later	3,781,676											
Current estimate of cumulative claims incurred	3,781,676	6,857,030	8,808,026	13,572,800	16,390,185	19,808,475	18,078,400	15,382,130	16,792,266	15,974,134	22,576,820	
At the end of accident year		3,970,563	4,700,934	5,833,568	8,816,433	11,914,081	8,771,785	7,878,992	7,882,120	8,278,992	8,195,953	
One year later	1,395,076	5,533,766	7,087,892	9,713,896	13,284,206	15,526,382	13,513,343	11,443,993	12,173,467	13,100,419		
Two years later	1,531,429	6,505,719	7,490,342	10,683,912	14,027,002	16,271,403	14,130,952	11,875,748	12,487,043			
Three years later	1,820,138	6,721,337	7,813,752	11,097,004	14,522,996	16,672,257	14,871,929	12,547,496				
Four years later	2,190,455	6,740,514	8,537,947	11,293,219	14,712,934	17,068,967	15,008,853					
Five years later	2,921,631	6,745,218	8,588,892	11,377,026	14,725,621	17,894,813						
Six years later	2,923,406	6,746,318	8,590,091	11,542,459	14,760,222							
Seven years later	2,948,355	6,746,318	8,598,248	12,119,743								
Eight years later	2,948,355	6,742,637	8,602,361									
Nine years later	2,948,567	6,743,208										
Ten years later	2,971,103											
Cumulative payments to date	2,971,103	6,743,208	8,602,361	12,119,743	14,760,222	17,894,813	15,008,853	12,547,496	12,487,043	13,100,419	8,195,953	
Best estimate of claims liabilities (including Allocated loss adjustment expenses)	810,573	113,822	205,665	1,453,057	1,629,963	1,913,662	3,069,547	2,834,634	4,305,223	2,873,715	14,380,867	33,590,728
Fund PRAD at 75%												3,754,836
Total												37,345,564
Claims payable												839,096
Total Takaful certificate liabilities												38,184,660

Claims development table

Net General Takaful Certificate Liabilities for 2017:

Accident Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
	BND	BND	BND	BND	BND	BND	BND	BND	BND	BND	BND	BND
At the end of accident year			8,519,469	11,484,640	14,410,123	18,422,235	17,573,053	15,060,775	15,855,112	17,155,876	17,734,448	
One year later			9,188,153	16,649,121	15,856,781	21,862,070	15,549,927	13,935,122	15,977,658	15,665,028		
Two years later			8,690,161	11,340,059	16,317,444	17,015,365	16,158,047	13,823,569	15,785,043			
Three years later			8,865,357	12,707,809	14,705,281	18,015,135	16,428,224	14,789,198				
Four years later			9,702,037	10,475,219	15,686,078	18,593,724	16,006,570					
Five years later			8,185,318	12,426,292	16,043,986	18,684,402						
Six years later			8,640,659	12,428,500	15,576,138							
Seven years later			9,437,270	12,367,456								
Eight years later			8,902,231									
Nine years later		4,789,747										
Ten years later	3,018,754											
Current estimate of cumulative claims incurred	3,018,754	4,789,747	8,902,231	12,367,456	15,576,138	18,684,402	16,006,570	14,789,198	15,785,043	15,665,028	17,734,448	
At the end of accident year		3,970,563	4,700,934	5,831,739	8,815,749	11,899,783	8,757,994	7,860,824	7,875,314	8,265,919	8,184,145	
One year later	1,395,076	5,533,766	7,087,892	9,688,796	13,145,104	15,353,125	13,482,535	11,421,449	12,161,033	13,069,300		
Two years later	1,531,429	6,505,719	7,490,342	10,417,841	13,805,187	16,098,146	14,079,180	11,851,519	12,473,731			
Three years later	1,820,138	4,654,054	7,813,752	10,830,932	14,301,181	16,499,000	14,462,888	12,374,097				
Four years later	2,056,602	4,673,230	8,354,370	11,027,148	14,491,119	16,587,842	14,614,412					
Five years later	2,485,235	4,677,934	8,405,315	11,110,954	14,503,806	17,203,021						
Six years later	2,487,010	4,679,034	8,406,514	11,276,085	14,538,407							
Seven years later	2,511,959	4,679,034	8,490,681	11,828,671								
Eight years later	2,511,959	4,675,353	8,696,487									
Nine years later	2,512,171	4,675,925										
Ten years later	2,534,707											
Cumulative payments to date	2,534,707	4,675,925	8,696,487	11,828,671	14,538,407	17,203,021	14,614,412	12,374,097	12,473,731	13,069,300	8,184,145	
Best estimate of claims liabilities (including Allocated loss adjustment expenses)	484,047	113,822	205,744	538,785	1,037,731	1,481,381	1,392,158	2,415,101	3,311,312	2,595,728	9,550,303	23,126,112
Fund PRAD at 75%												2,247,697
Total												25,373,809
Claims payable												839,096
Total Takaful certificate liabilities												26,212,905

27 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

a) Shariah non-compliance risk

a. Shariah non-compliance risk is the risk that arises from failure to comply with the Shariah rules and principles prescribed by Shariah Advisory Committee. Shariah compliance is considered as falling within the higher priority category in relation to other identified risks.

b. The Company ensures that this risk is managed by ensuring that Shariah rules and principles are complied with at all times as advised and monitored by the Shariah Advisory Committee of the Company with respect to the products and activities. This means that Shariah compliance considerations are taken into account whenever the Company accepts deposits and ventures into investment funds, provides finance and carries out investment services for their customers.

c. The Company shall ensure that their contract documentation complies with Shariah rules and principles with regard to formation, termination and elements possibly affecting contract performance such as fraud, misrepresentation, duress or any other rights and obligations.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations as and when they fall due.

The Company's portfolio of debt securities, short-term and other investments are subject to credit risk. This risk is defined as the potential loss resulting from adverse changes in a borrower's ability to repay the debt. The Company's objective is to earn competitive relative returns by investing in a diversified portfolio of securities. Management has an investment credit risk policy in place. Limits are established to manage credit quality and concentration risk.

The Company has Takaful and other receivables balances that are subject to credit risk. Among the most significant of these are retakaful recoveries. To mitigate the risk of the counterparties not paying the amount due, the Company has established certain business and financial guidelines for retakaful approval, incorporating ratings by major agencies and considering currently available market information. Receivable balances are monitored on an on-going basis with the result that Company's exposure to bad debts is not significant. The Company also periodically reviews the financial stability of retakaful companies from public and other sources and the settlement trend of amounts due from retakaful companies.

Credit exposure

The table below shows the maximum exposure to credit risk for the components recognised in the statements of financial position.

	31.12.2017	31.12.2016
	BND	BND
AFS financial assets	2,230,343	–
Financial assets at FVTPL	–	965,606
Loans and receivables		
- Cash and cash equivalents	19,632,516	23,683,543
- Short-term placements	57,500,000	48,766,035
- Retakaful certificate assets*	11,971,755	5,240,319
- Takaful and other receivables	5,568,921	1,157,067
	96,903,535	79,812,570

* Excludes unearned retakaful contribution

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Concentration of credit risk for the Company

	AFS Financial assets	Financial assets at FVTPL	Retakaful assets	Takaful and other receivables	Cash and cash equivalents	Short-term placements	Total
	BND	BND	BND	BND	BND	BND	BND
Company							
31.12.2017							
Finance	–	–	11,971,755	–	19,632,516	57,500,000	89,104,271
General consumption	–	–	–	–	–	–	–
Manufacturing	–	–	–	–	–	–	–
Services	–	–	–	–	–	–	–
Construction & property	–	–	–	–	–	–	–
Others	2,230,343	–	–	5,568,921	–	–	7,799,264
	2,230,343	**–**	**11,971,755**	**5,568,921**	**19,632,516**	**57,500,000**	**96,903,535**
31.12.2016							
Finance	–	349,783	5,240,319	–	23,683,543	48,766,035	78,039,680
General consumption	–	23,022	–	–	–	–	23,022
Manufacturing	–	81,136	–	–	–	–	81,136
Services	–	172,731	–	–	–	–	172,731
Construction & property	–	135,432	–	–	–	–	135,432
Others	–	203,502	–	1,157,067	–	–	1,360,569
	–	**965,606**	**5,240,319**	**1,157,067**	**23,683,543**	**48,766,035**	**79,812,570**

Credit exposure by credit quality (excluding equity securities)

	AFS financial assets	FVTPL financial assets	Total
	BND	BND	BND
Company			
31.12.2017			
Islamic debt securities			
Rated AA1 to AA3	–	–	–
Rated A1 to A3	–	–	–
Lower than A	–	–	–
Unrated – Others	–	–	–
	–	–	–

	AFS financial assets	FVTPL financial assets	Total
	BND	BND	BND
Company			
31.12.2016			
Islamic debt securities			
Rated AA1 to AA3	–	65,907	65,907
Rated A1 to A3	–	309,442	309,442
Lower than A	–	329,140	329,140
Unrated – Others	–	50,845	50,845
	–	755,334	755,334

Aging analysis of takaful certificate receivables past due but not impaired

A financial asset is deemed past due when the counterparty has failed to make payment when the outstanding amount is contractually due.

	31.12.2017	31.12.2016
	BND	BND
Company		
Neither past due nor impaired	543,648	165,945
Past due 30 – 90 days	1,275,100	154,066
Past due 90 – 180 days	1,577,107	610,191
Past due more than 180 days	5,228,201	4,285,923
	8,624,056	5,216,125
Less - Impairment	(5,009,380)	(4,437,084)
	3,614,676	779,041

Receivables amounting to $5,009,380 and $4,437,084 in 2017 and 2016, respectively, have been impaired and an allowance has been made to recognize this impairment.

The Company has not recognized impairment for the remaining financial assets as there has not been a significant change in the credit quality and the amounts are still considered recoverable. These amounts are mostly due from corporate clients who pay by instalment plans.

Offsetting financial assets and financial liabilities

No financial instruments are offset in the statements of financial position as they are no enforceable master netting agreements and similar arrangements in place.

c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's liquidity management process, as carried out within the Company and monitored by a designated team, includes day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met, maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow and monitoring the liquidity ratios of the consolidated statement of financial position against internal and regulatory requirements.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

Maturity profile

The table below summarises the Company's financial and takaful assets and liabilities based on remaining maturities. Financial instruments are presented on a contractual cash flow basis whereas takaful assets and liabilities are presented based on expected cash flows.

Company As at 31 December 2017	Less than 3 months BND	> 3 – 6 months BND	> 6 – 12 months BND	> 1 – 3 years BND	> 3 – 5 years BND	Over 5 years BND	No specific maturity BND	Total BND
Assets								
AFS financial assets	–	–	–	–	–	–	2,230,343	2,230,343
Retakaful certificate assets	235,078	–	6,609,744	1,149,093	–	–	3,977,840	11,971,755
Takaful certificate receivables	625,165	2,989,511	–	–	–	–	–	3,614,676
Other receivables	568,825	47,397	451,700	886,323	–	–	–	1,954,245
Short-term placements	1,000,000	2,000,000	14,500,000	40,000,000	–	–	–	57,500,000
Cash and cash equivalents	–	–	–	–	–	–	19,632,516	19,632,516
	2,429,068	5,036,908	21,561,444	42,035,416	–	–	25,840,699	96,903,535
Liabilities								
Takaful certificate liabilities	2,522,723	8,023,846	16,140,458	210,439	26,789	584	37,345,564	64,270,403
Takaful certificate payables	–	1,559,917	5,163,918	–	–	–	–	6,723,835
Other payables	342,157	1,650,663	5,487,511	–	–	–	254,000	7,734,331
	2,864,880	11,234,426	26,791,887	210,439	26,789	584	37,599,564	78,728,569

Company **As at 31 December 2016**	**Less than 3 months BND**	**> 3 – 6 months BND**	**> 6 – 12 months BND**	**> 1 – 3 years BND**	**> 3 – 5 years BND**	**Over 5 years BND**	**No specific maturity BND**	**Total BND**
Assets								
Financial assets at FVTPL	–	–	14,545	167,352	157,842	415,595	210,272	965,606
Retakaful certificate assets	1,735,331	535,399	359,739	–	799,545	347,680	1,462,625	5,240,319
Takaful certificate receivables	320,011	459,030	–	–	–	–	–	779,041
Other receivables	–	–	378,026	–	–	–	–	378,026
Short-term placements	–	5,266,035	27,000,000	16,500,000	–	–	–	48,766,035
Cash and cash equivalents	–	–	–	–	–	–	23,683,543	23,683,543
	2,055,342	6,260,464	27,752,310	16,667,352	957,387	763,275	25,356,440	79,812,570
Liabilities								
Takaful certificate liabilities	–	–	–	57,592,872	–	–	–	57,592,872
Takaful certificate payables	–	–	3,463,794	–	–	–	–	3,463,794
Other payables	8,859	747,977	6,204,061	–	–	–	–	6,960,897
	8,859	747,977	9,667,857	57,592,872	–	–	–	68,017,563

c) Market risk

Market risk is the risk of change in fair value of financial instruments from fluctuation in foreign exchange rates (foreign currency risk) and market yield rates (yield rate risk) and market prices (price risk), whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

i) Yield rate risk

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

The Company is exposed to yield rate risk primarily through their investments in fixed income securities and deposit placements. These instruments have fixed rate and a change in yield rates at reporting date would not affect profit or loss.

The Company does not use derivative financial instruments to hedge its yield rate risks.

The Company's cash and cash equivalents and fixed income securities are exposed to fixed yield rates, hence any changes in yield rates will not have a material impact on the carrying amounts of the relevant assets. As such, no sensitivity has been performed.

ii) Foreign currency risk

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

During the ordinary course of business, the Company may engage in foreign currency denominated transactions or invest in foreign currency equity or debt securities. As a result, the Company is exposed to movements in foreign currency exchange rates.

The Company does not use derivative financial instruments to protect itself against the volatility associated with foreign currency transactions, and other financial assets and liabilities created in the ordinary course of business.

The following table sets out the Company's main exposure at the reporting date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the Company.

	<USD>	**<MYR>**	**<HKD>**	**<IDR>**	**<THB>**
Company	**BND**	**BND**	**BND**	**BND**	**BND**
31.12.2017					
Assets					
Cash and cash equivalents	588,245	–	–	–	–
Takaful certificate receivables	2,106,027	–	–	–	–
Investments	2,230,343	–	–	–	–
	4,924,615	–	–	–	–
31.12.2016					
Assets					
Cash and cash equivalents	307,622	–	–	–	–
Takaful certificate receivables	1,269,636	–	–	–	–
Investments	704,489	121,131	45,001	13,402	5,995
	2,281,747	121,131	45,001	13,402	5,995

The analysis below is performed for possible movements in foreign currency rates showing the impact on profit before tax.

	Change in assumptions %	**Impact on profit before tax BND**	**Change in assumptions %**	**Impact on profit before tax BND**
31.12.2017				
USD	10%	492,462	(10%)	(492,462)
MYR	10%	–	(10%)	–
HKD	10%	–	(10%)	–
IDR	10%	–	(10%)	–
THB	10%	–	(10%)	–
31.12.2016				
USD	10%	228,175	(10%)	(228,175)
MYR	10%	12,113	(10%)	(12,113)
HKD	10%	4,500	(10%)	(4,500)
IDR	10%	1,340	(10%)	(1,340)
THB	10%	600	(10%)	(600)

iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company invests primarily in debt securities whereby fair values or future cash flows of the financial instruments mainly arise from changes in effective yield rate and the issuers' repayment abilities.

In 2016, the Company was exposed to equity price risk on its equity investments which are carried at fair value through profit or loss and through other comprehensive income. Majority of the Company's equity investments are quoted on the Singapore and Malaysia stock exchanges.

Effects of reasonably possible changes to equity prices at the end of the reporting period are not expected to have material effect on the Company's profit or loss and equity. As such, the sensitivity analysis is not performed.

iv) Operational risk

Operational risk is the risk of loss from inadequate or failure of internal processes, people, systems and any external events. The controls provide reasonable assurance of the soundness of operations and reliability of reporting.

This risk is managed through an operational risk management framework established which facilitates the management operations within the Company. It also supports in settings of policies, tools and methodologies, supporting their implementation and operation within the business units and providing ongoing monitoring and guidance across the Group to ensure that operational risks are mitigated.

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial assets and liabilities of the Company.

Investments

The fair value of investments is determined by reference to their quoted bid prices or last traded price using independent price sources at the reporting date.

Other financial assets and liabilities

The carrying amount of financial assets and liabilities with a maturity of less than one year (including Takaful and other receivables, cash, and cash equivalents and Takaful and other payables) are assumed to approximate their fair values because of the short period of maturity.

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Accounting classifications and fair values

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows.

	Carrying amount						Fair value			
	Designated at fair value	Held to maturity	Loans and receivables	Available-for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Company	BND	BND	BND	BND	BND	BND	BND	BND	BND	BND
31.12.2017										
Financial assets measured at fair value										
AFS financial assets	–	–	–	2,230,343	–	2,230,343	–	–	2,230,343	2,230,343
	–	–	–	2,230,343	–	2,230,343	–	–	2,230,343	2,230,343
Financial assets not measured at fair value										
Other receivables	–	–	1,954,245	–	–	1,954,245				
Cash and cash equivalents	–	–	19,632,516	–	–	19,632,516				
	–	–	21,586,761	–	–	21,586,761				
Financial liabilities not measured at fair value										
Other payables	–	–	–	–	7,734,331	7,734,331				
	–	–	–	–	7,734,331	7,734,331				

	<------Carrying amount					------>	<------Fair value			------>
	Designated at fair value	Held to maturity	Loans and receivables	Available-for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	BND	BND	BND	BND	BND	BND	BND	BND	BND	BND
31.12.2016										
Financial assets measured at fair value										
Financial assets at FVTPL	965,606	–	–	–	–	965,606	965,606	–	–	965,606
	965,606	–	–	–	–	965,606	965,606	–	–	965,606
Financial assets not measured at fair value										
Other receivables	–	–	378,026	–	–	378,026				
Cash and cash equivalents	–	–	23,683,543	–	–	23,683,543				
	–	–	24,061,569	–	–	24,061,569				
Financial liabilities not measured at fair value										
Other payables	–	–	–	–	6,960,899	6,960,899				
	–	–	–	–	6,960,899	6,960,899				

Fair value of the company's financial assets and financial liabilities that are measured at fair value on a recurring basis:

Some of the company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ liabilities	Fair value as at				Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	31 December 2017		31 December 2016					
	Assets	Liabilities	Assets	Liabilities				
Available-for-sale financial assets (See Note 5)								
Private equity fund	2,230,343	–	–	–	Level 3	Net asset valuation of the private equity fund at year end	Net asset value	N/A
Financial assets at FVTPL (See Note 5)								
Quoted equities	–	–	210,272	–	Level 1	Quoted prices in active markets	N/A	N/A
Fixed income securities	–	–	755,334	–	Level 1	Quoted prices in active markets	N/A	N/A
Unquoted corporate bond	–	–	–	–	Level 2	Quoted prices in secondary sources Priced at binding brokers source	N/A	N/A
Derivative financial instruments (See Note 16)								
Foreign exchange forward contracts	–	–	–	8,859	Level 2	Price reference using observable exchange rates from publicly available sources	N/A	N/A

Management considers that the carrying amounts of financial assets and financial liabilities of the Company recorded at amortised cost in the financial statements approximate fair values.

Reconciliation of Level 3 fair value measurements

The following table shows a reconciliation from the beginning balances to the ending balances for the fair value measurements in Level 3 of the fair value hierarchy:

	Takaful Operator and Company	
	31.12.2017	31.12.2016
	BND	BND
Available-for-sale financial assets		
Opening balance as at 1 January	–	–
Capital calls during the year	2,140,100	–
Gains or losses recognised in other comprehensive income (OCI) for the year:		
- Net change in fair value	145,910	–
- Net foreign exchange revaluation	(55,667)	–
Balance as at 31 December	2,230,343	–

28 Dividends

There were no dividends declared or paid during the financial year.

Subsequent to the financial year, the directors do not recommend any dividend to be declared in respect of the financial year ended December 31, 2017.

29 Other matters

During the year the company has derecognized Shariah non-compliant income specifically derived from conventional banks from the Statement of Profit or Loss and Other Comprehensive Income amounting to $5,192 (2016: $5,968) and has designated to charities following the Utilisation of Dana Amal Maslahat Umum Perbadanan TAIB's guidelines as approved by the Shariah Advisory Committee.

30 Prior year adjustments

During the financial year, the Company accounted for certain accounting matters retrospectively as prior year adjustments, as set out below: -

		General Takaful Fund 31.12.2016		
	Note	BND As previously stated	BND Prior period adjustment	BND As restated
Statement of profit or loss and other comprehensive income				
Changes in unearned retakaful contribution reserves	a	1,104,339	(2,120,152)	(1,015,813)
Surplus attributable to operator	b	(7,381,469)	1,060,076	(6,321,393)
Surplus attributable to takaful fund	b	(3,547,245)	1,060,076	(2,487,169)
Statement of financial position				
Retakaful certificate assets	a	11,310,781	(2,120,152)	9,190,629
Other payables	b	12,708,594	(1,060,076)	11,648,518
Participants' fund	a + b	3,726,378	(1,060,076)	2,666,302
Statement of policyholders' surplus				
Surplus for the current financial year	a + b	3,547,245	(1,060,076)	2,487,169
Takaful certificate liabilities (Note 12)				
Provision for unearned contributions – Ceded to Retakaful	a	(6,070,462)	2,120,152	(3,950,310)
Takaful certificate liabilities (Note 12)				
(b) Provision for unearned contributions				
Contributions earned during the year – Ceded to Retakaful	a	15,424,841	2,120,152	17,544,993
Participants' fund (Note 16)				
Underwriting surplus	a + b	10,928,714	(2,120,152)	8,808,562
Surplus attributable to operator	a + b	(7,381,469)	1,060,076	(6,321,393)
Other payables (Note 15)				
Amount owing to Takaful Operator of General Takaful Fund	b	6,965,762	(1,060,076)	5,905,686

	Note	Takaful Operator 31.12.2016 BND As previously stated	BND Prior period adjustment	BND As restated
Statement of profit or loss and other comprehensive income				
Surplus attributable to operator	b + c	7,381,469	(1,060,076)	6,321,393
Tax expense	c	(1,326,197)	196,114	(1,130,083)
Statement of financial position				
Other receivables	b	7,205,689	(1,060,076)	6,145,613
Current tax liabilities	c	1,153,305	(196,114)	957,191
General reserve	c	3,991,363	(302,387)	3,688,976
Retained earnings	b + c	3,249,133	(561,575)	2,687,558
Statement of changes in equity				
Profit for the year	b + c	2,791,595	(863,962)	1,927,633
Transfer to general reserve	b	(977,058)	302,387	(674,671)
Other receivables (Note 8)				
Amount owing from General Takaful Fund	b	6,965,762	(1,060,076)	5,905,686

a. The unearned retakaful contribution reserve in the prior year was overstated. Hence, prior year adjustment was made to retrospectively account for the unearned retakaful contribution reserve balance.

b. Prior year adjustments were made to retrospectively account for the profits attributable to the takaful operator and takaful fund in the prior year as effected by the matter described in note (a) and the corresponding intercompany balances.

c. Prior year adjustments were made to retrospectively account for the tax expense, tax liability and the annual appropriation of net profit to the general reserve as effected by the matters described in note (a) and (b).

31 Adjustments arising from subsequently known facts

Subsequent to the filing of the financial statements for the year ended December 31, 2017 with Autoriti Monetari Brunei Darussalam and the Ministry of Finance on March 30, 2018, the Company accounted for an error in computing the unearned contribution reserves known after the financial statements had been issued, as set out below: -

	Note	General Takaful Fund 31.12.2017		
		BND	BND	BND
		As previously stated	Adjustment	As restated
Statement of profit or loss and other comprehensive income				
Changes in unearned contribution reserves	a	(8,589,644)	10,092,372	1,502,728
Gross claim and benefits paid	b	(24,059,281)	91,863	(23,967,418)
Claim and benefits ceded to retakaful	b	7,094,970	(58,027)	7,036,943
Wakalah expense	a	(7,900,859)	(439,601)	(8,340,460)
Surplus attributable to operator	c	(3,659,756)	(4,843,303)	(8,503,059)
Surplus attributable to takaful fund	c	(4,039,954)	(4,843,304)	(8,883,258)
Statement of financial position				
Retakaful certificate assets	b	16,481,214	(58,027)	16,423,187
Deferred acquisition costs - Asset	a	3,575,290	(476,072)	3,099,218
Other receivables	c	13,146,450	(4,843,304)	8,303,146
Takaful certificate liabilities	a + b	74,454,639	(10,184,236)	64,270,403
Deferred acquisition costs - Liability	a	70,261	(36,471)	33,790
Participants' fund	c	1,276,347	4,843,304	6,119,651
Statement of policyholders' surplus				
Surplus for the current financial year	c	4,039,954	4,843,304	8,883,258

	Note	Takaful Operator 31.12.2017		
		BND	BND	BND
		As previously stated	Adjustment	As restated
Statement of profit or loss and other comprehensive income				
Change in expense liabilities	b	(1,513,373)	848,652	(664,721)
Surplus attributable to operator	c	3,659,756	4,843,303	8,503,059
Tax expense	d	(256,703)	(373,095)	(629,798)
Profit (loss) before taxation	a + b + c	(3,031,906)	5,691,955	2,660,049
Profit (loss) after taxation	a + b + c + d	(3,288,609)	5,318,860	2,030,251
Statement of financial position				
Expense liabilities	b	4,162,642	(848,652)	3,313,990
Other payables	c	12,288,091	(4,843,304)	7,444,787
Current tax liabilities	d	-	373,096	373,096
General reserve	d	3,688,976	710,587	4,399,563
Retained (losses) earnings	c + d	(601,051)	4,608,273	4,007,222

	Note	Takaful Operator 31.12.2017		
		BND	BND	BND
		As previously stated	Adjustment	As restated
Statement of changes in equity				
Profit for the year	c	(3,288,609)	5,318,860	2,030,251
Transfer to general reserve	d	-	(710,587)	(710,587)

a. The unearned contribution reserve and deferred acquisition costs were overstated due to incorrect computation. Hence, adjustments were made to account for the correction of the balances.

b. Adjustments were made to account for the change in the provision for incurred but not reported claims (IBNR) and expense liabilities as affected by the matter described in note (a).

c. Adjustments were made to account for the profits attributable to the takaful operator and takaful fund, and the corresponding intercompany balances as affected by the matter described in note (a) and (b).

d. Adjustments were made to account for the tax expense, tax liability and the annual appropriation of net profit to the general reserve as affected by the matters described in note (a), (b) and (c).

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