

Company No.

689263	M
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SUN LIFE MALAYSIA TAKAFUL BERHAD
(formerly known as CIMB Aviva Takaful Berhad)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2013

Company No.

689263

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SUN LIFE MALAYSIA TAKAFUL BERHAD
(formerly known as CIMB Aviva Takaful Berhad)
(Incorporated in Malaysia)

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SUN LIFE MALAYSIA TAKAFUL BERHAD

(formerly known as CIMB Aviva Takaful Berhad)

(Incorporated in Malaysia)

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	30.6.2013				31.12.2012			
		Share- holders' fund	General Takaful fund	Family Takaful fund	Company	Share- holders' fund	General Takaful fund	Family Takaful fund	Company
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS									
Property and equipment		32	-	-	32	51	-	-	51
Intangible assets		1,891	-	-	1,891	2,509	-	-	2,509
Available-for-sale financial assets	13	52,748	24,438	244,925	322,111	45,010	16,048	244,695	305,753
Fair value through profit or loss financial assets	13	26,379	-	56,992	83,371	-	-	52,522	52,522
Financing and receivables		68,989	31,929	81,025	181,943	117,052	35,907	60,546	213,505
Qardhul Hasan receivables		343	-	-	-	360	-	-	-
Takaful receivables		-	5,735	38,842	44,577	-	4,570	4,814	9,384
Retakaful assets	14	-	13,514	6,655	20,169	-	11,410	5,062	16,472
Other receivables		34,109	651	1,377	3,322	13,850	232	725	677
Deferred tax assets		3,212	2,579	(704)	5,087	3,133	2,522	(794)	5,036
Cash and bank balances		4,599	2,366	13,419	20,384	4,259	4,024	11,858	20,141
Total assets		192,302	81,212	442,531	682,887	186,224	74,713	379,428	626,050

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SUN LIFE MALAYSIA TAKAFUL BERHAD

(formerly known as CIMB Aviva Takaful Berhad)

(Incorporated in Malaysia)

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013 (CONTINUED)

	Note	30.6.2013				31.12.2012			
		Share- holders' fund	General Takaful fund	Family Takaful fund	Company	Share- holders' fund	General Takaful fund	Family Takaful fund	Company
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES									
Share capital		100,010	-	-	100,010	100,010	-	-	100,010
Share premium		99,990	-	-	99,990	99,990	-	-	99,990
Available-for-sale reserve		1,102	-	-	1,102	890	-	-	890
Accumulated losses		(31,822)	-	(506)	(32,165)	(39,207)	-	(699)	(39,392)
Total equity		169,280	-	(506)	168,937	161,683	-	(699)	161,498
LIABILITIES									
Qardhul Hasan payables		-	-	506	-	-	-	699	-
Takaful contract liabilities	15	-	56,405	415,768	472,173	-	54,669	365,039	419,708
Takaful payables		-	8,865	1,303	10,168	-	9,389	2,391	11,780
Other payables		14,102	10,061	25,974	17,322	18,990	5,117	12,534	22,511
Expense liabilities		7,110	-	-	7,110	4,603	-	-	4,603
Current tax liabilities		1,810	5,881	(514)	7,177	948	5,538	(536)	5,950
Total liabilities		23,022	81,212	443,037	513,950	24,541	74,713	380,127	464,552
TOTAL EQUITY AND LIABILITIES		192,302	81,212	442,531	682,887	186,224	74,713	379,428	626,050

The accompanying notes are an integral part of these financial statements.

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SUN LIFE MALAYSIA TAKAFUL BERHAD
(formerly known as CIMB Aviva Takaful Berhad)
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2013

	6 months ended 30.6.2013				6 months ended 30.6.2012			
	Share- holders' fund RM'000	General Takaful fund RM'000	Family Takaful fund RM'000	Company RM'000	Share- holders' fund RM'000	General Takaful fund RM'000	Family Takaful fund RM'000	Company RM'000
Gross earned contribution	-	19,666	103,778	123,444	-	15,731	52,776	68,507
Contribution ceded to retakaful operators	-	(1,020)	(5,360)	(6,380)	-	(3,053)	(5,904)	(8,957)
Net earned contribution	-	18,646	98,418	117,064	-	12,678	46,872	59,550
Wakalah income	44,297	-	-	-	25,665	-	-	-
Surplus sharing from General and Family Takaful funds	8,691	-	-	-	-	-	-	-
Investment income	2,976	976	7,004	10,204	1,883	958	6,231	9,072
Realised gains	-	105	335	440	-	426	-	426
Net fair value gains	52	-	2,049	2,101	-	-	(100)	(100)
Commission income	-	-	11	11	-	19	3	22
Other operating income	221	162	13	396	185	6,966	3,495	10,646
Writeback of impairment charge on Qardhul Hasan extended to General and Family Takaful funds	176	-	-	-	15,011	-	-	-
Total income	56,413	19,889	107,830	130,216	42,744	21,047	56,501	79,616

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SUN LIFE MALAYSIA TAKAFUL BERHAD

(formerly known as CIMB Aviva Takaful Berhad)

(Incorporated in Malaysia)

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2013 (CONTINUED)

	6 months ended 30.6.2013				6 months ended 30.6.2012			
	Share- holders' fund RM'000	General Takaful fund RM'000	Family Takaful fund RM'000	Company RM'000	Share- holders' fund RM'000	General Takaful fund RM'000	Family Takaful fund RM'000	Company RM'000
Gross benefits and claims paid	-	(2,505)	(19,656)	(22,161)	-	(3,520)	(18,628)	(22,148)
Claims ceded to retakaful operators	-	718	4,006	4,724	-	1,532	3,196	4,728
Gross change to contract liabilities	-	(787)	(52,364)	(53,151)	-	(7,195)	54,574	47,379
Change in contract liabilities ceded to retakaful operators	-	2,105	1,593	3,698	-	7,318	(70,131)	(62,813)
	-	(469)	(66,421)	(66,890)	-	(1,865)	(30,989)	(32,854)
Surplus sharing with Takaful operator	-	(7,296)	(1,395)	-	-	-	-	-
Wakalah expenses	-	(9,242)	(35,055)	-	-	(8,195)	(17,470)	-
Commission expenses	(17,955)	-	-	(17,955)	(8,644)	-	-	(8,644)
Management expenses	(24,813)	-	-	(24,813)	(22,675)	-	-	(22,675)
Other operating expenses	(3,388)	(507)	(3,876)	(7,019)	(671)	(264)	(2,004)	(2,939)
Taxation on General and Family Takaful funds	-	(2,375)	(890)	(3,265)	-	(1,360)	(766)	(2,126)
Total expenses	(46,156)	(19,420)	(41,216)	(53,052)	(31,990)	(9,819)	(20,240)	(36,384)
Profit before taxation	10,257	-	193	10,274	10,754	9,363	5,272	10,378
Taxation	(2,872)	-	-	(3,047)	(2,175)	-	-	(2,175)
Net profit for the financial period	7,385	-	193	7,227	8,579	9,363	5,272	8,203

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SUN LIFE MALAYSIA TAKAFUL BERHAD

(formerly known as CIMB Aviva Takaful Berhad)

(Incorporated in Malaysia)

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2013 (CONTINUED)**

	6 months ended 30.6.2013				6 months ended 30.6.2012			
	Share- holders' fund RM'000	General Takaful fund RM'000	Family Takaful fund RM'000	Company RM'000	Share- holders' fund RM'000	General Takaful fund RM'000	Family Takaful fund RM'000	Company RM'000
Other comprehensive income/(loss):								
Fair value change on available-for-sale financial assets:								
- Gross fair value change	283	(231)	(1,777)	(1,725)	253	(404)	(385)	(536)
- Deferred taxation	(71)	58	142	129	-	-	264	264
- Net fair value change	212	(173)	(1,635)	(1,596)	253	(404)	(121)	(272)
Change in Takaful contract liabilities arising from unrealised net fair value losses	-	173	1,635	1,808	-	404	121	525
Total comprehensive income for the financial period	<u>7,597</u>	<u>-</u>	<u>193</u>	<u>7,439</u>	<u>8,832</u>	<u>9,363</u>	<u>5,272</u>	<u>8,456</u>

The accompanying notes are an integral part of these financial statements.

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SUN LIFE MALAYSIA TAKAFUL BERHAD

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**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2013**

	Share capital	Share premium	Non-distributable Available- for-sale reserve	Accumu- lated losses	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2013	100,010	99,990	890	(39,392)	161,498
Total comprehensive income for the financial period	-	-	212	7,227	7,439
As at 30 June 2013	100,010	99,990	1,102	(32,165)	168,937
As at 1 January 2012					
- As restated	100,010	99,990	623	(62,635)	137,988
Total comprehensive income for the financial period	-	-	253	8,203	8,456
As at 30 June 2012	100,010	99,990	876	(54,432)	146,444

The accompanying notes are an integral part of these financial statements.

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SUN LIFE MALAYSIA TAKAFUL BERHAD
(formerly known as CIMB Aviva Takaful Berhad)
(Incorporated in Malaysia)

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2013**

	6 months ended <u>30.6.2013</u> RM'000	6 months ended <u>30.6.2012</u> RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit after taxation for the financial period	7,227	8,203
Adjustments for:		
Depreciation of property and equipment	19	28
Amortisation of intangible assets	618	1,053
(Accretion of discounts)/amortisation of premiums	(58)	1,039
Gain on disposal of financial assets	(440)	(462)
Profit income	(9,262)	(9,857)
Dividend income	(886)	(214)
Net fair value gains	(2,101)	(2,985)
Provision for expense liability	2,507	-
Writeback of doubtful debts on Takaful receivables	(103)	(8,365)
Increase in General Takaful contract liabilities	1,909	8,983
Increase/(decrease) in Family Takaful contract liabilities	52,364	(54,574)
Taxation expense for General Takaful fund	2,375	1,360
Taxation expense for Family Takaful fund	890	766
Taxation	3,047	2,175
	<hr/>	<hr/>
Profit/(loss) from operations before changes in operating assets and liabilities	58,106	(52,850)
Proceeds from disposal and maturity of investments	159,468	12,786
Purchase of investments	(205,656)	(49,430)
(Increase)/decrease in other receivables	(2,589)	5
(Increase)/decrease in Takaful receivables	(35,090)	5,750
Decrease in financing and receivables	31,466	28,135
(Increase)/decrease in retakaful assets	(3,697)	62,889
Decrease in other payables	(5,194)	(34,920)
Decrease in Takaful payables	(1,612)	(649)
	<hr/>	<hr/>
	(4,798)	(28,284)
Income tax paid, net of refund	(5,002)	(2,557)
Profit income received	9,213	9,680
Dividend income received	830	180
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Net cash generated/(used) in operating activities	243	(20,981)
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SUN LIFE MALAYSIA TAKAFUL BERHAD

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UNAUDITED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 JUNE 2013 (CONTINUED)

	6 months ended <u>30.6.2013</u> RM'000	6 months ended <u>30.6.2012</u> RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(151)
Net cash used in investing activities	<u>-</u>	<u>(151)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	243	(21,132)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	<u>20,141</u>	<u>37,265</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u><u>20,384</u></u>	<u><u>16,133</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	<u><u>20,384</u></u>	<u><u>16,133</u></u>

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

The accompanying notes are an integral part of these financial statements.

SUN LIFE MALAYSIA TAKAFUL BERHAD
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(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2013**

1 CORPORATE INFORMATION

The Company is engaged principally in the underwriting of Family Takaful including investment-linked business and General Takaful business. There have been no significant changes in the principal activities of the Company during the financial period.

The Company is a public limited liability company, incorporated and domiciled in Malaysia.

The registered office of the Company is located at the 11th Floor, No 338, Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur, Malaysia.

The principal place of business of the Company is located at the 8th Floor, No 338, Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur, Malaysia.

2 BASIS OF PREPARATION

The unaudited interim financial statements of the Company have been prepared in accordance with the MFRS 134, "Interim Financial Reporting" which do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's audited financial statements for the financial year ended 31 December 2012.

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and presentation adopted by the Company in the interim financial statements are consistent with those adopted in the Company's audited financial statements for the financial year ended 31 December 2012, except for the following:

<u>MFRSs/Interpretations</u>	<u>Effective Date</u>
MFRS 7 "Financial instruments: Disclosures"	1 January 2013
MFRS 10 "Consolidated financial statements"	1 January 2013
MFRS 13 "Fair value measurement"	1 January 2013
MFRS 101 "Presentation of items of other comprehensive income"	1 July 2012
MFRS 119 "Employee benefits"	1 January 2013

The adoption of the revised standards, amendments and interpretations issued by MASB which are effective in the current financial period do not have any material impact to the financial statements of the Company.

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(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2013 (CONTINUED)

4 SEASONALITY OF OPERATIONS

The business operations of the Company were not materially affected by any seasonal or cyclical fluctuations during the current interim period ended 30 June 2013.

5 CHANGES IN ESTIMATES

There was no change in estimates of amounts reported in prior financial year that has a material effect in the current interim period ended 30 June 2013.

6 UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There was no item affecting assets, liabilities, equity, net income or cash flows which are unusual because of their nature, size or incidence in the current interim period ended 30 June 2013.

7 ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issues, repurchases and repayments of debt and equity securities during the current interim period ended 30 June 2013.

8 DIVIDENDS PAID

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

9 COMMITMENTS AND CONTINGENCIES

There were no commitments and contingencies that have arisen during the current interim period ended 30 June 2013.

10 SIGNIFICANT EVENTS AND TRANSACTIONS

On 12 April 2013, Renggis Ventures Sdn Bhd, a subsidiary of Khazanah Nasional Bhd, and Sun Life Assurance Company of Canada, a subsidiary of Sun Life Financial Inc., have successfully completed the acquisition of CIMB Aviva Takaful Berhad.

11 SUBSEQUENT EVENTS

On 19 August 2013, the Company changed its name from CIMB Aviva Takaful Berhad to Sun Life Malaysia Takaful Berhad.

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SUN LIFE MALAYSIA TAKAFUL BERHAD

(formerly known as CIMB Aviva Takaful Berhad)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2013 (CONTINUED)

12 EFFECT OF CHANGES IN THE COMPOSITION OF THE COMPANY

Renggis Ventures Sdn Bhd has acquired 51% of CIMB Aviva Takaful Berhad from CIG Berhad and Sun Life Assurance Company of Canada has acquired 49% of CIMB Aviva Takaful Berhad from Aviva International Holdings Ltd during the current interim period ended 30 June 2013.

13 FINANCIAL ASSETS

	Shareholders' fund <u>RM'000</u>	General Takaful fund <u>RM'000</u>	Family Takaful fund <u>RM'000</u>	<u>Company</u> <u>RM'000</u>
<u>30.6.2013</u>				
Government Investment Issues	44,866	20,029	220,064	284,959
Unquoted sukuk	-	4,123	25,709	29,832
Quoted equity securities	4,363	-	23,252	27,615
Investments in investment-linked funds	7,631	-	-	7,631
Unit trust funds	22,016	-	-	22,016
Structured investment	-	-	29,907	29,907
Accrued profit	251	286	2,985	3,522
Total	<u>79,127</u>	<u>24,438</u>	<u>301,917</u>	<u>405,482</u>
<u>31.12.2012</u>				
Government Investment Issues	37,496	9,078	217,771	264,345
Unquoted sukuk	-	6,760	27,845	34,605
Quoted equity securities	-	-	18,421	18,421
Investments in investment-linked funds	7,286	-	-	7,286
Structured investment	-	-	30,246	30,246
Accrued profit	228	210	2,934	3,372
Total	<u>45,010</u>	<u>16,048</u>	<u>297,217</u>	<u>358,275</u>

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SUN LIFE MALAYSIA TAKAFUL BERHAD

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2013 (CONTINUED)

13 FINANCIAL ASSETS (CONTINUED)

The Company's financial assets are summarised as follows:

	Shareholders' fund	General Takaful fund	Family Takaful fund	Company
	RM'000	RM'000	RM'000	RM'000
<u>30.6.2013</u>				
Available-for-sale	52,748	24,438	244,925	322,111
FVTPL – designated upon initial recognition	26,379	-	56,992	83,371
Total	<u>79,127</u>	<u>24,438</u>	<u>301,917</u>	<u>405,482</u>
<u>31.12.2012</u>				
Available-for-sale	45,010	16,048	244,695	305,753
FVTPL – designated upon initial recognition	-	-	52,522	52,522
Total	<u>45,010</u>	<u>16,048</u>	<u>297,217</u>	<u>358,275</u>

The following financial assets mature after 12 months:

	Shareholders' fund	General Takaful fund	Family Takaful fund	Company
	RM'000	RM'000	RM'000	RM'000
<u>30.6.2013</u>				
Available-for-sale	35,121	19,316	234,681	289,118
FVTPL – designated upon initial recognition	-	-	2,086	2,086
Total	<u>35,121</u>	<u>19,316</u>	<u>236,767</u>	<u>291,204</u>
<u>31.12.2012</u>				
Available-for-sale	24,908	11,831	24,021	60,760
FVTPL – designated upon initial recognition	-	-	2,067	2,067
Total	<u>24,908</u>	<u>11,831</u>	<u>26,088</u>	<u>62,827</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2013 (CONTINUED)

13 FINANCIAL ASSETS (CONTINUED)

(a) Available-for-sale

	Shareholders' fund	General Takaful fund	Family Takaful fund	Company
	RM'000	RM'000	RM'000	RM'000
<u>30.6.2013</u>				
Government Investment Issues	44,866	20,029	220,064	284,959
Unquoted sukuk	-	4,123	21,905	26,028
Investments in investment-linked funds	7,631	-	-	7,631
Accrued profit	251	286	2,956	3,493
Total	<u>52,748</u>	<u>24,438</u>	<u>244,925</u>	<u>322,111</u>
<u>31.12.2012</u>				
Government Investment Issues	37,496	9,078	217,771	264,345
Unquoted sukuk	-	6,760	24,020	30,780
Investments in investment-linked funds	7,286	-	-	7,286
Accrued profit	228	210	2,904	3,342
Total	<u>45,010</u>	<u>16,048</u>	<u>244,695</u>	<u>305,753</u>

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SUN LIFE MALAYSIA TAKAFUL BERHAD

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2013 (CONTINUED)

13 FINANCIAL ASSETS (CONTINUED)

(b) FVTPL – designated upon initial recognition

	Shareholders' fund <u>RM'000</u>	Family Takaful fund <u>RM'000</u>	<u>Company</u> <u>RM'000</u>
<u>30.6.2013</u>			
Unquoted sukuk	-	3,804	3,804
Quoted equity securities	4,363	23,252	27,615
Unit trust funds	22,016	-	22,016
Structured investment	-	29,907	29,907
Accrued profit	-	29	29
Total	<u>26,379</u>	<u>56,992</u>	<u>83,371</u>
 <u>31.12.2012</u>			
Unquoted sukuk	-	3,825	3,825
Quoted equity securities	-	18,421	18,421
Structured investment	-	30,246	30,246
Accrued profit	-	30	30
Total	<u>-</u>	<u>52,522</u>	<u>52,522</u>

SUN LIFE MALAYSIA TAKAFUL BERHAD

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(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2013 (CONTINUED)

13 FINANCIAL ASSETS (CONTINUED)

(c) Carrying values of financial assets

	Available-for-sale			FVTPL		Company RM'000
	Share- holders' fund RM'000	General Takaful fund RM'000	Family Takaful fund RM'000	Share- holders' fund RM'000	Family Takaful fund RM'000	
At 1 January 2012	6,830	22,760	206,092	-	187,341	423,023
Purchases	50,179	2,517	45,748	-	15,918	114,362
Maturities	-	(3,996)	(999)	-	(129,357)	(134,352)
Disposals	(12,600)	(4,719)	(10,453)	-	(18,958)	(46,730)
Fair value gains/(losses) recorded in:						
Profit or loss	-	-	-	-	(2,370)	(2,370)
Other comprehensive income/ (loss)	357	(486)	3,296	-	-	3,167
Movement in accrued profit	228	6	1,063	-	18	1,315
Accretion/(amortisation) adjustments	16	(34)	(52)	-	(70)	(140)
At 31 December 2012	45,010	16,048	244,695	-	52,522	358,275
Purchases	117,654	30,257	13,080	26,327	18,338	205,656
Maturities	(110,242)	(4,000)	(1,000)	-	-	(115,242)
Disposals	-	(17,791)	(10,102)	-	(14,781)	(42,674)
Fair value gains/(losses) recorded in:						
Profit or loss	-	-	-	52	932	984
Other comprehensive income/ (loss)	283	(231)	(1,777)	-	-	(1,725)
Movement in accrued profit	23	76	52	-	(1)	150
Accretion/(amortisation) adjustments	20	79	(23)	-	(18)	58
At 30 June 2013	52,748	24,438	244,925	26,379	56,992	405,482

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13 FINANCIAL ASSETS (CONTINUED)

(d) Fair values hierarchy

The Company categorises its fair value measurements according to a three-level hierarchy. The hierarchy prioritises the inputs used by the Company's valuation techniques for determining the fair value of the financial instruments.

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

Level 1 – Fair value measurements that reflect unadjusted, quoted prices in active markets for identical assets and liabilities that the Company has the ability to access at the measurement date. Valuations are based on quoted prices reflecting market transactions involving assets or liabilities identical to those being measured.

Level 2 – Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, inputs that are observable that are not prices (such as profit rates, credit risks, etc) and inputs that are derived from or corroborated by observable market data.

Level 3 – Fair value measurements using significant non-market observable inputs. These include valuations for assets and liabilities that are derived using data, some or all of which is not market observable, including assumptions about risk.

The following table presents the Company's financial assets that are carried at fair value as at 30 June 2013.

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Total</u> RM'000
<u>30.6.2013</u>			
<u>Shareholders' fund</u>			
<u>Available-for-sale</u>			
- Government Investment Issues	-	44,866	44,866
- Investments in investment-linked funds	7,631	-	7,631
- Accrued profit	-	251	251
<u>FVTPL – designated upon initial recognition</u>			
- Quoted equity securities	4,363	-	4,363
- Unit trust funds	22,016	-	22,016
	<u>34,010</u>	<u>45,117</u>	<u>79,127</u>

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FOR THE HALF-YEAR ENDED 30 JUNE 2013 (CONTINUED)

13 FINANCIAL ASSETS (CONTINUED)

(d) Fair values hierarchy (continued)

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Total</u> RM'000
<u>30.6.2013</u> (continued)			
<u>General Takaful fund</u>			
<u>Available-for-sale</u>			
- Government Investment Issues	-	20,029	20,029
- Unquoted sukuk	-	4,123	4,123
- Accrued profit	-	286	286
	<u>-</u>	<u>24,438</u>	<u>24,438</u>
	<u>-</u>	<u>24,438</u>	<u>24,438</u>
<u>Family Takaful fund</u>			
<u>Available-for-sale</u>			
- Government Investment Issues	-	220,064	220,064
- Unquoted sukuk	-	21,905	21,905
- Accrued profit	-	2,956	2,956
<u>FVTPL – designated upon initial recognition</u>			
- Quoted equity securities	23,252	-	23,252
- Unquoted sukuk	-	3,804	3,804
- Structured investment	-	29,907	29,907
- Accrued profit	-	29	29
	<u>23,252</u>	<u>278,665</u>	<u>301,917</u>
	<u>23,252</u>	<u>278,665</u>	<u>301,917</u>
<u>Company</u>			
<u>Available-for-sale</u>			
- Government Investment Issues	-	284,959	284,959
- Unquoted sukuk	-	26,028	26,028
- Investments in investment-linked funds	7,631	-	7,631
- Accrued profit	-	3,493	3,493
<u>FVTPL – designated upon initial recognition</u>			
- Quoted equity securities	27,615	-	27,615
- Unquoted sukuk	-	3,804	3,804
- Unit trust funds	22,016	-	22,016
- Structured investments	-	29,907	29,907
- Accrued profit	-	29	29
	<u>57,262</u>	<u>348,220</u>	<u>405,482</u>
	<u>57,262</u>	<u>348,220</u>	<u>405,482</u>

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FOR THE HALF-YEAR ENDED 30 JUNE 2013 (CONTINUED)

13 FINANCIAL ASSETS (CONTINUED)

(d) Fair values hierarchy (continued)

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Total</u> RM'000
<u>31.12.2012</u>			
<u>Shareholders' fund</u>			
<u>Available-for-sale</u>			
- Government Investment Issues	-	37,496	37,496
- Investments in investment-linked funds	7,286	-	7,286
- Accrued profit	-	228	228
	<u>7,286</u>	<u>37,724</u>	<u>45,010</u>
<u>General Takaful fund</u>			
<u>Available-for-sale</u>			
- Government Investment Issues	-	9,078	9,078
- Unquoted sukuk	-	6,760	6,760
- Accrued profit	-	210	210
	<u>-</u>	<u>16,048</u>	<u>16,048</u>
<u>Family Takaful fund</u>			
<u>Available-for-sale</u>			
- Government Investment Issues	-	217,771	217,771
- Unquoted sukuk	-	24,020	24,020
- Accrued profit	-	2,904	2,904
<u>FVTPL – designated upon initial recognition</u>			
- Quoted equity securities	18,421	-	18,421
- Unquoted sukuk	-	3,825	3,825
- Structured investment	-	30,246	30,246
- Accrued profit	-	30	30
	<u>18,421</u>	<u>278,796</u>	<u>297,217</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2013 (CONTINUED)

13 FINANCIAL ASSETS (CONTINUED)

(d) Fair values hierarchy (continued)

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Total</u> RM'000
<u>31.12.2012</u> (continued)			
<u>Company</u>			
<u>Available-for-sale</u>			
- Government Investment Issues	-	264,345	264,345
- Unquoted sukuk	-	30,780	30,780
- Investments in investment-linked funds	7,286	-	7,286
- Accrued profit	-	3,342	3,342
<u>FVTPL – designated upon initial recognition</u>			
- Quoted equity securities	18,421	-	18,421
- Unquoted sukuk	-	3,825	3,825
- Structured investments	-	30,246	30,246
- Accrued profit	-	30	30
	<u>25,707</u>	<u>332,568</u>	<u>358,275</u>

14 RETAKAFUL ASSETS

	<u>General</u> <u>Takaful</u> <u>fund</u> RM'000	<u>Family</u> <u>Takaful</u> <u>fund</u> RM'000	<u>Company</u> RM'000
Retakaful of Takaful contracts (Note 15)			
30 June 2013	<u>13,514</u>	<u>6,655</u>	<u>20,169</u>
31 December 2012	<u>11,410</u>	<u>5,062</u>	<u>16,472</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2013 (CONTINUED)**

15 TAKAFUL CONTRACT LIABILITIES

	Note	30.6.2013			31.12.2012		
		Gross RM'000	Retakaful RM'000	Net RM'000	Gross RM'000	Retakaful RM'000	Net RM'000
Family Takaful	15(a)	415,768	(6,655)	409,113	365,039	(5,062)	359,977
General Takaful	15(b)	56,405	(13,514)	42,891	54,669	(11,410)	43,259
		<u>472,173</u>	<u>(20,169)</u>	<u>452,004</u>	<u>419,708</u>	<u>(16,472)</u>	<u>403,236</u>

(a) Family Takaful contract liabilities

The Family Takaful contract liabilities and its movements are further analysed as follows:

	30.6.2013			31.12.2012		
	Gross RM'000	Retakaful RM'000	Net RM'000	Gross RM'000	Retakaful RM'000	Net RM'000
Certificateholders' liabilities	353,072	(2,572)	350,500	301,977	(1,367)	300,610
Net asset value attributable to certificateholders	45,766	-	45,766	45,642	-	45,642
Actuarial liabilities	398,838	(2,572)	396,266	347,619	(1,367)	346,252
Claims liabilities	5,797	(4,083)	1,714	5,722	(3,695)	2,027
Unallocated surplus	4,518	-	4,518	3,448	-	3,448
Available-for-sale fair value adjustment	6,615	-	6,615	8,250	-	8,250
	<u>415,768</u>	<u>(6,655)</u>	<u>409,113</u>	<u>365,039</u>	<u>(5,062)</u>	<u>359,977</u>

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FOR THE HALF-YEAR ENDED 30 JUNE 2013 (CONTINUED)

15 TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(a) Family Takaful contract liabilities (continued)

The Family Takaful contract liabilities and its movements are further analysed as follows:
(continued)

<u>30.6.2013</u>	<u>Gross</u> RM'000	<u>Re-</u> <u>takaful</u> RM'000	<u>Net</u> RM'000
At 1 January 2013	365,039	(5,062)	359,977
<u>Projected changes of inforce Takaful certificates</u>			
Contribution income	11,990	(5,309)	6,681
Benefits	(13,739)	6,901	(6,838)
Investment returns	4,348	(508)	3,840
Others	(9,444)	(1,385)	(10,829)
Experience variance on inforce Takaful certificates	6,427	877	7,304
Reserve on new policies	52,102	(1,483)	50,619
Change in valuation methodology	1	(1)	-
Miscellaneous	(590)	(297)	(887)
Movement in net asset value attributable to certificateholders	124	-	124
Movement in claims liabilities	75	(388)	(313)
Movement in unallocated surplus	1,070	-	1,070
Movement in AFS fair value adjustment	(1,635)	-	(1,635)
At 30 June 2013	<u>415,768</u>	<u>(6,655)</u>	<u>409,113</u>

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FOR THE HALF-YEAR ENDED 30 JUNE 2013 (CONTINUED)

15 TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(a) Family Takaful contract liabilities (continued)

The Family Takaful contract liabilities and its movements are further analysed as follows:
(continued)

<u>31.12.2012</u>	<u>Gross</u> RM'000	<u>Re- takaful</u> RM'000	<u>Net</u> RM'000
At 1 January 2012	534,076	(74,612)	459,464
<u>Projected changes of inforce Takaful certificates</u>			
Contribution income	17,342	(8,482)	8,860
Benefits	(21,942)	10,951	(10,991)
Investment returns	6,775	(809)	5,966
Others	(13,326)	(2,456)	(15,782)
Experience variance on inforce Takaful certificates	(3,156)	3,605	449
Reserve on new policies	53,161	(761)	52,400
Change in valuation methodology	(70,603)	70,271	(332)
Miscellaneous	(4,076)	(419)	(4,495)
Movement in net asset value attributable to certificateholders	(143,112)	-	(143,112)
Movement in claims liabilities	3,468	(2,350)	1,118
Movement in unallocated surplus	3,400	-	3,400
Movement in AFS fair value adjustment	3,032	-	3,032
At 31 December 2012	<u>365,039</u>	<u>(5,062)</u>	<u>359,977</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2013 (CONTINUED)

15 TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(b) General Takaful contract liabilities

The General Takaful contract liabilities and its movements are further analysed as follows:

	30.6.2013			31.12.2012		
	Gross RM'000	Retakaful RM'000	Net RM'000	Gross RM'000	Retakaful RM'000	Net RM'000
Provision for claims reported by certificateholders	7,912	(3,764)	4,148	6,197	(1,407)	4,790
Provision for IBNR	31,498	(9,393)	22,105	39,722	(9,645)	30,077
Provision for outstanding claims (i)	39,410	(13,157)	26,253	45,919	(11,052)	34,867
Unearned contribution reserve (ii)	7,220	(357)	6,863	6,098	(358)	5,740
Available-for-sale fair value adjustment						
- gross	19	-	19	250	-	250
- deferred tax	(5)	-	(5)	(63)	-	(63)
	14	-	14	187	-	187
Unallocated surplus	9,761	-	9,761	2,465	-	2,465
	<u>56,405</u>	<u>(13,514)</u>	<u>42,891</u>	<u>54,669</u>	<u>(11,410)</u>	<u>43,259</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2013 (CONTINUED)

15 TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(b) General Takaful contract liabilities (continued)

(i) Provision for outstanding claims

	30.6.2013			31.12.2012		
	<u>Gross</u> RM'000	Re- takaful RM'000	<u>Net</u> RM'000	<u>Gross</u> RM'000	Re- takaful RM'000	<u>Net</u> RM'000
At 1 January	45,919	(11,052)	34,867	59,491	(11,740)	47,751
Claims incurred in the current accident year	6,609	(3,534)	3,075	11,692	(6,840)	4,852
Other movements in claims incurred in prior accident years	(10,613)	711	(9,902)	(20,067)	5,543	(14,524)
Claims paid during the financial period/year	(2,505)	718	(1,787)	(5,197)	1,985	(3,212)
At 30 June/ 31 December	<u>39,410</u>	<u>(13,157)</u>	<u>26,253</u>	<u>45,919</u>	<u>(11,052)</u>	<u>34,867</u>

	30.6.2013			31.12.2012		
	<u>Gross</u> RM'000	Re- takaful RM'000	<u>Net</u> RM'000	<u>Gross</u> RM'000	Re- takaful RM'000	<u>Net</u> RM'000
(ii) Unearned contribution reserve						
At 1 January	6,098	(358)	5,740	4,293	(635)	3,658
Contribution written in the financial period/year	20,788	(1,019)	19,769	36,558	(4,908)	31,650
Contribution earned during the financial period/year	(19,666)	1,020	(18,646)	(34,753)	5,185	(29,568)
At 30 June/ 31 December	<u>7,220</u>	<u>(357)</u>	<u>6,863</u>	<u>6,098</u>	<u>(358)</u>	<u>5,740</u>