

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 2014**

0977A4/nm

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 2014**

	Note	30.6.2014				Audited 31.12.2013			
		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
<b>ASSETS</b>									
Property and equipment		216	-	-	216	265	-	-	265
Intangible assets		203	-	-	203	770	-	-	770
Available-for-sale financial assets	13	137,029	29,047	336,695	502,771	54,842	24,159	256,821	335,822
Fair value through profit or loss financial assets	13	6,821	-	57,006	55,882	5,959	-	39,144	37,292
Financing and receivables		18,753	29,778	60,345	108,876	93,390	39,878	97,762	231,030
Qardhul Hasan receivables		264	-	-	-	284	-	-	-
Takaful receivables		-	3,524	25,397	28,921	-	2,443	15,962	18,405
Retakaful assets	14	-	24,751	8,382	33,133	-	17,359	8,588	25,947
Other receivables		28,667	7,734	2,379	4,082	33,065	78	1,705	3,477
Deferred tax assets		8,241	56	(49)	8,318	2,878	42	91	3,118
Cash and bank balances		13,955	2,688	7,092	23,735	5,853	8,025	24,263	38,141
<b>Total assets</b>		<b>214,149</b>	<b>97,578</b>	<b>497,247</b>	<b>766,137</b>	<b>197,306</b>	<b>91,984</b>	<b>444,336</b>	<b>694,267</b>

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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 2014 (CONTINUED)**

	30.6.2014				Audited 31.12.2013				
	Note	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
<b>EQUITY AND LIABILITIES</b>									
Share capital		100,010	-	-	100,010	100,010	-	-	100,010
Share premium		99,990	-	-	99,990	99,990	-	-	99,990
Available-for-sale reserve		361	-	-	361	287	-	-	287
Accumulated losses		(22,765)	-	(281)	(22,959)	(30,207)	-	(425)	(30,384)
<b>Total equity</b>		<b>177,596</b>	<b>-</b>	<b>(281)</b>	<b>177,402</b>	<b>170,080</b>	<b>-</b>	<b>(425)</b>	<b>169,903</b>
<b>LIABILITIES</b>									
Qardhul Hasan payables		-	-	281	-	-	-	425	-
Takaful contract liabilities	15	-	72,598	464,618	529,271	-	66,733	418,604	477,526
Takaful payables		-	2,833	13,640	16,473	-	3,274	11,722	14,996
Other payables		17,914	19,548	18,423	21,187	14,514	20,946	13,898	17,987
Expense liabilities		20,837	-	-	20,837	12,262	-	-	12,262
Current tax liabilities		(2,198)	2,599	566	967	450	1,031	112	1,593
<b>Total liabilities</b>		<b>36,553</b>	<b>97,578</b>	<b>497,528</b>	<b>588,735</b>	<b>27,226</b>	<b>91,984</b>	<b>444,761</b>	<b>524,364</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>214,149</b>	<b>97,578</b>	<b>497,247</b>	<b>766,137</b>	<b>197,306</b>	<b>91,984</b>	<b>444,336</b>	<b>694,267</b>

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 2014**

	6 months ended 30.6.2014				6 months ended 30.6.2013			
	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	-	25,159	138,038	163,197	-	19,666	103,778	123,444
Contribution ceded to retakaful operators	-	(1,904)	(40,077)	(41,981)	-	(1,020)	(5,360)	(6,380)
Net earned contribution	-	23,255	97,961	121,216	-	18,646	98,418	117,064
Wakalah income	56,621	-	-	-	44,297	-	-	-
Surplus sharing from General and Family Takaful funds	6,321	-	-	-	8,691	-	-	-
Investment income	4,056	1,046	8,428	12,590	2,976	976	7,004	10,204
Realised gains/(losses)	34	(2)	532	564	-	105	335	440
Net fair value gains	664	-	2,697	3,361	52	-	2,049	2,101
Commission income	-	-	4,343	4,343	-	-	11	11
Other operating income	296	101	89	486	221	162	13	396
Writeback of impairment charge on Qardhul Hasan extended to General and Family Takaful funds	124	-	-	-	176	-	-	-
<b>Total income</b>	<b>68,116</b>	<b>24,400</b>	<b>114,050</b>	<b>142,560</b>	<b>56,413</b>	<b>19,889</b>	<b>107,830</b>	<b>130,216</b>

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**SUN LIFE MALAYSIA TAKAFUL BERHAD**  
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(Incorporated in Malaysia)

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2014 (CONTINUED)**

	6 months ended 30.6.2014				6 months ended 30.6.2013			
	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	-	(5,558)	(25,457)	(31,015)	-	(2,505)	(19,656)	(22,161)
Claims ceded to retakaful operators	-	3,297	6,941	10,238	-	718	4,006	4,724
Gross change to contract liabilities	-	(8,433)	(47,089)	(55,522)	-	(787)	(52,364)	(53,151)
Change in contract liabilities ceded to retakaful operators	-	6,282	(206)	6,076	-	2,105	1,593	3,698
	-	(4,412)	(65,811)	(70,223)	-	(469)	(66,421)	(66,890)
Surplus sharing with Takaful operator	-	(4,282)	(2,039)	-	-	(7,296)	(1,395)	-
Wakalah expenses	-	(13,527)	(43,094)	-	-	(9,242)	(35,055)	-
Commission expenses	(23,167)	-	-	(23,167)	(17,955)	-	-	(17,955)
Management expenses	(30,860)	-	-	(30,860)	(24,813)	-	-	(24,813)
Other operating expenses	(8,775)	(620)	(2,185)	(10,640)	(3,388)	(507)	(3,876)	(7,019)
Total expenses	(62,802)	(18,429)	(47,318)	(64,667)	(46,156)	(17,045)	(40,326)	(49,787)
Profit before taxation	5,314	1,559	921	7,670	10,257	2,375	1,083	13,539

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**SUN LIFE MALAYSIA TAKAFUL BERHAD**  
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**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2014 (CONTINUED)**

	6 months ended 30.6.2014				6 months ended 30.6.2013			
	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
Profit before taxation	5,314	1,559	921	7,670	10,257	2,375	1,083	13,539
Tax expense attributable to participants	-	(1,559)	(777)	(2,336)	-	(2,375)	(890)	(3,265)
Profit before taxation attributable to Shareholders	5,314	-	144	5,334	10,257	-	193	10,274
Taxation	2,128	(1,559)	(777)	(245)	(2,872)	(2,375)	(890)	(6,312)
Tax expense attributable to participants	-	1,559	777	2,336	-	2,375	890	3,265
Tax expense attributable to Shareholders	2,128	-	-	2,091	(2,872)	-	-	(3,047)
Net profit for the financial period	7,442	-	144	7,425	7,385	-	193	7,227

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**SUN LIFE MALAYSIA TAKAFUL BERHAD**  
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**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE HALF-YEAR ENDED 30 JUNE 2014 (CONTINUED)**

	6 months ended 30.6.2014				6 months ended 30.6.2013			
	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):								
Items that may be subsequently reclassified to profit or loss:								
Fair value change on available-for-sale financial assets:								
- Gross fair value change	98	(19)	(1,169)	(1,090)	283	(231)	(1,777)	(1,725)
- Deferred taxation	(24)	5	94	75	(71)	58	142	129
- Net fair value change	74	(14)	(1,075)	(1,015)	212	(173)	(1,635)	(1,596)
Change in Takaful contract liabilities arising from unrealised net fair value changes	-	14	1,075	1,089	-	173	1,635	1,808
Other comprehensive income for the financial period, net of tax	74	-	-	74	212	-	-	212
Total comprehensive income for the financial period	7,516	-	144	7,499	7,597	-	193	7,439

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



Company No.

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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 2014**

	<u>Non-distributable</u>				
	<u>Share capital</u>	<u>Share premium</u>	<u>Available- for-sale reserve</u>	<u>Accumu- lated losses</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2014	100,010	99,990	287	(30,384)	169,903
Total comprehensive income for the financial period	-	-	74	7,425	7,499
As at 30 June 2014	<u>100,010</u>	<u>99,990</u>	<u>361</u>	<u>(22,959)</u>	<u>177,402</u>
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	<u>100,010</u>	<u>99,990</u>	<u>1,102</u>	<u>(32,165)</u>	<u>168,937</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 CASH FLOWS  
FOR THE HALF-YEAR ENDED 30 JUNE 2014**

	6 months ended <u>30.6.2014</u> RM'000	6 months ended <u>30.6.2013</u> RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit after taxation for the financial period	7,425	7,227
Adjustments for:		
Depreciation of property and equipment	49	19
Amortisation of intangible assets	567	618
Amortisation of premiums/(accretion of discounts)	66	(58)
Realised gains on disposal of financial assets	(564)	(440)
Profit income	(11,655)	(9,262)
Dividend income	(1,001)	(886)
Net fair value gains	(3,361)	(2,101)
Provision for expense liability	8,575	2,507
Writeback of allowance for doubtful debts on Takaful receivables	(45)	(103)
Increase in General Takaful contract liabilities	5,879	1,909
Increase in Family Takaful contract liabilities	47,089	52,364
Taxation	245	6,312
	<hr/>	<hr/>
Profit from operations before changes in operating assets and liabilities	53,269	58,106
Proceeds from disposal and maturity of investments	71,639	159,468
Purchase of investments	(252,421)	(205,656)
Increase in other receivables	(685)	(2,589)
Increase in Takaful receivables	(10,471)	(35,090)
Decrease in financing and receivables	122,044	31,466
Increase in retakaful assets	(7,186)	(3,697)
Increase/(decrease) in other payables	3,201	(5,194)
Increase/(decrease) in Takaful payables	1,477	(1,612)
	<hr/>	<hr/>
Income tax paid, net of refund	(19,133)	(4,798)
Profit income received	(5,997)	(5,002)
Dividend income received	9,643	9,213
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Dividend income received	1,081	830
	<hr/>	<hr/>
Net cash (used in)/generating from operating activities	(14,406)	243

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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 2014 (CONTINUED)**

	6 months ended <u>30.6.2014</u> RM'000	6 months ended <u>30.6.2013</u> RM'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(14,406)	243
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	<u>38,141</u>	<u>20,141</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u><u>23,735</u></u>	<u><u>20,384</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	<u><u>23,735</u></u>	<u><u>20,384</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.

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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 2014

#### 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 11<sup>th</sup> Floor, No 338, Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur, Malaysia.

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

The Directors regard Renggis Ventures Sdn Bhd as the immediate holding company and Khazanah Nasional Berhad as the ultimate holding company. Both companies are incorporated in Malaysia.

#### 2 BASIS OF PREPARATION

The unaudited interim financial statements of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("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 2013.

Following the adoption of MFRS, a Takaful Operator is required to present its financial statements for itself and the Takaful funds it manages.

In preparing the Company's unaudited interim financial statements as a whole, the assets, liabilities, income and expenses of the Takaful fund are combined with those of the Takaful Operator. Interfund balances and transactions are eliminated in arriving at the Company's interim financial statements.

The inclusion of separate financial information of the Takaful funds and the Takaful Operator together with the financial information of the Company as a whole in the statement of financial position, the statement of comprehensive income as well as certain relevant notes to the interim financial statements represents additional supplementary information presented in accordance with the requirements of BNM pursuant to the Islamic Financial Services Act, 2013 in Malaysia to separate assets, liabilities, income and expenses of the Takaful funds from its own. The accounting policies adopted for the Takaful Operator and Takaful funds are uniform for like transactions and events in similar circumstances.

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 interim 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.

## 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 2014 (CONTINUED)

#### 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 2013, except for the following:

<u>MFRSs/Interpretations</u>	<u>Effective Date</u>
MFRS 132 "Financial instruments: Presentation"	1 January 2014

- Amendment to MFRS 132, 'Financial Instruments: Presentation' does not change the current offsetting model in MFRS 132. It clarifies the meaning of 'currently has a legally enforceable right of set-off' that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria. The amendment is not expected to have a material impact on the interim financial statements of the Company.

#### 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 2014.

#### 5 CHANGES IN ESTIMATES

There were no changes in estimates of amounts reported in prior financial year that has a material effect in the current interim period ended 30 June 2014.

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

There were no items 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 2014.

#### 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 2014.

#### 8 DIVIDENDS PAID

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

## 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 2014 (CONTINUED)

## 9 COMMITMENTS AND CONTINGENCIES

There were no significant commitments and contingencies that have arisen during the current interim period ended 30 June 2014.

## 10 SIGNIFICANT EVENTS AND TRANSACTIONS

There were no significant events and transactions that have not been reflected in the financial statements for the interim period.

## 11 SUBSEQUENT EVENTS

There were no material events after the interim period that have not been reflected in the financial statements for the interim period.

## 12 EFFECT OF CHANGES IN THE COMPOSITION OF THE COMPANY

There were no changes in the composition of the Company during the current interim period ended 30 June 2014.

## 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>30.6.2014</u>				
Government Investment Issues	10,104	14,886	109,067	134,057
Cagamas	-	-	9,867	9,867
Unquoted Sukuk	117,628	13,861	217,589	345,560
Quoted equity securities	6,821	-	52,917	55,311
Investments in investment-linked funds	7,945	-	-	7,945
Accrued profit	1,352	300	4,261	5,913
Total	<u>143,850</u>	<u>29,047</u>	<u>393,701</u>	<u>558,653</u>
<u>31.12.2013</u>				
Government Investment Issues	-	15,011	129,100	144,111
Unquoted Sukuk	46,626	8,878	128,713	180,744
Quoted equity securities	5,959	-	35,036	36,657
Investments in investment-linked funds	7,811	-	-	7,811
Accrued profit	405	270	3,116	3,791
Total	<u>60,801</u>	<u>24,159</u>	<u>295,965</u>	<u>373,114</u>

**SUN LIFE MALAYSIA TAKAFUL BERHAD**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2014 (CONTINUED)**

13 **FINANCIAL ASSETS (CONTINUED)**

The Company's financial assets are summarised as follows:

	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>30.6.2014</u>				
AFS	137,029	29,047	336,695	502,771
FVTPL – designated upon initial recognition	6,821	-	57,006	55,882
Total	<u>143,850</u>	<u>29,047</u>	<u>393,701</u>	<u>558,653</u>
<u>31.12.2013</u>				
AFS	54,842	24,159	256,821	335,822
FVTPL – designated upon initial recognition	5,959	-	39,144	37,292
Total	<u>60,801</u>	<u>24,159</u>	<u>295,965</u>	<u>373,114</u>

The following financial assets mature after 12 months:

	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>30.6.2014</u>				
AFS	127,732	28,747	327,447	483,926
FVTPL – designated upon initial recognition	-	-	4,054	536
	<u>127,732</u>	<u>28,747</u>	<u>331,501</u>	<u>484,462</u>
<u>31.12.2013</u>				
AFS	46,626	18,881	238,723	304,230
FVTPL – designated upon initial recognition	-	-	4,071	598
	<u>46,626</u>	<u>18,881</u>	<u>242,794</u>	<u>304,828</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 2014 (CONTINUED)

13 FINANCIAL ASSETS (CONTINUED)

(a) AFS

	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>30.6.2014</u>				
Government Investment Issues	10,104	14,886	109,067	134,057
Cagamas	-	-	9,867	9,867
Unquoted Sukuk	117,628	13,861	213,535	345,024
Investments in investment-linked funds	7,945	-	-	7,945
Accrued profit	1,352	300	4,226	5,878
Total	<u>137,029</u>	<u>29,047</u>	<u>336,695</u>	<u>502,771</u>
<u>31.12.2013</u>				
Government Investment Issues	-	15,011	129,100	144,111
Unquoted Sukuk	46,626	8,878	124,642	180,146
Investments in investment-linked funds	7,811	-	-	7,811
Accrued profit	405	270	3,079	3,754
Total	<u>54,842</u>	<u>24,159</u>	<u>256,821</u>	<u>335,822</u>



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SUN LIFE MALAYSIA TAKAFUL BERHAD  
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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>30.6.2014</u>			
Unquoted Sukuk	-	4,054	536
Quoted equity securities	6,821	52,917	55,311
Accrued profit	-	35	35
Total	<u>6,821</u>	<u>57,006</u>	<u>55,882</u>
<u>31.12.2013</u>			
Unquoted Sukuk	-	4,071	598
Quoted equity securities	5,959	35,036	36,657
Accrued profit	-	37	37
Total	<u>5,959</u>	<u>39,144</u>	<u>37,292</u>

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13 FINANCIAL ASSETS (CONTINUED)

(c) Carrying values of financial assets

	<u>Available-for-sale</u>			<u>FVTPL</u>		<u>Company</u> RM'000
	<u>Share- holders' fund</u> RM'000	<u>General Takaful fund</u> RM'000	<u>Family Takaful fund</u> RM'000	<u>Share- holders' fund</u> RM'000	<u>Family Takaful fund</u> RM'000	
1 January 2013	45,010	16,048	244,695	-	52,522	358,275
Purchases	212,446	32,262	58,800	5,718	37,453	346,679
Maturities	(179,936)	(4,000)	(10,940)	-	(1,772)	(196,648)
Disposals	(22,041)	(19,895)	(24,812)	-	(48,912)	(115,660)
Fair value gains/(losses) recorded in:						
Profit or loss	-	-	-	241	(177)	64
Other comprehensive loss	(806)	(403)	(11,220)	-	-	(12,429)
Elimination of Shareholders' fund investment in investment-linked funds	-	-	-	-	-	(7,811)
Movement in accrued profit	177	60	175	-	7	419
(Amortisation)/accretion adjustments	(8)	87	123	-	23	225
At 31 December 2013/ 1 January 2014	<u>54,842</u>	<u>24,159</u>	<u>256,821</u>	<u>5,959</u>	<u>39,144</u>	<u>373,114</u>

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13 FINANCIAL ASSETS (CONTINUED)

(c) Carrying values of financial assets (continued)

	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 31 December 2013/1 January 2014	54,842	24,159	256,821	5,959	39,144	373,114
Purchases	96,794	9,878	119,832	483	25,434	252,421
Maturities	-	(5,002)	(9,943)	-	-	(14,945)
Disposals	(15,650)	-	(29,939)	(288)	(10,547)	(56,424)
Fair value gains/(losses) recorded in:						
Profit or loss	-	-	-	667	2,988	3,655
Other comprehensive income/(loss)	98	(19)	(1,169)	-	-	(1,090)
Elimination of fair value gains from Shareholders' fund investment in investment-linked funds	-	-	-	-	-	(134)
Movement in accrued profit	947	30	1,147	-	(2)	2,122
(Amortisation)/accretion adjustments	(2)	1	(54)	-	(11)	(66)
At 30 June 2014	<u>137,029</u>	<u>29,047</u>	<u>336,695</u>	<u>6,821</u>	<u>57,006</u>	<u>558,653</u>

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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.

There are no transfer between Level 1 and 2 during the financial period.

The following table presents the Company's financial assets that are carried at fair value as at 30 June 2014:

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Total</u> RM'000
<u>30.6.2014</u>			
<u>Shareholders' fund</u>			
<u>AFS</u>			
- Government Investment Issues	-	10,104	10,104
- Unquoted Sukuk	-	117,628	117,628
- Investments in investment-linked funds	7,945	-	7,945
- Accrued profit	-	1,352	1,352
<u>FVTPL – designated upon initial recognition</u>			
- Quoted equity securities	6,821	-	6,821
	<u>14,766</u>	<u>129,084</u>	<u>143,850</u>

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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>30.6.2014 (continued)</u>			
<u>General Takaful fund</u>			
<u>AFS</u>			
- Government Investment Issues	-	14,886	14,886
- Unquoted Sukuk	-	13,861	13,861
- Accrued profit	-	300	300
	-	29,047	29,047
<u>Family Takaful fund</u>			
<u>AFS</u>			
- Government Investment Issues	-	109,067	109,067
- Cagamas	-	9,867	9,867
- Unquoted Sukuk	-	213,535	213,535
- Accrued profit	-	4,226	4,226
<u>FVTPL – designated upon initial recognition</u>			
- Quoted equity securities	52,917	-	52,917
- Unquoted Sukuk	-	4,054	4,054
- Accrued profit	-	35	35
	52,917	340,784	393,701
<u>Company</u>			
<u>AFS</u>			
- Government Investment Issues	-	134,057	134,057
- Cagamas	-	9,867	9,867
- Unquoted Sukuk	-	345,024	345,024
- Investments in investment-linked funds	7,945	-	7,945
- Accrued profit	-	5,878	5,878
<u>FVTPL – designated upon initial recognition</u>			
- Quoted equity securities	55,311	-	55,311
- Unquoted Sukuk	-	536	536
- Accrued profit	-	35	35
	63,256	495,397	558,653

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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>31.12.2013</u>			
<u>Shareholders' fund</u>			
<u>AFS</u>			
- Unquoted Sukuk	-	46,626	46,626
- Investments in investment-linked funds	7,811	-	7,811
- Accrued profit	-	405	405
<u>FVTPL – designated upon initial recognition</u>			
- Quoted equity securities	5,959	-	5,959
	<u>13,770</u>	<u>47,031</u>	<u>60,801</u>
<u>General Takaful fund</u>			
<u>AFS</u>			
- Government Investment Issues	-	15,011	15,011
- Unquoted Sukuk	-	8,878	8,878
- Accrued profit	-	270	270
	<u>-</u>	<u>24,159</u>	<u>24,159</u>
<u>Family Takaful fund</u>			
<u>AFS</u>			
- Government Investment Issues	-	129,100	129,100
- Unquoted Sukuk	-	124,642	124,642
- Accrued profit	-	3,079	3,079
<u>FVTPL – designated upon initial recognition</u>			
- Quoted equity securities	35,036	-	35,036
- Unquoted Sukuk	-	4,071	4,071
- Accrued profit	-	37	37
	<u>35,036</u>	<u>260,929</u>	<u>295,965</u>

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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>31.12.2013</u> (continued)			
<u>Company</u>			
<u>AFS</u>			
- Government Investment Issues	-	144,111	144,111
- Unquoted Sukuk	-	180,146	180,146
- Investments in investment-linked funds	7,811	-	7,811
- Accrued profit	-	3,754	3,754
<u>FVTPL – designated upon initial recognition</u>			
- Quoted equity securities	36,657	-	36,657
- Unquoted Sukuk	-	598	598
- Accrued profit	-	37	37
	<u>44,468</u>	<u>328,646</u>	<u>373,114</u>

14 RETAKAFUL ASSETS

	<u>General Takaful fund</u> RM'000	<u>Family Takaful fund</u> RM'000	<u>Company</u> RM'000
Retakaful on Takaful contracts (Note 15)			
30 June 2014	<u>24,751</u>	<u>8,382</u>	<u>33,133</u>
31 December 2013	<u>17,359</u>	<u>8,588</u>	<u>25,947</u>

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15 TAKAFUL CONTRACT LIABILITIES

	30.6.2014			31.12.2013		
	General Takaful fund RM'000	Family Takaful fund RM'000	Company RM'000	General Takaful fund RM'000	Family Takaful fund RM'000	Company RM'000
Gross	72,598	464,618	529,271	66,733	418,604	477,526
Retakaful (Note 14)	(24,751)	(8,382)	(33,133)	(17,359)	(8,588)	(25,947)
Net	47,847	456,236	496,138	49,374	410,016	451,579

(a) Family Takaful contract liabilities

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

	30.6.2014			31.12.2013		
	Gross RM'000	Re- takaful RM'000	Net RM'000	Gross RM'000	Re- takaful RM'000	Net RM'000
Certificateholders' liabilities	439,590	(3,192)	436,398	392,738	(4,442)	388,296
Net asset value attributable to certificateholders	15,925	-	15,925	15,776	-	15,776
Actuarial liabilities	455,515	(3,192)	452,323	408,514	(4,442)	404,072
Claims liabilities	8,378	(5,190)	3,188	6,705	(4,146)	2,559
Unallocated surplus	3,873	-	3,873	5,458	-	5,458
Available-for-sale fair value adjustment						
- gross	(3,422)	-	(3,422)	(2,253)	-	(2,253)
- deferred tax	274	-	274	180	-	180
	(3,148)	-	(3,148)	(2,073)	-	(2,073)
	464,618	(8,382)	456,236	418,604	(8,588)	410,016



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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>30.6.2014</u>	<u>Gross</u> RM'000	<u>Re-</u> <u>takaful</u> RM'000	<u>Net</u> RM'000
At 1 January 2014	418,604	(8,588)	410,016
<u>Projected changes of inforce Takaful certificates</u>			
Contribution income	11,487	(8,449)	3,038
Benefits	(18,511)	10,249	(8,262)
Investment returns	6,891	(733)	6,158
Others	(8,633)	(927)	(9,560)
Experience variance on inforce Takaful certificates	6,363	(39)	6,324
Reserve on new policies	51,114	(543)	50,571
Miscellaneous	(1,859)	1,692	(167)
Movement in net asset value attributable to certificateholders	149	-	149
Movement in claims liabilities	1,673	(1,044)	629
Movement in unallocated surplus	(1,585)	-	(1,585)
Movement in AFS fair value adjustment	(1,075)	-	(1,075)
At 30 June 2014	<u>464,618</u>	<u>(8,382)</u>	<u>456,236</u>

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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>31.12.2013</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	22,284	(10,559)	11,725
Benefits	(26,930)	13,724	(13,206)
Investment returns	8,595	(1,004)	7,591
Others	(17,345)	(2,800)	(20,145)
Experience variance on inforce Takaful certificates	4,067	885	4,952
Reserve on new policies	101,995	(3,444)	98,551
Miscellaneous	(1,905)	123	(1,782)
Movement in net asset value attributable to certificateholders	(29,866)	-	(29,866)
Movement in claims liabilities	983	(451)	532
Movement in unallocated surplus	2,010	-	2,010
Movement in AFS fair value adjustment	(10,323)	-	(10,323)
At 31 December 2013	<u>418,604</u>	<u>(8,588)</u>	<u>410,016</u>

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15 TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(b) General Takaful contract liabilities

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

	30.6.2014			31.12.2013		
	<u>Gross</u> RM'000	Re- <u>takaful</u> RM'000	<u>Net</u> RM'000	<u>Gross</u> RM'000	Re- <u>takaful</u> RM'000	<u>Net</u> RM'000
Provision for claims reported by certificateholders	7,911	(4,107)	3,804	8,854	(4,116)	4,738
Provision for IBNR	40,379	(18,973)	21,406	35,284	(12,681)	22,603
Provision for outstanding claims (i)	48,290	(23,080)	25,210	44,138	(16,797)	27,341
Unearned contribution reserve (ii)	10,383	(1,671)	8,712	7,557	(562)	6,995
Available-for-sale fair value adjustment						
- gross	(172)	-	(172)	(153)	-	(153)
- deferred tax	43	-	43	38	-	38
Unallocated surplus	(129)	-	(129)	(115)	-	(115)
	14,054	-	14,054	15,153	-	15,153
	<u>72,598</u>	<u>(24,751)</u>	<u>47,847</u>	<u>66,733</u>	<u>(17,359)</u>	<u>49,374</u>

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15 TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(b) General Takaful contract liabilities (continued)

(i) Provision for outstanding claims

	30.6.2014			31.12.2013		
	<u>Gross</u> RM'000	<u>Re- takaful</u> RM'000	<u>Net</u> RM'000	<u>Gross</u> RM'000	<u>Re- takaful</u> RM'000	<u>Net</u> RM'000
At 1 January	44,138	(16,797)	27,341	45,919	(11,052)	34,867
Claims incurred in the current accident year	9,843	(5,723)	4,120	17,009	(7,790)	9,219
Other movements in claims incurred in prior accident years	(133)	(3,857)	(3,990)	(13,297)	517	(12,780)
Claims paid during the financial period/ year	(5,558)	3,297	(2,261)	(5,493)	1,528	(3,965)
At 30 June/ 31 December	<u>48,290</u>	<u>(23,080)</u>	<u>25,210</u>	<u>44,138</u>	<u>(16,797)</u>	<u>27,341</u>

(ii) Unearned contribution reserve

At 1 January	7,557	(562)	6,995	6,098	(358)	5,740
Contribution written in the financial period/ year	27,985	(3,013)	24,972	45,862	(4,059)	41,803
Contribution earned during the financial period/year	(25,159)	1,904	(23,255)	(44,403)	3,855	(40,548)
At 30 June/ 31 December	<u>10,383</u>	<u>(1,671)</u>	<u>8,712</u>	<u>7,557</u>	<u>(562)</u>	<u>6,995</u>

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15 TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(c) Takaful contract liabilities at Company level

	30.6.2014			31.12.2013		
	Gross RM'000	Re- takaful RM'000	Net RM'000	Gross RM'000	Re- takaful RM'000	Net RM'000
Family Takaful fund (Note 15(a))	464,618	(8,382)	456,236	418,604	(8,588)	410,016
General Takaful fund (Note 15(b))	72,598	(24,751)	47,847	66,733	(17,359)	49,374
	537,216	(33,133)	504,083	485,337	(25,947)	459,390
Elimination of Shareholders' fund investment in investment-linked funds	(7,945)	-	(7,945)	(7,811)	-	(7,811)
<b>Total</b>	<b>529,271</b>	<b>(33,133)</b>	<b>496,138</b>	<b>477,526</b>	<b>(25,947)</b>	<b>451,579</b>

16 REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 30 June 2014, as prescribed under the Risk Based Capital Framework is provided below:

	<u>30.6.2014</u> RM'000	<u>31.12.2013</u> RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital (paid-up)	100,010	100,010
Share premium	99,990	99,990
Accumulated losses	(29,086)	(30,207)
Eligible contract liabilities	16,514	5,458
	<u>187,428</u>	<u>175,251</u>
<u>Tier 2 Capital</u>		
Eligible reserves	572	990
Amounts deducted from capital	(8,624)	(3,974)
	<u>179,376</u>	<u>172,424</u>