



**SYARIKAT TAKAFUL MALAYSIA BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2011**

|   | Current<br>Quarter<br>Ended<br>30.06.2011<br>RM'000 | Corresponding<br>Quarter<br>Ended<br>30.06.2010<br>RM'000 | Current<br>Year<br>To Date<br>30.06.2011<br>RM'000 | Corresponding<br>Year<br>To Date<br>30.06.2010<br>RM'000 |
|---|---|---|--|--|
| <b>Operating revenue</b>                        | 327,227   | N/A   | 636,208  | N/A  |
| Transfer from Statement of Comprehensive Income |   |   |  |  |
| - Family Takaful                                | 23,008  | N/A   | 50,947   | N/A  |
| - General Takaful                               | 21,110  | N/A   | 41,016   | N/A  |
| Wakalah fee income                              | 32,946  | N/A   | 59,548   | N/A  |
| Investment income                               | 3,854   | N/A   | 7,081  | N/A  |
| Other operating income                          | 7,236   | N/A   | 13,987   | N/A  |
| Management expenses                             | (50,396)  | N/A   | (93,689)   | N/A  |
| Other operating expenses                        | (15,937)  | N/A   | (28,973)   | N/A  |
| <b>Profit before zakat and taxation</b>         | 21,821  | N/A   | 49,917   | N/A  |
| Zakat   | (111)   | N/A   | (513)  | N/A  |
| Taxation  | (5,210)   | N/A   | (10,906)   | N/A  |
| <b>Profit for the period</b>                    | 16,500  | N/A   | 38,498   | N/A  |
| Attributable to:                                |   |   |  |  |
| Owners of the Company                           | 16,508  | N/A   | 38,897   | N/A  |
| Non Company Owner                               | (8)   | N/A   | (399)  | N/A  |
| <b>Net profit for the period</b>                | 16,500  | N/A   | 38,498   | N/A  |

Earnings per share (sen) ( Note 25 )

|       |       |     |       |     |
|-------|-------|-----|-------|-----|
| Basic | 10.14 | N/A | 23.89 | N/A |
|-------|-------|-----|-------|-----|

*The accompanying Notes form an integral part of these condensed consolidated interim financial statements.*

**Note:**

*There are no comparative figures disclosed for the current quarter and the cumulative year-to-date of the preceding quarter/year following the change in the financial year end to 31 December which was announced to Bursa Malaysia Securities Berhad on 29 October 2009. The financial disclosures made herewith are in accordance with FRS 134 on Interim Financial Reporting.*



**SYARIKAT TAKAFUL MALAYSIA BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2011**

|  | Current<br>Quarter<br>Ended<br>30.06.2011<br>RM'000 | Corresponding<br>Quarter<br>Ended<br>30.06.2010<br>RM'000 | Current<br>Year<br>To Date<br>30.06.2011<br>RM'000 | Corresponding<br>Year<br>To Date<br>30.06.2010<br>RM'000 |
|--|---|---|--|--|
| <b>Profit for the period</b>   | 16,500  | N/A   | 38,498   | N/A  |
| <b>Other comprehensive income/(loss)</b>                             |   |   |  |  |
| Fair value change of available-for-sale financial assets, net of tax | (750)   | N/A   | (788)  | N/A  |
| Foreign currency translation differences                             | 748   | N/A   | 626  | N/A  |
| Other comprehensive income for the period                            | (2)   | N/A   | (162)  | N/A  |
| <b>Total comprehensive income for the period</b>                     | 16,498  | N/A   | 38,336   | N/A  |
| <b>Total comprehensive income/(loss) attributable to:</b>            |   |   |  |  |
| Owners of the Company  | 16,044  | N/A   | 38,202   | N/A  |
| Non Company Owner  | 454   | N/A   | 134  | N/A  |
| <b>Total comprehensive income for the period</b>                     | 16,498  | N/A   | 38,336   | N/A  |

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**Note:**

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**SYARIKAT TAKAFUL MALAYSIA BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2011**

|   | As at<br>End of<br>Current<br>Quarter<br>30.06.2011<br>Unaudited<br>RM'000 | As at<br>Preceding<br>Financial<br>Year Ended<br>31.12.2010<br>Audited<br>RM'000<br>Restated |
|---|--|--|
| <b>ASSETS</b>   |  |  |
| Property and Equipment                                    | 17,790   | 17,444   |
| Prepaid lease payment                                     | 1,680  | 1,695  |
| Investment properties                                     | 18,920   | 13,154   |
| Intangible Assets   | 10,447   | 9,562  |
| Loans and Receivables                                     | 240,120  | 214,332  |
| Securities - Available-for-sale                           | 185,954  | 169,436  |
| Securities - Held-to-maturity                             | 4,224  | 2,916  |
| Other receivables   | 42,174   | 51,654   |
| Deferred Tax Asset  | 17,261   | 10,488   |
| Cash & Bank Balances                                      | 2,868  | 2,691  |
| <b>Total Shareholders' Assets</b>                         | <b>541,438</b>   | <b>493,372</b>   |
| <b>Total Family Takaful Assets</b>                        | <b>3,985,238</b>   | <b>3,852,276</b>   |
| <b>Total General Takaful Assets</b>                       | <b>1,056,671</b>   | <b>1,003,148</b>   |
| Less Interfund balances                                   | (42,250)   | (45,446)   |
| <b>TOTAL ASSETS</b>                                       | <b>5,541,097</b>   | <b>5,303,350</b>   |
| <b>EQUITY AND LIABILITIES</b>                             |  |  |
| Share Capital   | 162,817  | 162,817  |
| Reserves  | 260,213  | 230,558  |
| <b>Total Equity Attributable To Owners Of The Company</b> | <b>423,030</b>   | <b>393,375</b>   |
| Non Company Owner   | 27,473   | 27,339   |
| <b>TOTAL EQUITY</b>                                       | <b>450,503</b>   | <b>420,714</b>   |
| <b>LIABILITIES</b>  |  |  |
| Other Financial Liabilities                               | 234  | 603  |
| Other payables  | 58,675   | 47,208   |
| Provision for Taxation                                    | 32,026   | 24,847   |
| Deferred Tax Liabilities                                  | -  | -  |
| <b>Total Owners' Of The Company Liabilities</b>           | <b>90,935</b>  | <b>72,658</b>  |
| <b>Total Family Takaful Liabilities</b>                   | <b>3,985,238</b>   | <b>3,852,276</b>   |
| <b>Total General Takaful Liabilities</b>                  | <b>1,056,671</b>   | <b>1,003,148</b>   |
| Less Interfund balances                                   | (42,250)   | (45,446)   |
| <b>TOTAL LIABILITIES</b>                                  | <b>5,090,594</b>   | <b>4,882,636</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                       | <b>5,541,097</b>   | <b>5,303,350</b>   |
| <b>Net assets per share (RM)</b>                          | <b>2.60</b>  | <b>2.42</b>  |



**SYARIKAT TAKAFUL MALAYSIA BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2011**

|  | Share<br>Capital<br>RM '000 | Share<br>Premium<br>RM '000 | Translation<br>Reserves<br>RM '000 | Fair Value<br>Reserves<br>RM '000 | Retained<br>Profits<br>RM '000 | Non Company<br>Owner<br>RM '000 | Total<br>Equity<br>RM '000 |
|--|-----------------------------|-----------------------------|------------------------------------|-----------------------------------|--------------------------------|---------------------------------|----------------------------|
| <b>AS AT 1 JULY 2009</b>                                     | 162,817                     | 4,098                       | (3,642)                            | -                                 | 186,221                        | 27,951                          | 377,445                    |
| Total comprehensive income<br>for the financial period       | -                           | -                           | (2,647)                            | -                                 | 56,346                         | (699)                           | 53,000                     |
| Dividend 2009 - Final  | -                           | -                           | -                                  | -                                 | (8,853)                        | -                               | (8,853)                    |
| Dividend 2010 - Interim                                      | -                           | -                           | -                                  | -                                 | (8,548)                        | -                               | (8,548)                    |
| <b>AS AT 31 DECEMBER 2010</b>                                | <b>162,817</b>              | <b>4,098</b>                | <b>(6,289)</b>                     | <b>-</b>                          | <b>225,166</b>                 | <b>27,252</b>                   | <b>413,044</b>             |
| <b>AS AT 1 JANUARY 2011</b><br><b>-as previously stated</b>  | 162,817                     | 4,098                       | (6,289)                            | -                                 | 225,166                        | 27,252                          | 413,044                    |
| Change in accounting policies:<br>Effect of adopting FRS 139 | -                           | -                           | -                                  | 7,584                             | -                              | 87                              | 7,671                      |
| <b>AS AT 1 JANUARY 2011</b><br><b>-as restated</b>           | 162,817                     | 4,098                       | (6,289)                            | 7,584                             | 225,166                        | 27,339                          | 420,715                    |
| Total comprehensive income<br>for the period                 | -                           | -                           | 69                                 | (764)                             | 38,897                         | 134                             | 38,336                     |
| Dividend 2010 - Final  | -                           | -                           | -                                  | -                                 | (8,548)                        | -                               | (8,548)                    |
| <b>AS AT 30 JUNE 2011</b>                                    | <b>162,817</b>              | <b>4,098</b>                | <b>(6,220)</b>                     | <b>6,820</b>                      | <b>255,515</b>                 | <b>27,473</b>                   | <b>450,503</b>             |

The accompanying notes form an integral part of these condensed consolidated interim financial statements.



**SYARIKAT TAKAFUL MALAYSIA BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED**  
**FAMILY TAKAFUL STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2011**

|  | Current<br>Quarter<br>Ended<br>30.06.2011<br>RM'000 | Corresponding<br>Quarter<br>Ended<br>30.06.2010<br>RM'000 | Current<br>Year<br>To Date<br>30.06.2011<br>RM'000 | Corresponding<br>Year<br>To Date<br>30.06.2010<br>RM'000 |
|--|---|---|--|--|
| Gross earned contributions   | 166,588   | N/A   | 290,045  | N/A  |
| Contributions ceded to retakaful   | (5,089)   | N/A   | (10,822)   | N/A  |
| Net earned contribution  | 161,499   | -   | 279,223  | -  |
| Gross benefit and claims paid  | (110,955)   | N/A   | (210,553)  | N/A  |
| Claims ceded to retakaful  | 2,245   | N/A   | 3,092  | N/A  |
| Gross change to contract liabilities                                       | (128)   | N/A   | 655  | N/A  |
| Wakalah fee  | (27,625)  | N/A   | (48,992)   | N/A  |
| Commission   | (2,696)   | N/A   | (4,341)  | N/A  |
|  | 22,340  | N/A   | 19,084   | N/A  |
| Transfer of operating surplus/(deficit) to Participants fund               | 12,267  | N/A   | (9,138)  | N/A  |
| Underwriting profit - Group family   | 10,073  | N/A   | 28,222   | N/A  |
|  | 22,340  | N/A   | 19,084   | N/A  |
| Underwriting profit - Group family   | 10,073  | N/A   | 28,222   | N/A  |
| Investment Income  | 44,021  | N/A   | 82,203   | N/A  |
| Other operating income   | 25,213  | N/A   | 54,598   | N/A  |
| Other operating expenses   | (1,346)   | N/A   | (2,192)  | N/A  |
| <b>Total profit for the period</b>   | 77,961  | N/A   | 162,831  | N/A  |
| Transfer to Special reserve on Annuity surplus                             | (1,315)   | N/A   | (2,518)  | N/A  |
| <b>Profit attributable to the Company and participants' for the period</b> | 76,646  | N/A   | 160,313  | N/A  |
| Profit attributable to the Company transferred to income statement         | (23,008)  | N/A   | (50,947)   | N/A  |
|  | 53,638  | N/A   | 109,366  | N/A  |
| Profit payable to participants   | (583)   | N/A   | (1,015)  | N/A  |
| <b>Profit attributable to participants' for the period</b>                 | 53,055  | N/A   | 108,351  | N/A  |
| Family Takaful fund at beginning of the period - as previously stated      | 3,678,915   | N/A   | 3,523,947  | N/A  |
| Effect of adopting FRS 139   | -   | N/A   | 104,705  | N/A  |
| Family Takaful fund at beginning of the period - as restated               | 3,678,915   | N/A   | 3,628,652  | N/A  |
| Retained fund for the period - individual family                           | 12,267  | N/A   | (9,138)  | N/A  |
| Profit attributable to participants' for the period                        | 53,638  | N/A   | 109,366  | N/A  |
| Movement for the period:   |   |   |  |  |
| - Profit payable to participants   | (583)   | N/A   | (1,015)  | N/A  |
| - Actuarial reserve  | 18,747  | N/A   | 44,840   | N/A  |
| - Revaluation reserve  | 17,137  | N/A   | 6,329  | N/A  |
| - Reclassification of Qardh  | 5   | N/A   | (2,958)  | N/A  |
| - Special reserve  | 1,316   | N/A   | 2,518  | N/A  |
| Translation reserve  | 3,641   | N/A   | 6,489  | N/A  |
| <b>Family Takaful Fund at end of the period</b>                            | 3,785,083   | N/A   | 3,785,083  | N/A  |

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**Note:**

There are no comparative figures disclosed for the current quarter and the cumulative year-to-date of the preceding quarter/year following the change in the financial year end to 31 December which was announced to Bursa Malaysia Securities Berhad on 29 October 2009. The financial disclosures made herewith are in accordance with FRS 134 on Interim Financial Reporting.

**SYARIKAT TAKAFUL MALAYSIA BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED**  
**FAMILY TAKAFUL STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2011**

|                                       | As at<br>End of<br>Current<br>Quarter<br>30.06.2011<br>Unaudited<br>RM'000 | As at<br>Preceding<br>Financial<br>Year Ended<br>31.12.2010<br>Audited<br>RM'000<br>Restated |
|---------------------------------------|--|--|
| <b>ASSETS</b>                         |  |  |
| Investment properties                 | 202,496  | 206,980  |
| Loans and receivables                 | 756,835  | 641,464  |
| Securities - Available-for-sale       | 2,443,757  | 2,441,406  |
| Securities - Held-to-maturity         | 259,115  | 258,666  |
| Retakaful assets                      | 2,858  | 1,639  |
| Takaful receivables                   | 66,209   | 42,792   |
| Other receivables                     | 43,748   | 48,974   |
| Cash and bank balances                | 11,715   | 9,304  |
| Investment-linked Takaful assets      | 198,505  | 201,051  |
| <b>TOTAL ASSETS</b>                   | <b>3,985,238</b>   | <b>3,852,276</b>   |
| <b>LIABILITIES</b>                    |  |  |
| Takaful contract liabilities          | 3,826,637  | 3,673,272  |
| Other financial liabilities           | 20,632   | 2,628  |
| Takaful payables                      | 19,358   | 15,680   |
| Other payables                        | 113,506  | 156,922  |
| Investment-linked Takaful liabilities | 5,105  | 3,774  |
| <b>TOTAL LIABILITIES</b>              | <b>3,985,238</b>   | <b>3,852,276</b>   |



**SYARIKAT TAKAFUL MALAYSIA BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED**  
**GENERAL TAKAFUL STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2011**

|  | Current<br>Quarter<br>Ended<br>30.06.2011<br>RM'000 | Corresponding<br>Quarter<br>Ended<br>30.06.2010<br>RM'000 | Current<br>Year<br>To Date<br>30.06.2011<br>RM'000 | Corresponding<br>Year<br>To Date<br>30.06.2010<br>RM'000 |
|--|---|---|--|--|
| Gross earned contributions   | 99,674  | N/A   | 196,929  | N/A  |
| Contribution ceded to retakaful  | (15,700)  | N/A   | (44,682)   | N/A  |
| Unearned contribution reserves   | (8,097)   | N/A   | (6,424)  | N/A  |
| Net earned contribution  | 75,877  | N/A   | 145,823  | N/A  |
| Gross benefit and claims paid  | (48,588)  | N/A   | (95,705)   | N/A  |
| Claims ceded to retakaful  | 7,073   | N/A   | 17,366   | N/A  |
| Gross change to contract liabilities                                   | (19,657)  | N/A   | (41,707)   | N/A  |
| Change in contract liabilities ceded to retakaful                      | 11,108  | N/A   | 27,853   | N/A  |
| Wakalah fee  | (5,163)   | N/A   | (10,062)   | N/A  |
| Commission income  | 3,848   | N/A   | 8,079  | N/A  |
| Commission expense   | (7,083)   | N/A   | (15,737)   | N/A  |
| Underwriting profit  | 17,415  | N/A   | 35,910   | N/A  |
| Investment Income  | 7,766   | N/A   | 14,449   | N/A  |
| Other operating income   | 12,035  | N/A   | 21,722   | N/A  |
| Other operating expenses   | (901)   | N/A   | (1,128)  | N/A  |
| Total profit for the period  | 36,315  | N/A   | 70,953   | N/A  |
| Transfer to income statement   | (21,110)  | N/A   | (41,016)   | N/A  |
| Participants' share of profit  | 15,205  | N/A   | 29,937   | N/A  |
| Profit payable to participants   | (4,457)   | N/A   | (9,684)  | N/A  |
| Profit attributable to participants for the period                     | 10,748  | N/A   | 20,253   | N/A  |
| General Takaful fund at beginning of the period - as previously stated | 500,171   | N/A   | 430,612  | N/A  |
| Effect of adopting FRS 139   | -   | N/A   | 18,665   | N/A  |
| Effect of adopting FRS 4   | -   | N/A   | 27,290   | N/A  |
| General Takaful fund at beginning of the period - as restated          | 500,171   | N/A   | 476,567  | N/A  |
| Profit attributable to participants' for the period                    | 14,743  | N/A   | 29,937   | N/A  |
| Movement for the period:   |   |   |  |  |
| - Profit payable to participants                                       | (4,457)   | N/A   | (9,684)  | N/A  |
| - Unearned contribution reserve  | (14,177)  | N/A   | 2,172  | N/A  |
| - Revaluaton reserve   | (1,264)   | N/A   | (4,353)  | N/A  |
| Translation reserve  | 336   | N/A   | 713  | N/A  |
| <b>General Takaful Fund at end of the period</b>                       | <b>495,352</b>                                      | <b>N/A</b>  | <b>495,352</b>                                     | <b>N/A</b>   |

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**Note:**

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**SYARIKAT TAKAFUL MALAYSIA BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED**  
**GENERAL TAKAFUL STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2011**

|                                 | As at<br>End of<br>Current<br>Quarter<br>30.06.2011<br>Unaudited<br>RM'000 | As at<br>Preceding<br>Financial<br>Year Ended<br>31.12.2010<br>Audited<br>RM'000<br>Restated |
|---------------------------------|--|--|
| <b>ASSETS</b>                   |  |  |
| Investment properties           | 29,234   | 29,234   |
| Loans and receivables           | 217,710  | 181,359  |
| Securities - Available-for-sale | 452,794  | 439,692  |
| Securities - Held-to-maturity   | 34,548   | 34,524   |
| Retakaful assets                | 266,271  | 225,754  |
| Takaful receivables             | 42,642   | 52,141   |
| Other receivables               | 9,685  | 28,603   |
| Cash and bank balances          | 3,787  | 11,841   |
| <b>TOTAL ASSETS</b>             | <b>1,056,671</b>   | <b>1,003,148</b>   |
| <b>LIABILITIES</b>              |  |  |
| Takaful contract liabilities    | 954,735  | 882,603  |
| Other financial liabilities     | 340  | 3,298  |
| Takaful payables                | 29,123   | 19,440   |
| Other payables                  | 72,473   | 97,807   |
| <b>TOTAL LIABILITIES</b>        | <b>1,056,671</b>   | <b>1,003,148</b>   |



**SYARIKAT TAKAFUL MALAYSIA BERHAD**  
**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 JUNE 2011**

|   | Current<br>Period<br>Ended<br>30.06.2011<br>Unaudited<br>RM'000 | Corresponding<br>Period<br>Ended<br>31.12.2010<br>Audited<br>RM'000 |
|---|---|---|
| <b>Cash flows from operating activities</b>   |   |   |
| Profit before zakat and taxation  | 49,917  | 97,886  |
| Adjustments for :   |   |   |
| Depreciation  | 4,947   | 13,707  |
| Fair value change of investment properties  | (1,605)   | (1,870)   |
| Income from financing receivables   | (371)   | (2,994)   |
| Gain on disposal of of quoted shares and unit trusts                                    | (53,260)  | (82,908)  |
| Gain on disposal of property and equipment<br>and investment property                   | (173)   | (100)   |
| Gain on foreign exchange  | (19,459)  | (932)   |
| Accretion on investments  | (2,074)   | (7,863)   |
| Reversal of allowance for diminution in value of investments                            | -   | (51,597)  |
| Profit from Malaysian Government Investment Certificates                                | -   | (38,285)  |
| Property and equipment (transfer)/written off   | 4,484   | 27  |
| (Decrease) / increase in General Takaful, Family Takaful<br>and Investment linked funds | 211,126   | 502,218   |
| Decrease/(increase) in investments  | (136,984)   | (448,712)   |
| Increase in payable (including claim admitted but not paid)                             | 16,962  | 3,822   |
| (Increase) / decrease in other receivables  | (52,126)  | 10,764  |
|   | 21,384  | (6,837)   |
| Zakat paid  | -   | (2,775)   |
| Income taxes paid   | (10,267)  | (16,952)  |
| Net cash generated from/(used in) operating activities                                  | 11,117  | (26,564)  |
| <b>Cash flows from investing activities</b>   |   |   |
| Purchase of property and equipment  | (9,718)   | (7,948)   |
| Proceeds from sale of Investments and investment properties                             | -   | 1,006   |
| Proceeds from sale of property and equipment  | 672   | 156   |
| Net cash used in investing activities   | (9,046)   | (6,786)   |
| <b>Cash flows from financing activities</b>   |   |   |
| Dividend paid to shareholders of the Company  | (8,548)   | (17,401)  |
| Net cash used in financing activities   | (8,548)   | (17,401)  |
| Net decrease in cash and cash equivalents   | (6,477)   | (50,751)  |
| Cash and cash equivalents at the beginning of period                                    | 26,307  | 77,058  |
| <b>Cash and cash equivalents at the end of period</b>                                   | <b>19,830</b>   | <b>26,307</b>   |
| <b>Cash and bank balances</b>   |   |   |
| - Shareholders' fund  | 2,868   | 2,691   |
| - Family Takaful fund   | 11,715  | 9,304   |
| - Investment Link Takaful fund  | 1,460   | 2,471   |
| - General Takaful fund  | 3,787   | 11,841  |
|   | <b>19,830</b>   | <b>26,307</b>   |

# SYARIKAT TAKAFUL MALAYSIA BERHAD

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### QUARTER ENDED 30 June 2011

#### 1 Basis of Preparation

The interim financial statements of the Group are unaudited and have been prepared in accordance with:

- a) The requirements of Financial Reporting Standard ("FRS") 134: Interim Financial Reporting
- b) Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"); and
- c) Guidelines/circular issued by Bank Negara Malaysia ("BNM")
- d) Financial Reporting Standards as modified by BNM ("Modified FRSs")

The interim financial statements have been prepared using consistent accounting policies with the audited financial statements for the financial period ended 31 December 2010 and should be read in conjunction with the aforementioned audited financial statements.

The accounting policies adopted by the Group and the Company for the quarterly financial statements are consistent with those adopted in the Group's consolidated audited financial statements for the financial period ended 31 December 2010, except for the adoption of following:

| <b>FRSs / Interpretations</b>  | <b>Effective date</b> |
|--|-----------------------|
| Amendments to FRS 1, <i>First-time Adoption of Financial Reporting Standards</i> and FRS 127, <i>Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>   | 1 January 2010        |
| Amendments to FRS 2, <i>Share-based Payment: Vesting Conditions and Cancellations</i>  | 1 January 2010        |
| Amendments to FRS 132, <i>Financial Instruments: Presentation-Separation of Compound Instruments</i> and FRS 101, <i>Presentation of Financial Statements- Puttable Financial Instruments and Obligations Arising on Liquidation</i> | 1 January 2010        |
| FRS 7, <i>Financial Instruments: Disclosures and IC Interpretation 9, Reassessment of Embedded Derivatives</i>   | 1 January 2010        |
| Amendments to FRS 139, <i>Financial Instruments: Recognition and Measurement</i>   | 1 January 2010        |
| - <i>Reclassification of Financial Assets</i>  |                       |
| - <i>Collective Assessment of Impairment for Banking Institutions</i>  |                       |
| Improvements to FRSs (2009)  | 1 January 2010        |
| FRS 4, <i>Insurance Contracts</i>  | 1 January 2010        |
| Amendments to FRS 7, <i>Financial Instruments: Disclosures</i>   | 1 January 2010        |
| FRS 101, <i>Presentation of Financial Statements (revised)</i>   | 1 January 2010        |
| FRS 139, <i>Financial Instruments: Recognition and Measurement</i>   | 1 January 2010        |
| IC Interpretation 10, <i>Interim Financial Reporting and Impairment</i>  | 1 January 2010        |
| IC Interpretation 11, FRS 2 - <i>Group and Treasury Share Transactions</i>   | 1 January 2010        |
| SOP i-1: <i>Financial Reporting from an Islamic Perspective</i>  | 1 January 2010        |
| Amendments to FRS 132, <i>Financial Instruments: Presentation-Classification of Rights Issues</i>  | 1 March 2010          |

# SYARIKAT TAKAFUL MALAYSIA BERHAD

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### QUARTER ENDED 30 June 2011

| FRSs / Interpretations   | Effective date |
|--|----------------|
| Amendments to FRS 1, <i>First-time Adoption of Financial Reporting Standards (revised)</i>   | 1 July 2010    |
| FRS 3, <i>Business Combinations (revised)</i>  | 1 July 2010    |
| FRS 127, <i>Consolidated and Separate Financial Statements (revised)</i>   | 1 July 2010    |
| Amendments to FRS 2, <i>Share-based Payment</i>  | 1 July 2010    |
| Amendments to FRS 5, <i>Non-current Assets Held for Sale and Discontinued Operations</i>   | 1 July 2010    |
| FRS 127, <i>Consolidation and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly controlled Entity or Associate (revised)</i>         | 1 July 2010    |
| Amendments to FRS 138, <i>Intangible Assets</i>  | 1 July 2010    |
| IC Interpretation 16, <i>Hedges of a Net Investment in a Foreign Operation</i>   | 1 July 2010    |
| IC Interpretation 17, <i>Distribution of Non-cash Assets to Owners</i>   | 1 July 2010    |
| Amendments to IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>   | 1 July 2010    |
| Amendments to FRS 1, <i>First-time Adoption of Financial Reporting Standards- Limited Exemptions from comparative FRS 7, Disclosures for First-time Adopters</i> | 1 January 2011 |
| Amendments to FRS 1, <i>Additional Exemptions for First-time Adopters</i>  | 1 January 2011 |
| Amendments to FRS 2, <i>Group Cash-settled Share-based Payment Transactions</i>  | 1 January 2011 |
| Amendments to FRS 7, <i>Financial Instruments: Disclosures- Improving Disclosures about Financial Instruments</i>  | 1 January 2011 |
| IC Interpretation 4, <i>Determining Whether an Arrangement contains a Lease</i>  | 1 January 2011 |
| Improvements to FRSs (2010)  | 1 January 2011 |

Save for the implications discussed below, the initial adoption of the above FRSs, Amendment to FRSs and Interpretations do not have any material impact on the financial statements of the Group.

#### a) **FRS 4, Insurance Contracts**

The adoption of FRS 4 does not have any significant impact on the financial statements of the group other than expanded disclosure requirements. Certain comparative information has been restated to comply with FRS 4.

# SYARIKAT TAKAFUL MALAYSIA BERHAD

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### QUARTER ENDED 30 June 2011

#### b) **FRS 8, Operating Segments**

FRS 8 requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Group presents its segment information based on its business segments, which is also the basis of presenting its internal management reports. The basis of measurement of segment results, segment assets and liabilities are the same as basis of measurement for external reporting.

#### c) **FRS 101, Presentation of Financial Statement**

Prior to the adoption of the revised FRS101, the component of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, revenue accounts and balance sheets of family takaful and general takaful funds, a cash flow statement and notes to the financial statements. With the adoption of the revised FRS101, the components of the interim financial statements presented consist of a statement of financial position, an income statement displaying components of profit or loss, a statement of comprehensive income, a statement of changes in equity, statements of comprehensive income and statements of financial position of family takaful and general takaful funds, a statement of cash flows and notes to the financial statements. All non-owner changes in equity that were presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. Consequently, components of comprehensive income are not presented in the statement of changes in equity.

#### d) **FRS 139, Financial Instruments: Recognition and Measurement**

The adoption of FRS 139 has resulted in changes to accounting policies relating to recognition and measurement of financial instruments. The accounting policies relating to these financial instruments change from 1 January 2011 shall be disclosed in the Group's annual financial statements.

FRS 139 is applied prospectively and its effect to the fair value reserves and retained earnings of the group and non company owner as at 1 January 2011 is as follows:

# SYARIKAT TAKAFUL MALAYSIA BERHAD

## NOTES TO THE INTERIM FINANCIAL STATEMENTS QUARTER ENDED 30 June 2011

### Condensed consolidated statement of changes in equity

|   | Retained<br>Profits<br>RM'000 | Fair value<br>Reserves<br>RM'000 | Non<br>Company<br>Owner<br>RM'000 |
|---|-------------------------------|----------------------------------|-----------------------------------|
| As at 1 January 2011<br>- as previously stated                      | 225,166                       | -                                | 27,252                            |
| Adjustments arising from adoption<br>of FRS 139:-                   |                               |                                  |                                   |
| Fair value of equity securities classified as<br>available-for-sale | -                             | 6,986                            | 87                                |
| Re-measurement of debt securities                                   | -                             | 598                              | -                                 |
| Total effects of adopting FRS139                                    | -                             | 7,584                            | 87                                |
| As at 1 January 2011 - as restated                                  | 225,166                       | 7,584                            | 27,339                            |

The following accounting standards, amendments and interpretations have been issued by the Malaysian Accounting Standard Board ("MASB") which are not yet effective to the Group and the Company:

#### **FRSs, Interpretation and amendments effective for annual periods beginning on or after 1 July 2011**

Amendment to IC Interpretation 14, Prepayment of a minimum Funding Requirement #  
IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments

#### **FRSs, Interpretation and amendments effective for annual periods beginning on or after 1 January 2012**

FRS 124, Related Party Disclosure (revised)  
IC Interpretation 15, Arrangement for the Construction of Real Estate #

# Not applicable to the Group and the Company

The Group and the Company plan to adopt the aforesaid applicable standards, amendments and interpretations on 1 January 2012 for those with effective dates of 1 July 2011 and 1 January 2012.

The initial application of the aforesaid standards, interpretations and amendments are not expected to have any material impact on the financial statement of the Group or any material changes in accounting policy.

## **2 Auditors' Report**

The auditors' report on the audited financial statements of the preceding period ended 31 December 2010 did not contain any qualification.

# SYARIKAT TAKAFUL MALAYSIA BERHAD

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### QUARTER ENDED 30 June 2011

#### 3 Seasonality of operations

The Group's operations are not materially affected by seasonal or cyclical factors.

#### 4 Unusual Items

Save as disclosed in notes 14 and 15, there were no unusual items affecting assets, liabilities, equity, net income or cash flows for the financial quarter ended 30 June 2011.

#### 5 Estimates

There were no changes in the basis used for accounting estimates for the current quarter under review.

#### 6 Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the financial quarter under review.

#### 7 Dividends

The shareholders at the Annual General Meeting held on 5 May 2011 approved a final dividend of 7% less 25% income tax in respect of the financial period ended 31 December 2010 as proposed by the Directors. The final dividend was paid on 27 May 2011.

No dividend was declared for the current quarter under review.

#### 8 Segmental Reporting

##### Geographical Segments

|                                       | Malaysia<br>RM'000 | Indonesia<br>RM'000 | Consolidated<br>RM'000 |
|---------------------------------------|--------------------|---------------------|------------------------|
| <b>6 months ended 30.06.2011</b>      |                    |                     |                        |
| Revenue from external participants    | 539,086            | 97,122              | 636,208                |
| Profit before zakat and tax           | 49,171             | 746                 | 49,917                 |
| <b>As at 30.06.2011</b>               |                    |                     |                        |
| Segments assets by location of assets | 5,178,637          | 356,837             | 5,535,474              |

## **SYARIKAT TAKAFUL MALAYSIA BERHAD**

### **NOTES TO THE INTERIM FINANCIAL STATEMENTS**

#### **QUARTER ENDED 30 June 2011**

##### **9 Investment Properties**

The valuation of investment properties has been brought forward without amendment from the annual audited financial statements for the period ended 31 December 2010.

##### **10 Material Events Subsequent to the End of the Period**

There is no material event subsequent to the end of the period under review that has not been reported in the interim financial statements for the current financial quarter.

##### **11 Financial Risk Management**

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statement as at and for the period ended 31 December 2010.

##### **12 Changes in Composition of the Company/Group**

There is no change in the composition of the Group for the current financial quarter under review.

##### **13 Contingent Liabilities**

There were no contingent liabilities as at the date of this report.

##### **14 Review of Performance**

For the 2nd quarter ended 30 June 2011, the Group generated Operating Revenue of RM327.2 million comprising of RM271.6 million in gross contributions and RM55.6 million in investment income. During the financial period ended 30 June 2011, the Group recorded Operating Revenue of RM636.2 million comprising of RM532.5 million in gross contribution and RM103.7 million in investment income. The gross contribution was mainly attributable to Family Takaful group business and motor and fire class of business.

The surplus transfer in the quarter under review from Family Takaful revenue account was RM23.0 million whereas for the financial period ended 30 June 2011, surplus transfer was RM50.9 million mainly attributable to underwriting results, investment income and realized gains on disposal of investment.

The surplus transfer from General Takaful revenue account was RM21.1 million for the quarter under review and RM41.0 million for the 6 months ended 30 June 2011, mainly attributable to underwriting results, coupled with write back of allowance for doubtful debts and realized gains on disposal of investments.

For the quarter under review, the group recorded profit before zakat and taxation of RM21.8 million. During the financial period ended 30 June 2011, the group recorded profit before zakat and taxation of RM49.9 million mainly contributed by the surplus from Family Takaful and General Takaful and wakalah fee income.

# SYARIKAT TAKAFUL MALAYSIA BERHAD

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### QUARTER ENDED 30 June 2011

**15 Material Changes in the Quarterly Results Compared to the Results of the Preceding Financial Quarter**

For the quarter under review, the profit before zakat and taxation registered RM 21.8 million which was lower than the preceding quarter of RM 28.1 million by RM6.3 million. The decrease was mainly attributable to lower surplus transfers from Family Takaful and higher management expenses. The increase in management expenses was mainly due to PIDM levy and wakalah fee expense reserve.

**16 Current Year Prospects**

The Group and the Company are expected to increase their market share in the takaful industry by introducing new products, growth in the agency workforce for selling retail Family products and strategic tie-ups with Islamic Banks to market Bancassurance products.

**17 Variance of actual profit from profit forecast or profit guarantee**

The Group did not issue any profit forecast nor profit guarantee during the financial year under review.

**18 Taxation**

The effective rate of taxation is lower than the statutory tax rate for the quarter and financial year to date mainly due to non taxable income in accordance with the Income Tax Act 1967.

|                          | <b>3 months<br/>ended<br/>30.6.2011<br/>RM'000</b> | <b>Cumulative<br/>6 months<br/>ended<br/>30.6.2011<br/>RM'000</b> |
|--------------------------|--|---|
| Current tax:-            |  |   |
| - Current financial year | 7,940  | 12,964  |
|                          | <hr/> 7,940  | <hr/> 12,964  |
| Deferred tax expense:-   |  |   |
| - Current financial year | (2,730)  | (2,058)   |
|                          | <hr/> 5,210  | <hr/> 10,906  |



# SYARIKAT TAKAFUL MALAYSIA BERHAD

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### QUARTER ENDED 30 June 2011

#### 19 Unquoted investments and properties

There was no sale of properties for the current quarter under review.

For the quarter under review, the Group disposed part of its unquoted investments and profit from sale of unquoted investment was RM 423,240.

#### 20 Status of Corporate Proposal

There has been no new corporate proposal since the date of the last quarterly report.

#### 21 Quoted Investments

a) The following are the particulars of purchase or disposal of quoted securities other than in respect of its subsidiary:

|                                 | Shareholders' Fund                     |   | Family Takaful                         |   | General takaful                        |   |
|---------------------------------|--|---|--|---|--|---|
|                                 | 6 months ended<br>30.06.2011<br>RM'000 | 18 months ended<br>31.12.2010<br>RM'000 | 6 months ended<br>30.06.2011<br>RM'000 | 18 months ended<br>31.12.2010<br>RM'000 | 6 months ended<br>30.06.2011<br>RM'000 | 18 months ended<br>31.12.2010<br>RM'000 |
| <b><u>Purchase</u></b>          |  |   |  |   |  |   |
| Total purchase consideration    | 18,446                                 | 42,996                                  | 308,110                                | 392,518                                 | 27,938                                 | 56,110                                  |
| <b><u>Disposal</u></b>          |  |   |  |   |  |   |
| Sales proceeds of quoted shares | 18,896                                 | 37,807                                  | 285,819                                | 283,211                                 | 26,934                                 | 52,451                                  |
| Realised gain/(loss)            | 4,492                                  | 5,125                                   | 33,933                                 | 19,948                                  | 6,485                                  | 8,938                                   |

# SYARIKAT TAKAFUL MALAYSIA BERHAD

## NOTES TO THE INTERIM FINANCIAL STATEMENTS QUARTER ENDED 30 June 2011

b) Investment in quoted shares as at 30 June 2011:

|                                       | Shareholders' Fund            |                               | Family Takaful                |                               | General Takaful               |                               |
|---------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                                       | As at<br>30.06.2011<br>RM'000 | As at<br>31.12.2010<br>RM'000 | As at<br>30.06.2011<br>RM'000 | As at<br>31.12.2010<br>RM'000 | As at<br>30.06.2011<br>RM'000 | As at<br>31.12.2010<br>RM'000 |
| At Cost                               | 39,722                        | 183,152                       | 353,298                       | 296,208                       | 60,608                        | 85,397                        |
| At carrying<br>value/ market<br>value | 41,740                        | 119,690                       | 375,081                       | 318,918                       | 64,542                        | 93,114                        |

### 22 Group Borrowings and Debt Securities

The Group does not have any borrowings and debt securities as at 30 June 2011.

### 23 Off Balance Sheet Financial Instruments

As at the date of this report, the Group has not entered into any off-balance sheet financial instruments.

### 24 Material Litigation

There was no material litigation pending as at the date of this announcement.

# SYARIKAT TAKAFUL MALAYSIA BERHAD

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### QUARTER ENDED 30 June 2011

#### 25 Earnings per Share

##### Basic earnings per share ("Basic EPS")

Basic EPS of the Group is calculated by dividing the net profit attributable to ordinary shareholders for the period by the weighted average number of ordinary shares in issue during the period.

|   |          | <b>3 months<br/>ended<br/>30.6.2011</b> | <b>Cumulative<br/>6 months<br/>ended<br/>30.6.2011</b> |
|---|----------|---|--|
| Owners of the Company                               | (RM'000) | 16,508                                  | 38,897   |
| Weighted average number of ordinary shares in issue | ('000)   | 162,817                                 | 162,817  |
| <b>Basic earnings per share</b>                     | (sen)    | 10.14                                   | 23.89  |

#### 26 TAKAFUL CONTRACT LIABILITIES

The takaful contract liabilities comprise of the following:

|   | Family Takaful                |                               | General Takaful               |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | As at<br>30.06.2011<br>RM'000 | As at<br>31.12.2010<br>RM'000 | As at<br>30.06.2011<br>RM'000 | As at<br>31.12.2010<br>RM'000 |
| Actuarial liabilities                       | 3,044,263                     | 2,929,376                     | 312,765                       | 310,193                       |
| Unallocated surplus                         | 383,808                       | 346,214                       | 145,214                       | 124,648                       |
| Fair value reserves                         | 110,016                       | 104,706                       | 14,312                        | 18,665                        |
| Special reserves                            | 53,596                        | 51,078                        | 23,061                        | 23,061                        |
| IBNR  | 18,508                        | 19,118                        | 91,532                        | 81,063                        |
| Net asset value attributable to unitholders | 193,400                       | 197,278                       | -                             | -                             |
| Provision for outstanding claims            | 23,046                        | 25,502                        | 367,851                       | 324,973                       |
| <b>Total Takaful contract liabilities</b>   | <b>3,826,637</b>              | <b>3,673,272</b>              | <b>954,735</b>                | <b>882,603</b>                |

# SYARIKAT TAKAFUL MALAYSIA BERHAD

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### QUARTER ENDED 30 June 2011

#### 27 DISCLOSURE OF REALISED AND UNREALISED PROFITS

On 25 March 2010, Bursa Securities issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Securities Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profit or accumulated losses as at end of the reporting period, into realized profits or losses.

On 20 December 2010, Bursa Securities further issued guidance on disclosure and the format required.

The breakdown of the retained profits of the group as at 30 June 2011, into realized and unrealized profits, pursuant to the directive, is as follows:

|  | As at<br>30.06.2011<br>RM'000 | As at<br>31.12.2010<br>RM'000 |
|--|-------------------------------|-------------------------------|
| <b>Total retained profits of the Group:</b>                          |                               |                               |
| -Realised  | 234,384                       | 205,370                       |
| -Unrealised  | (960)                         | (2,164)                       |
|  | <u>233,424</u>                | <u>203,206</u>                |
| <b>Total share of retained profits from</b>                          |                               |                               |
| -Realised  | -                             | -                             |
| -Unrealised  | -                             | -                             |
|  | <u>233,424</u>                | <u>203,206</u>                |
| Less: Consolidation adjustments                                      | 22,091                        | 21,960                        |
|  | <u>255,515</u>                | <u>225,166</u>                |
| <b>Total retained profits as per statement of financial position</b> | <u>255,515</u>                | <u>225,166</u>                |

The determination of realized and unrealized profits is compiled based on Guidance of Special Matter No.1, Determination of Realized and Unrealized Profits or Losses in the Context Disclosure Pursuant to Bursa Securities Listing Requirements, issued by Malaysia Institute of Accountants on 20 December 2010.

The disclosure of realized and unrealized profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purpose.

By Order of the Board

**MOHAMAD ASRI BIN HAJI YUSOFF**  
Company Secretary (MIA 14171)  
Kuala Lumpur, 23 August 2011