



SYARIKAT TAKAFUL MALAYSIA BERHAD
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THIRD QUARTER ENDED 31 MARCH 2010

| | Current Quarter Ended 31.03.2010 RM'000 | Corresponding Quarter Ended 31.03.2009 RM'000 | Current Year To Date 31.03.2010 RM'000 | Corresponding Year To Date 31.03.2009 RM'000 |
|--|---|---|--|--|
| Operating revenue | 293,029 | 187,667 | 771,549 | 679,439 |
| Transfer from Revenue Accounts | | | | |
| - Family Takaful | 15,578 | 4,581 | 54,314 | 33,164 |
| - General Takaful | 29,216 | 1,561 | 76,513 | 44,748 |
| Wakalah fee income | 17,321 | 8,829 | 50,181 | 24,034 |
| Investment income | 3,497 | 2,274 | 8,718 | 5,960 |
| Other operating expenses (net) | (5,609) | (2,353) | (10,942) | (6,484) |
| Management expenses | (39,093) | (26,352) | (112,282) | (101,619) |
| Profit/(loss) before zakat and taxation | 20,910 | (11,460) | 66,502 | (197) |
| Zakat | (261) | 606 | (1,127) | (1,388) |
| Taxation | (5,203) | 747 | (16,918) | 897 |
| Profit/(loss) for the year | 15,446 | (10,107) | 48,457 | (688) |
| Attributable to: | | | | |
| Shareholders of the Company | 15,348 | (7,710) | 46,975 | (142) |
| Minority Interest | 98 | (2,397) | 1,482 | (546) |
| Profit/(loss) for the year | 15,446 | (10,107) | 48,457 | (688) |
| Earnings per share (sen) (Note 25) | | | | |
| Basic | 9.43 | (4.74) | 28.85 | (0.09) |
| Diluted | 9.43 | (4.74) | 28.85 | (0.09) |

The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the financial year ended 30 June 2009.



SYARIKAT TAKAFUL MALAYSIA BERHAD
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2010

| | As at End of Current Quarter 31.03.2010 Unaudited RM'000 | As at Preceding Financial Year Ended 30.06.2009 Audited RM'000 |
|---|--|--|
| ASSETS | | |
| Shareholders' Assets | | |
| Property and equipment | 29,525 | 32,456 |
| Prepaid lease payment | 3,110 | 3,291 |
| Investment properties | 11,168 | 11,156 |
| Investments | 325,691 | 267,984 |
| Financing receivables | 17,590 | 14,018 |
| Deferred tax assets | 6,278 | 8,185 |
| Qardh Hasan - receivables | 4,370 | 31,722 |
| Assets held for sale | 1,467 | 1,471 |
| Receivables | 53,834 | 46,741 |
| Cash and bank balances | 13,710 | 7,596 |
| Total Shareholders' Assets | 466,743 | 424,620 |
| Total Family Takaful Assets | 3,505,776 | 3,364,426 |
| Total General Takaful Assets | 665,110 | 640,607 |
| Less Interfund balances | (53,562) | (57,418) |
| TOTAL ASSETS | 4,584,067 | 4,372,235 |
| LIABILITIES | | |
| Shareholders' Liabilities | | |
| Payables | 34,901 | 46,476 |
| Provision for taxation | 14,833 | 699 |
| Total Shareholders' Liabilities | 49,734 | 47,175 |
| Total Family Takaful Liabilities | 223,295 | 249,052 |
| Total General Takaful Liabilities | 267,194 | 303,640 |
| Less Interfund balances | (53,562) | (57,418) |
| | 486,661 | 542,449 |
| Family Takaful Fund | 3,282,481 | 3,115,374 |
| General Takaful Fund | 397,916 | 336,967 |
| TOTAL LIABILITIES | 4,167,058 | 3,994,790 |
| SHAREHOLDERS' EQUITY | | |
| Share capital | 162,817 | 162,817 |
| Reserves | 224,806 | 186,677 |
| | 387,623 | 349,494 |
| Minority interests | 29,386 | 27,951 |
| | 417,009 | 377,445 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 4,584,067 | 4,372,235 |
| Net assets per share (RM) | 2.38 | 2.15 |

The Unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statements for the financial year ended 30 June 2009.



SYARIKAT TAKAFUL MALAYSIA BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 MARCH 2010

| | Share Capital RM '000 | Share Premium RM '000 | Translation Reserves RM '000 | Retained Profits RM '000 | Minority Interest RM '000 | Total Equity RM '000 |
|---|-----------------------------|-----------------------------|------------------------------------|--------------------------------|---------------------------------|----------------------------|
| AT 1 JULY 2008 | 161,576 | 3,849 | (5,684) | 144,624 | 31,670 | 336,035 |
| Exchange differences | - | - | 2,042 | - | 1,698 | 3,740 |
| Net gain not recognised in the income statements | - | - | 2,042 | - | 1,698 | 3,740 |
| Issue of shares - cash | 1,241 | 249 | - | - | - | 1,490 |
| Acquisition of additional interest in subsidiary | - | - | - | 6,477 | (6,477) | - |
| Profit for the year | - | - | - | 39,394 | 1,060 | 40,454 |
| Dividend 2008 - Interim | - | - | - | (4,274) | - | (4,274) |
| AS AT 31 MARCH 2010 | 162,817 | 4,098 | (3,642) | 186,221 | 27,951 | 377,445 |
| AS AT 1 JULY 2009 | 162,817 | 4,098 | (3,642) | 186,221 | 27,951 | 377,445 |
| Exchange differences | - | - | (551) | 559 | (47) | (39) |
| Net gain not recognised in the income statements | - | - | (551) | 559 | (47) | (39) |
| Dividend 2009 - Final | - | - | - | (8,854) | - | (8,854) |
| Profit for the year | - | - | - | 46,975 | 1,482 | 48,457 |
| AS AT 31 MARCH 2010 | 162,817 | 4,098 | (4,193) | 224,901 | 29,386 | 417,009 |

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the financial year ended 30 June 2009.



SYARIKAT TAKAFUL MALAYSIA BERHAD
UNAUDITED CONDENSED CONSOLIDATED FAMILY TAKAFUL REVENUE ACCOUNT
FOR THE THIRD QUARTER ENDED 31 MARCH 2010

| | Current Quarter Ended 31.03.2010 RM'000 | Corresponding Quarter Ended 31.03.2009 RM'000 | Current Year To Date 31.03.2010 RM'000 | Corresponding Year To Date 31.03.2009 RM'000 |
|---|---|---|--|--|
| Gross contribution | 132,903 | 58,846 | 330,515 | 305,663 |
| Retakaful | (6,043) | (3,339) | (15,713) | (8,009) |
| (Increase)/ decrease in actuarial reserves | (8,648) | (7,068) | 19,895 | (20,004) |
| Net contribution | 118,212 | 48,439 | 334,697 | 277,650 |
| Benefits paid and payables | (93,284) | (91,220) | (255,200) | (194,987) |
| Wakalah fee | (12,009) | (4,875) | (33,585) | (11,091) |
| Net admin fee | 6,356 | (4,574) | 9,662 | (11,189) |
| Write back allowance for doubtful debts | 1,849 | - | 3,065 | - |
| | 21,124 | (52,230) | 58,639 | 60,383 |
| Underwriting profit /(loss)- Individual Family | 18,807 | (59,462) | 47,616 | 30,859 |
| Underwriting profit - Group Family | 2,557 | 5,954 | 10,055 | 29,255 |
| Underwriting (loss) /profit - Group Family ILB | (240) | 1,278 | 968 | 269 |
| | 21,124 | (52,230) | 58,639 | 60,383 |
| Underwriting profit -Group Family and ILB | 2,317 | 7,232 | 11,023 | 29,524 |
| Investment income | 45,144 | 32,948 | 122,376 | 104,746 |
| Other operating income/(expenses) (net) | 23,727 | (35,982) | 81,624 | (69,600) |
| Total profit for the period | 71,188 | 4,198 | 215,023 | 64,670 |
| Less: Allocation to special reserves | (1,251) | (915) | (3,969) | (1,777) |
| Profit attributable to the Company and participants for the period | 69,937 | 3,283 | 211,054 | 62,893 |
| Profit attributable to the Company transferred to income statement | (15,578) | (4,581) | (54,314) | (33,164) |
| | 54,359 | (1,298) | 156,740 | 29,729 |
| Reversal of provision for profit/ (profit payable) to participants | 7,293 | (3,331) | 6,881 | (3,331) |
| Profit attributable to the participants for the period | 61,652 | (4,629) | 163,621 | 26,398 |
| Family Takaful Fund at beginning of the period | 3,228,390 | 3,029,834 | 3,115,374 | 2,911,267 |
| Underwriting profit /(loss) - Individual Family | 18,807 | (59,462) | 47,616 | 30,859 |
| Profit attributable to the participants for the period | 61,652 | (4,629) | 163,621 | 26,398 |
| Movement for the period | | | | |
| - Actuarial reserves | 8,648 | 7,068 | (19,895) | 20,004 |
| - Excess pay in | - | (16,766) | 1,864 | - |
| - Unrealised gain in investment | (4,158) | 12,870 | (7,813) | - |
| Special Reserve | - | (3,486) | - | (3,254) |
| Qardh Hasan | (28,266) | (69,629) | (29,207) | (80,861) |
| Others | (28) | (2,669) | 13,485 | (11,282) |
| Family Takaful Fund at end of the period | 3,285,045 | 2,893,131 | 3,285,045 | 2,893,131 |

The Unaudited Condensed Consolidated Family Takaful Revenue Account should be read in conjunction with the Annual Financial Statements for the financial year ended 30 June 2009.



SYARIKAT TAKAFUL MALAYSIA BERHAD
UNAUDITED CONDENSED CONSOLIDATED
FAMILY TAKAFUL BALANCE SHEET
AS AT 31 MARCH 2010

| | As at End of Current Quarter 31.03.2010 Unaudited RM'000 | As at Preceding Financial Year Ended 30.06.2009 Audited RM'000 |
|--|---|---|
| ASSETS | | |
| Investment properties | 205,489 | 204,983 |
| Investment-linked Takaful assets | 205,878 | 193,606 |
| Investments | 3,019,066 | 2,785,629 |
| Financing receivables | 5,338 | 9,382 |
| Receivables | 65,215 | 116,768 |
| Assets held for sale | - | 800 |
| Cash and bank balances | 4,790 | 53,258 |
| TOTAL FAMILY TAKAFUL ASSETS | 3,505,776 | 3,364,426 |
| LIABILITIES | | |
| Payables | 174,943 | 186,322 |
| Provision for outstanding claims | 34,711 | 48,130 |
| Investment-linked Takaful liabilities | 13,641 | 14,600 |
| TOTAL FAMILY TAKAFUL LIABILITIES | 223,295 | 249,052 |
| PARTICIPANTS' FUND | | |
| Family Takaful Fund | 3,282,481 | 3,115,374 |
| TOTAL FAMILY TAKAFUL LIABILITIES AND PARTICIPANTS' FUND | 3,505,776 | 3,364,426 |

The Unaudited Condensed Consolidated Family Takaful Balance Sheet should be read in conjunction with the Annual Financial Statements for the financial year ended 30 June 2009.



SYARIKAT TAKAFUL MALAYSIA BERHAD
UNAUDITED CONDENSED CONSOLIDATED GENERAL TAKAFUL REVENUE ACCOUNT
FOR THE THIRD QUARTER ENDED 31 MARCH 2010

| | Current Quarter Ended 31.03.2010 RM'000 | Corresponding Quarter Ended 31.03.2009 RM'000 | Current Year To Date 31.03.2010 RM'000 | Corresponding Year To Date 31.03.2009 RM'000 |
|---|---|---|--|--|
| Gross contribution | 105,673 | 99,544 | 292,537 | 269,362 |
| Retakaful | (25,358) | (31,571) | (85,314) | (98,220) |
| Net contribution | 80,315 | 67,973 | 207,223 | 171,142 |
| Increase in unearned contribution reserve | (13,223) | (33,477) | (12,459) | (23,167) |
| Earned contribution | 67,092 | 34,496 | 194,764 | 147,975 |
| Net claims incurred | (31,528) | (25,399) | (89,305) | (57,812) |
| Wakalah fee | (5,312) | (3,955) | (16,596) | (12,944) |
| Net admin fee | (3,435) | (1,072) | (6,085) | (4,879) |
| Underwriting surplus | 26,817 | 4,070 | 82,778 | 72,340 |
| Investment Income | 5,812 | 3,568 | 17,403 | 14,719 |
| Other operating income/(expense) | 12,092 | (2,424) | 22,225 | (8,405) |
| Total profit for the period | 44,721 | 5,214 | 122,406 | 78,654 |
| Transfer to Income Statement | (29,216) | (1,561) | (76,513) | (44,748) |
| Participants' share of profit | 15,505 | 3,653 | 45,893 | 33,906 |
| Profit payable to participants | 6,788 | (8,632) | (1,028) | (22,547) |
| Profit attributable to participants for the period | 22,293 | (4,979) | 44,865 | 11,359 |
| Profit attributable to participants at beginning of the period | 84,222 | 56,977 | 61,650 | 40,639 |
| Profit attributable to participants as at end of the period | 106,515 | 51,998 | 106,515 | 51,998 |
| Unearned contribution reserves | 242,885 | 214,830 | 242,885 | 214,830 |
| Special Reserve | 23,061 | 23,061 | 23,061 | 23,061 |
| Qardh Hasan | 20,168 | 16,404 | 20,168 | 16,404 |
| Others | 5,287 | 2,792 | 5,287 | 2,792 |
| General Takaful fund at end of the period | 397,916 | 309,085 | 397,916 | 309,085 |

The Unaudited Condensed Consolidated General Takaful Revenue Account should be read in conjunction with the Annual Financial Statements for the financial year ended 30 June 2009.

SYARIKAT TAKAFUL MALAYSIA BERHAD
UNAUDITED CONDENSED CONSOLIDATED
GENERAL TAKAFUL BALANCE SHEET
AS AT 31 MARCH 2010

| | As at End of Current Quarter 31.03.2010 Unaudited RM'000 | As at Preceding Financial Year Ended 30.06.2009 Audited RM'000 |
|---|--|--|
| ASSETS | | |
| Investment properties | 28,954 | 28,954 |
| Investments | 561,003 | 525,028 |
| Financing receivables | 3,299 | 3,478 |
| Receivables | 66,451 | 74,221 |
| Cash and bank balances | 5,403 | 8,926 |
| TOTAL GENERAL TAKAFUL ASSETS | 665,110 | 640,607 |
| LIABILITIES | | |
| Payables | 88,221 | 132,235 |
| Provision for outstanding claims | 178,973 | 171,405 |
| TOTAL GENERAL TAKAFUL LIABILITIES | 267,194 | 303,640 |
| PARTICIPANTS' FUND | | |
| General Takaful Fund | 397,916 | 336,967 |
| TOTAL GENERAL TAKAFUL LIABILITIES AND PARTICIPANTS' FUND | 665,110 | 640,607 |

The Unaudited Condensed Consolidated General Takaful Balance Sheet should be read in conjunction with the Annual Financial Statements for the financial year ended 30 June 2009.



SYARIKAT TAKAFUL MALAYSIA BERHAD
GROUP CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2010
UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| | Current Period Ended 31.03.2010 RM'000 | Corresponding Period Ended 31.03.2009 RM'000 |
|--|--|--|
| Cash flows from operating activities | | |
| Profit /(loss) before zakat and taxation | 66,502 | (197) |
| Adjustments for : | | |
| Depreciation | 6,692 | 7,787 |
| Income from financing receivables | (926) | - |
| (Gain)/ loss on disposal of of quoted shares and unit trusts | (42,122) | 1,640 |
| (Gain)/loss on foreign exchange | (16,486) | 4,248 |
| Accretion on investments | (5,360) | (941) |
| (Reversal) /allowance for diminution in value of investments | (21,707) | 42,917 |
| Profit from Malaysian Government Investment Certificates | (16,629) | - |
| Property and equipment written off / transfer | (6) | - |
| Allowance for non-performing financing | - | 7,113 |
| Increase in General, Family Takaful Funds & Investment Linked Funds | 228,057 | 4,420 |
| Increase in investments | (271,776) | (344,983) |
| Gain on disposal of property and equipment | (30) | - |
| (Decrease)/increase in payables (including claim admitted but not paid) | (52,080) | 225,539 |
| Decrease/(increase) in other receivables | 93,154 | (56,245) |
| | (32,717) | (108,702) |
| Zakat paid | (3,113) | (4,214) |
| Income taxes paid | (595) | (2,447) |
| Net cash used in operating activities | (36,425) | (115,363) |
| Cash flows from investing activities | | |
| Purchase of property and equipment | (3,660) | (4,390) |
| Transfer of investment properties from property and equipment | (506) | - |
| Proceeds from sale of Investments and investment properties | 800 | - |
| Proceeds from sale of property and equipment | 417 | - |
| Net cash used in investing activities | (2,949) | (4,390) |
| Cash flows from financing activities | | |
| Proceeds from the issuance of new share capital | - | 1,489 |
| Dividend paid to shareholders of the Company | (8,854) | (4,274) |
| Net cash generated from financing activities | (8,854) | (2,785) |
| Net decrease in cash and cash equivalents | (48,228) | (122,538) |
| Cash and cash equivalents at the beginning of period | 77,059 | 167,321 |
| Cash and cash equivalents at the end of period | 28,831 | 44,783 |
| Cash and bank balances | | |
| - Shareholders' Fund | 13,710 | 7,656 |
| - Family Takaful Fund | 4,790 | 713 |
| - Investment Link Takaful Fund | 4,927 | 6,102 |
| - General Takaful Fund | 5,403 | 29,216 |
| - Assets held for sale | - | 1,096 |
| | 28,831 | 44,783 |

The Unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the financial year ended 30 June 2009.

SYARIKAT TAKAFUL MALAYSIA BERHAD

NOTES TO THE INTERIM FINANCIAL STATEMENTS

QUARTER ENDED 31 March 2010

1 Basis of Preparation

The interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard ("FRS") 134 "Interim Financial Reporting" and the applicable disclosure provision of the Main Market Listing Requirements (Chapter 9 Part K) of the Bursa Malaysia Securities Berhad.

The interim financial statements have been prepared using consistent accounting policies with the audited financial statements for the financial year ended 30 June 2009 and should be read in conjunction with the aforementioned audited financial statements.

The Group and the Company have not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective to the Group and Company:

| FRSs / Interpretations | Effective date |
|---|----------------|
| 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</i> and IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i> | 1 January 2010 |
| Amendments to FRS 139, <i>Financial Instruments: Recognition and Measurement</i> - <i>Reclassification of Financial Assets</i> - <i>Collective Assessment of Impairment for Banking Institutions</i> | 1 January 2010 |
| 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 123, <i>Borrowing Costs (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, <i>FRS 2 - Group and Treasury Share Transactions</i> | 1 January 2010 |
| IC Interpretation 13, <i>Customer Loyalty Programmes</i> | 1 January 2010 |
| IC Interpretation 14, <i>FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction</i> | 1 January 2010 |
| Amendments to FRS 132, <i>Financial Instruments: Presentation- Classification of Rights Issues</i> | 1 March 2010 |
| 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 |

SYARIKAT TAKAFUL MALAYSIA BERHAD

NOTES TO THE INTERIM FINANCIAL STATEMENTS

QUARTER ENDED 31 March 2010

| FRSs / Interpretations | Effective date |
|--|----------------|
| Amendments to FRS 5, <i>Non-current Assets Held for Sale and Discontinued Operations</i> | 1 July 2010 |
| Amendments to FRS 138, <i>Intangible Assets</i> | 1 July 2010 |
| IC Interpretation 12, <i>Service Concession Agreements</i> | 1 July 2010 |
| IC Interpretation 15, <i>Agreements for the Construction of Real Estate</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 7, <i>Financial Instruments: Disclosures- Improving Disclosures about Financial Instruments</i> | 1 January 2011 |

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations from the annual period beginning on 1 January 2011 following the Company's decision to change its financial year to end on 31 December, except for IC Interpretations 13 and 14 which are not applicable.

The impact of applying FRS 4, FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemption given in the respective FRSs. The initial application of the other standards, amendments and interpretations is not expected to have any material impact on the financial statements or any material change in accounting policy except as follows:

IC Interpretation 10, Interim Financial Reporting and Impairment

IC Interpretation 10 will become effective for the financial statements of the Group and the Company for the financial year ending 31 December 2011. IC Interpretation 10 prohibits the reversal of an impairment loss that has been recognised in an interim period during a financial year in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. In accordance with the transitional provisions, the Group and the Company will apply IC Interpretation 10 to goodwill, investments in equity instruments, and financial assets carried at cost prospectively from the date the Group and the Company first applied the measurement criteria of FRS 136, Impairment of Assets and FRS 139, Financial Instruments: Recognition and Measurement respectively.

2 Auditors' Report

The auditors' report on the audited financial statements of the preceding year ended 30 June 2009 did not contain any qualification.

SYARIKAT TAKAFUL MALAYSIA BERHAD

NOTES TO THE INTERIM FINANCIAL STATEMENTS

QUARTER ENDED 31 March 2010

3 Seasonality of operations

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

4 Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the financial quarter ended 31 March 2010.

5 Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these activities.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 30 June 2009.

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 12 November 2009 approved a final dividend of 7.25% less 25% income tax in respect of the financial year ended 30 June 2009 as proposed by the Directors. The final dividend was paid on 11 December 2009.

No dividend was declared for the financial quarter under review.

SYARIKAT TAKAFUL MALAYSIA BERHAD

NOTES TO THE INTERIM FINANCIAL STATEMENTS

QUARTER ENDED 31 March 2010

8 Segmental Reporting

Geographical Segments

| | Malaysia RM'000 | Indonesia RM'000 | Consolidated RM'000 |
|---------------------------------------|--------------------|---------------------|------------------------|
| 9 months ended 31.03.2010 | | | |
| Revenue from external participants | 634,035 | 137,514 | 771,549 |
| Profit before zakat and tax | 62,180 | 4,322 | 66,502 |
| As at 31.03.2010 | | | |
| Segments assets by location of assets | 4,277,364 | 306,703 | 4,584,067 |

Geographical Segments

| | Malaysia RM'000 | Indonesia RM'000 | Consolidated RM'000 |
|---------------------------------------|--------------------|---------------------|------------------------|
| 9 months ended 31.03.2009 | | | |
| Revenue from external participants | 563,969 | 115,470 | 679,439 |
| Profit/(loss) before zakat and tax | 392 | (589) | (197) |
| As at 31.03.2009 | | | |
| Segments assets by location of assets | 4,017,400 | 213,182 | 4,230,582 |

9 Investment Properties

The valuation of investment properties has been brought forward without amendment from the annual audited financial statements for the year ended 30 June 2009.

10 Material Events Subsequent to the End of the Period

On 8 April 2010 RAM Ratings has downgraded Bai Bithaman Ajil Islamic Debt Securities (BaIDS) issued by Senai Desaru Expressway Berhad (SDEB) from AA3 to C1. Takaful Malaysia holds RM15.4 million of this BaIDS (0.38% of the total investment assets of RM4,098 million) as investment. Takaful Malaysia has yet to ascertain the financial impact pending the detailed information to be made available by SDEB and/or its appointed advisors.

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 year ended 30 June 2009.

SYARIKAT TAKAFUL MALAYSIA BERHAD

NOTES TO THE INTERIM FINANCIAL STATEMENTS

QUARTER ENDED 31 March 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

Prior to the amendments of Section 60AA of the Income Tax Act 1967 (Section 60AA), capital allowances had been claimed by way of deduction from tax adjusted income in both General and Family Takaful Funds whilst the Shareholders Fund is not entitled to claim capital allowances. The amended Section 60AA stipulates that the tax adjusted income of the Shareholders' Fund shall be ascertained by taking into account the amount of income distributed or credited from Family and General Takaful Funds and as a result both General and Family Takaful Funds would have nil tax adjusted income. As such, capital allowances claimable for the years of assessment from 1997 to 2010 would be carried forward indefinitely as the operator's share of profits from the Family and General Fund will be taxed in the Shareholders Fund.

The Company has presented the issue on non-deductibility of capital allowances to the Ministry of Finance (MOF) on 30 March 2009. The MOF has agreed to review the tax issue and thereafter, will advise the Company accordingly. No provision has been made by the Company for the potential tax liabilities of the previous and current years pending the outcome of the said discussion and future appeals. The potential tax exposure to the Company assuming that the deduction of capital allowances in Shareholders' Fund is rejected by the MOF is approximately RM24.6 million.

14 Review of Performance

For the 3rd quarter ended 31 March 2010, the Group generated Operating Revenue of RM293.0million, an increase of 56.1% compared to RM187.7 million in the corresponding quarter of the preceding year. The 9 months period ended 31 March 2010, Operating Revenue increased by 13.6% to RM771.5 million from RM679.4 million in the same period of preceding year mainly due to higher investment income and higher contributions generated by Family Takaful and General Takaful business.

For the quarter under review, Family Takaful recorded Gross Contribution of RM132.9 million, against RM58.8 million for the same period last year and for the 9 months' period, RM330.5 million compared to RM305.7 million in the corresponding period last year. The growth of 8.1% for the 9 months period is mainly from the mortgage business.

General Takaful business generated Gross Contribution of RM105.7 million for the quarter under review compared to RM99.5 million in the corresponding quarter of the preceding year and RM292.5 million for the 9 months period compared to RM269.4 million last year. The General Takaful business recorded contribution growth of 8.6% for the 9 months period, mainly from Motor and Fire classes of business.

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The surplus transfer in the quarter under review from Family Takaful revenue account was RM15.6 million, while the surplus transfer from General Takaful was RM29.2 million. For the 9 months period under review, the surplus transfer from Family Takaful revenue account increased by RM21.1 million to RM54.3 million as compared to the same period last year while General Takaful recorded RM76.5 million compared to RM 44.7 million last year. The higher surplus transfer from Family Takaful revenue account is mainly due to better investment results arising from higher realized gains on disposal of investments and write back of allowance for diminution in value of investments as oppose to an allowance been made in the preceding year. The General Takaful also reported higher surplus mainly due to contribution growth, coupled with write back of both allowance for doubtful debts and allowance for diminution in value of investments and higher realized gains on disposal of investments.

For the 9 months' period, the Profit Before Tax and Zakat of the Group has increased by RM66.7 million to RM66.5 million from a loss of RM0.2 million in the same period last year. Besides the higher surplus transfer as explained in the preceding paragraph, the higher profit is also attributable to higher wakalah fees and better investment results.

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

For the quarter under review, the Operating Revenue registered RM 293.0 million as compared to preceding quarter of RM 235.2 million. This was mainly attributable to better investment results and contributions growth in Family Takaful and General Takaful business.

16 Current Year Prospects

The Group and Company are gearing for growth in the current financial year with the introduction of new products and new retail distribution network. The Company continues to improve on its operational efficiency and customer service. However, the Company would remain prudent in its investment strategy considering the uncertainty in the pace of the economic recovery.

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.

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18 Taxation

The effective rate of taxation is lower than the statutory tax rate mainly because of certain income of the Company is non-taxable in accordance with the Income Tax Act 1967.

| | 3 months ended | | 9 months ended | |
|-----------------------------------|----------------|--------------|----------------|--------------|
| | 31.03.2010 | 31.03.2009 | 31.03.2010 | 31.03.2009 |
| Current tax:- | | | | |
| - Current financial year | 8,476 | 85 | 14,907 | 85 |
| - Overprovision in prior years | - | 2,405 | - | - |
| | <u>8,476</u> | <u>2,490</u> | <u>14,907</u> | <u>85</u> |
| Deferred tax (benefit)/ expense:- | | | | |
| - Current financial year | (3,273) | (3,237) | 2,011 | (982) |
| | <u>5,203</u> | <u>(747)</u> | <u>16,918</u> | <u>(897)</u> |

19 Unquoted investments and properties

There was no sale of unquoted investments and/ or properties for the quarter under review and financial period to date.

20 Status of Corporate Proposal

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

21 Quoted investments

This disclosure is not applicable to insurance/takaful companies.

22 Group Borrowings and Debt Securities

The Group does not have any borrowings and debt securities as at 31 March 2010.

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 were no material litigations pending as at the date of this announcement.

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25 Earnings per Share

(a) 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.

| | | 3 months ended | | 9 months ended | |
|---|----------|----------------|---------------|----------------|---------------|
| | | 31.03.2010 | 31.03.2009 | 31.03.2010 | 31.03.2009 |
| Net profit attributable to shareholders | (RM'000) | 15,348 | (7,710) | 46,975 | (142) |
| Weighted average number of ordinary shares in issue | ('000) | 162,817 | 162,683 | 162,817 | 162,683 |
| Basic earnings per share | (sen) | 9.43 | (4.74) | 28.85 | (0.09) |

(b) Diluted earnings per share ("Diluted EPS")

Diluted earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of shares in issue adjusted for potential dilutive ordinary shares arising from share options granted to employees.

| | | 3 months ended | | 9 months ended | |
|---|----------|----------------|---------------|----------------|---------------|
| | | 31.03.2010 | 31.03.2009 | 31.03.2010 | 31.03.2009 |
| Net profit attributable to shareholders | (RM'000) | 15,348 | (7,710) | 46,975 | (142) |
| Weighted average number of ordinary shares in issue | ('000) | 162,817 | 162,683 | 162,817 | 162,683 |
| Diluted earnings per share | (sen) | 9.43 | (4.74) | 28.85 | (0.09) |

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By Order of the Board

MOHAMAD ASRI BIN HAJI YUSOFF
Company Secretary (MIA 14171)
Kuala Lumpur, 20 May 2010