

SYARIKAT TAKAFUL MALAYSIA BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS QUARTER ENDED 30 SEPTEMBER 2013

1 Basis of Preparation

The unaudited interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), IAS 34 Interim Financial Reporting issued by International Accounting Standards Board, paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and Guidelines / Circulars issued by Bank Negara Malaysia (“BNM”) and Shariah rulings and precepts.

The unaudited financial statements have been prepared using historical cost basis except for certain financial assets and financial liabilities that are stated at fair value.

The unaudited interim financial statements of the Group comprise the Company and its subsidiaries, and the Group’s interest in an associate as at and for the quarter ended 30 September 2013. It also includes Takaful funds established in accordance with Islamic Financial Services Act, 2013 in Malaysia, which are managed and controlled by the Group and by the Company as operator of the fund.

The statements of financial position and the statements of profit or loss and other comprehensive income of the Takaful Operator, Family Takaful Fund and General Takaful Fund are supplementary financial information presented in accordance with the requirements of BNM and Islamic Financial Services Act, 2013 in Malaysia to segregate assets, liabilities, income and expenses of Takaful funds from its own. The statements of financial position and profit or loss and other comprehensive income of the Takaful Operator include only assets, liabilities, income and expenses of the Takaful Operator, excluding the Takaful funds managed by it. The statements of financial position and profit or loss and other comprehensive income of the Family and General Takaful Fund include only the assets, liabilities, income and expenses of the family solidarity fund and General Takaful Fund that is set up, managed and controlled by the Takaful Operator.

The unaudited interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 31 December 2012. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2012.

2 Auditors’ Report

The auditors’ report on the audited financial statements of the preceding year ended 31 December 2012 did not contain any qualification.

3 Seasonality of Operations

The Group’s operations are not materially affected by seasonal or cyclical factors for the period under review.

SYARIKAT TAKAFUL MALAYSIA BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

QUARTER ENDED 30 SEPTEMBER 2013

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 in the current quarter ended 30 September 2013.

5 Estimates

There was no material 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 current quarter under review.

7 Dividends

The Directors on 14 December 2012 declared a second interim dividend of 10% single tier in respect of the financial year ending 31 December 2012 and paid on 11 January 2013.

The Directors on 3 September 2013 declared a first interim dividend of 12% single tier in respect of the financial year ending 31 December 2013 and paid on 4 October 2013.

8 Segmental Reporting

Geographical Segments

	Malaysia RM'000	Indonesia RM'000	Consolidated RM'000
9 months ended 30 September 2013			
Revenue from external participants	1,200,127	134,375	1,334,502
Profit before zakat and taxation	123,942	1,619	125,561
As at 30 September 2013			
Segment assets by location of assets	6,345,810	405,823	6,751,633
9 months ended 30 September 2012			
Revenue from external participants	1,142,783	148,624	1,291,407
Profit before zakat and taxation	86,571	(12)	86,559

SYARIKAT TAKAFUL MALAYSIA BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS QUARTER ENDED 30 SEPTEMBER 2013

8 Segmental Reporting (continued)

Geographical Segments

	Malaysia RM'000	Indonesia RM'000	Consolidated RM'000
As at 30 September 2012			
Segment assets by location of assets	<u>5,997,019</u>	<u>420,688</u>	<u>6,417,707</u>

9 Investment Properties

The valuation of investment properties has been brought forward without amendment from the annual audited financial statements for the year ended 31 December 2012.

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 year ended 31 December 2012.

12 Effect of 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.

SYARIKAT TAKAFUL MALAYSIA BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

QUARTER ENDED 30 SEPTEMBER 2013

14 Review of Performance

For the 3rd quarter ended 30 September 2013, the Group generated Operating Revenue of RM377.0 million, compared to RM416.2 million in the corresponding quarter of the preceding year. The decrease is mainly attributable to lower sales generated by both Family and General Takaful business. The 9 months Operating Revenue increased by 3.3% to RM1,334.5 million from RM1,291.4 million in the same period of the preceding year. The increase is mainly attributable to higher sales generated by Family Takaful.

For the quarter under review, Family Takaful recorded gross earned contributions of RM253.2 million against RM260.1 million for the same period last year and General Takaful generated gross earned contributions of RM108.0 million as compared to RM117.0 million in the corresponding quarter of the preceding year. For the 9 months period, Family Takaful generated gross earned contributions of RM852.9 million as compared to RM789.4 million in the corresponding period last year, whereas General Takaful recorded gross earned contributions of RM323.1 million as compared to RM332.1 million in the corresponding period last year. The Family Takaful recorded gross earned contribution growth of 8.0% for the 9 months period, mainly attributable to higher sales from Group Family products.

The surplus transfer in the quarter under review from Family Takaful was RM17.8 million as compared to RM20.9 million in the same period last year. The lower surplus transfer from Family Takaful is mainly due to lower investment income and higher wakalah fee expense. For the 9 months period, the surplus transfer from Family Takaful decreased by RM16.4 million to RM85.2 million as compared to the same period last year, mainly attributable to wakalah fee expense.

For the quarter under review, the surplus transfer from General Takaful was RM11.4 million as compared to RM20.0 million in the same period last year. For the 9 months period, General Takaful recorded RM32.3 million as compared to RM50.6 million last year. The General Takaful reported lower surplus transfer mainly due to shift to wakalah model products where margins are being transferred in the form of wakalah fee to Takaful Operator.

For the quarter under review, the Group recorded profit before zakat and taxation of RM42.8 million, increased by 89.0% as compared to RM22.6 million in the same period last year. For the 9 months period, the Group recorded profit before zakat and taxation of RM125.6 million, increased by 45.1% as compared to RM86.6 million in the same period last year. The higher profit is attributable to higher net wakalah fee income.

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 RM377.0 million as compared to preceding quarter of RM437.9 million. The lower operating revenue is attributable to lower contribution generated by Family Takaful businesses.

SYARIKAT TAKAFUL MALAYSIA BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

QUARTER ENDED 30 SEPTEMBER 2013

16 Current Year Prospects

The Company will continue its “We Should Talk” marketing campaign to create more awareness of the “15% Cash Back” value proposition in positioning Takaful Malaysia as the leading takaful operator in Malaysia. With the introduction of new products and services in 2013, the Company is expected to increase its market share while improving on shareholder value. The Company will also be looking at increasing the number of exclusive or preferred partnerships with major financial institutions to grow the bancatakaful business.

17 Variance of Actual Profit from Profit Forecast or Profit Guarantee

The Group did not issue any profit forecast nor profit guarantee during the current quarter under review.

18 Taxation

The effective rate of taxation is higher than the statutory tax rate for the quarter mainly due to non-allowable expenses income in accordance with the Income Tax Act 1967.

	3 months ended		Cumulative 9 months ended	
	30.9.2013 RM'000	30.9.2012 RM'000	30.9.2013 RM'000	30.9.2012 RM'000
Current tax expense:				
- Current financial period	16,744	14,983	44,679	37,305
- Overprovision in prior year	(6,321)	-	(6,321)	-
Deferred tax benefits:				
- Current financial period	1,191	(7,293)	(6,795)	(17,996)
Total tax expense	<u>11,614</u>	<u>7,690</u>	<u>31,563</u>	<u>19,309</u>

19 Status of Corporate Proposal

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

20 Group Borrowings and Debt Securities

The Group does not have any borrowings and debt securities as at 30 September 2013.

21 Material Litigation

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

SYARIKAT TAKAFUL MALAYSIA BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS QUARTER ENDED 30 SEPTEMBER 2013

22 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 quarter / period by the weighted average number of ordinary shares in issue during the period.

		3 months ended		Cumulative 9 months ended	
		30.9.2013	30.9.2012	30.9.2013	30.9.2012
Owners of the Company	(RM'000)	31,577	15,280	97,515	68,821
Weighted average number of ordinary shares in issue	('000)	162,817	162,817	162,817	162,817
Basic EPS	(sen)	19.39	9.38	59.89	42.27

SYARIKAT TAKAFUL MALAYSIA BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS QUARTER ENDED 30 SEPTEMBER 2013

23 Takaful Contract Liabilities

The takaful contract liabilities consist of the following:

	30 September 2013			31 December 2012		
	Gross RM'000	Retakaful RM'000	Net RM'000	Gross RM'000	Retakaful RM'000	Net RM'000
Family Takaful Fund						
Provision for claims reported by participants	43,201	(2,492)	40,709	28,387	(3,707)	24,680
Provision for IBNR	151,142	(30,745)	120,397	120,178	(14,964)	105,214
Provision for outstanding claims	194,343	(33,237)	161,106	148,565	(18,671)	129,894
Actuarial liabilities	3,664,893	(133,197)	3,531,696	3,274,935	(63,856)	3,211,079
Unallocated surplus	631,825	-	631,825	681,054	-	681,054
AFS reserves	(7,977)	-	(7,977)	97,326	-	97,326
Translation reserves	474	-	474	359	-	359
Net asset value attributable to unitholders	143,354	-	143,354	201,097	-	201,097
Participants' fund	4,432,569	(133,197)	4,299,372	4,254,771	(63,856)	4,190,915
	4,626,912	(166,434)	4,460,478	4,403,336	(82,527)	4,320,809

SYARIKAT TAKAFUL MALAYSIA BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED 30 SEPTEMBER 2013

23 Takaful Contract Liabilities (continued)

	30 September 2013			31 December 2012		
	Gross RM'000	Retakaful RM'000	Net RM'000	Gross RM'000	Retakaful RM'000	Net RM'000
General Takaful Fund						
Provision for claims reported by participants	380,629	(231,221)	149,408	389,557	(221,036)	168,521
Provision for IBNR	247,756	(96,827)	150,929	194,952	(61,443)	133,509
Provision for outstanding claims	628,385	(328,048)	300,337	584,509	(282,479)	302,030
Provision for unearned contributions	287,708	(62,435)	225,273	295,439	(72,297)	223,142
	916,093	(390,483)	525,610	879,948	(354,776)	525,172
Unallocated surplus	205,162	-	205,162	209,283	-	209,283
AFS reserves	(2,828)	-	(2,828)	10,464	-	10,464
Translation reserves	362	-	362	1,048	-	1,048
Participants' fund	202,696	-	202,696	220,795	-	220,795
	1,118,789	(390,483)	728,306	1,100,743	(354,776)	745,967

SYARIKAT TAKAFUL MALAYSIA BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
QUARTER ENDED 30 SEPTEMBER 2013

23 Takaful Contract Liabilities (continued)

	30 September 2013			31 December 2012		
	Gross RM'000	Retakaful RM'000	Net RM'000	Gross RM'000	Retakaful RM'000	Net RM'000
Group						
Provision for claims reported by participants	423,830	(233,713)	190,117	417,944	(224,743)	193,201
Provision for IBNR	398,898	(127,572)	271,326	315,130	(76,407)	238,723
Provision for outstanding claims	822,728	(361,285)	461,443	733,074	(301,150)	431,924
Provision for unearned contributions	287,708	(62,435)	225,273	295,439	(72,297)	223,142
	<u>1,110,436</u>	<u>(423,720)</u>	<u>686,716</u>	<u>1,028,513</u>	<u>(373,447)</u>	<u>655,066</u>
Actuarial liabilities	3,664,893	(133,197)	3,531,696	3,274,935	(63,856)	3,211,079
Unallocated surplus	836,987	-	836,987	890,337	-	890,337
AFS reserves	(10,805)	-	(10,805)	107,790	-	107,790
Translation reserves	836	-	836	1,407	-	1,407
Net asset value attributable to unitholders	111,110	-	111,110	160,117	-	160,117
Participants' fund	<u>4,603,021</u>	<u>(133,197)</u>	<u>4,469,824</u>	<u>4,434,586</u>	<u>(63,856)</u>	<u>4,370,730</u>
	<u>5,713,457</u>	<u>(556,917)</u>	<u>5,156,540</u>	<u>5,463,099</u>	<u>(437,303)</u>	<u>5,025,796</u>

SYARIKAT TAKAFUL MALAYSIA BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS QUARTER ENDED 30 SEPTEMBER 2013

23 Takaful Contract Liabilities (continued)

Participants' fund liabilities and its movements are analysed as follows:

	Family Takaful Fund			General Takaful Fund			Group		
	Gross RM'000	Retakaful RM'000	Net RM'000	Gross RM'000	Retakaful RM'000	Net RM'000	Gross RM'000	Retakaful RM'000	Net RM'000
At 1 January 2012	3,935,483	(64,808)	3,870,675	184,039	-	184,039	4,081,300	(64,808)	4,016,492
Net earned contributions	987,661	(46,869)	940,792	335,174	-	335,174	1,322,835	(46,869)	1,275,966
Investment income	186,381	-	186,381	31,031	-	31,031	217,412	-	217,412
Realised gains and (losses)	98,082	-	98,082	13,508	-	13,508	111,590	-	111,590
Fair value gains and (losses)	10,634	-	10,634	(306)	-	(306)	10,328	-	10,328
Other operating income	6,587	-	6,587	5,675	-	5,675	12,262	-	12,262
Net benefits and claims	(530,420)	40,233	(490,187)	(172,553)	-	(172,553)	(702,973)	40,233	(662,740)
Fees deducted (net)	(195,496)	-	(195,496)	(80,600)	-	(80,600)	(276,096)	-	(276,096)
Other operating expenses	(12,722)	-	(12,722)	(5,319)	-	(5,319)	(18,041)	-	(18,041)
Profit paid to participants	(2,330)	-	(2,330)	(27,558)	-	(27,558)	(29,888)	-	(29,888)
Increase in actuarial liabilities	(14,309)	489	(13,820)	-	-	-	(14,309)	489	(13,820)
Profit attributable to the Takaful Operator	(135,816)	6,636	(129,180)	(61,833)	-	(61,833)	(200,407)	6,636	(193,771)
Change in AFS reserve	(13,384)	-	(13,384)	1,084	-	1,084	(12,300)	-	(12,300)
Withholding tax	(41,036)	-	(41,036)	(1,773)	-	(1,773)	(42,809)	-	(42,809)
Effect of movement in exchange rates	(24,544)	463	(24,081)	226	-	226	(24,318)	463	(23,855)
At 31 December 2012	4,254,771	(63,856)	4,190,915	220,795	-	220,795	4,434,586	(63,856)	4,370,730

SYARIKAT TAKAFUL MALAYSIA BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS QUARTER ENDED 30 SEPTEMBER 2013

23 Takaful Contract Liabilities (continued)

	Family Takaful Fund			General Takaful Fund			Group		
	Gross RM'000	Retakaful RM'000	Net RM'000	Gross RM'000	Retakaful RM'000	Net RM'000	Gross RM'000	Retakaful RM'000	Net RM'000
At 1 January 2013	4,254,771	(63,856)	4,190,915	220,795	-	220,795	4,434,586	(63,856)	4,370,730
Net earned contributions	852,867	(44,507)	808,360	224,506	-	224,506	1,077,373	(44,507)	1,032,866
Investment income	132,230	-	132,230	22,863	-	22,863	155,094	-	155,094
Realised gains and (losses)	89,263	-	89,263	12,060	-	12,060	101,323	-	101,323
Fair value gains and (losses)	3,292	-	3,292	-	-	-	3,292	-	3,292
Other operating income	14	-	14	536	-	536	550	-	550
Net benefits and claims	(527,296)	48,916	(478,380)	(110,853)	-	(110,853)	(631,383)	48,916	(582,467)
Fees deducted (net)	(197,150)	-	(197,150)	(93,981)	-	(93,981)	(291,131)	-	(291,131)
Other operating expenses	(5,731)	-	(5,731)	(1,410)	-	(1,410)	(7,141)	-	(7,141)
Profit paid to participants	(320)	-	(320)	(23,843)	-	(23,843)	(24,163)	-	(24,163)
Increase in actuarial liabilities	63,147	(70,023)	(6,876)	-	-	-	63,147	(70,023)	(6,876)
Profit attributable to the Takaful Operator	(70,193)	(4,410)	(74,603)	(32,604)	-	(32,604)	(100,827)	(4,410)	(105,237)
Change in AFS reserve	(105,303)	-	(105,303)	(13,292)	-	(13,292)	(118,595)	-	(118,595)
Withholding tax	(21,616)	-	(21,616)	(1,396)	-	(1,396)	(23,012)	-	(23,013)
Effect of movement in exchange rates	(35,406)	683	(34,723)	(686)	-	(686)	(36,092)	683	(35,410)
At 30 September 2013	4,432,569	(133,197)	4,299,372	202,696	-	202,696	4,603,021	(133,197)	4,469,824

SYARIKAT TAKAFUL MALAYSIA BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS QUARTER ENDED 30 SEPTEMBER 2013

24 Takaful Operator Income

The takaful operator income consists of the following:

	Takaful Operator			
	3 months ended		9 months ended	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
	RM'000	RM'000	RM'000	RM'000
Surplus transfer from:				
Family Takaful Fund	17,848	20,934	85,183	101,571
General Takaful Fund	11,364	20,018	32,254	50,572
Wakalah fee income	88,110	86,468	310,249	215,900
Total Takaful Operator income	<u>117,322</u>	<u>127,420</u>	<u>427,686</u>	<u>368,043</u>

25 Investment Income

The investment income consists of the following:

	Takaful Operator		Family Takaful Fund		General Takaful Fund		Group	
	3 months ended		3 months ended		3 months ended		3 months ended	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012	30.9.2013	30.9.2012	30.9.2013	30.9.2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Rental income	192	211	1,553	2,183	216	290	550	1,246
Dividend income	1,902	1,135	7,454	5,129	1,806	952	11,162	7,215
Profit income	4,947	3,664	38,350	44,229	5,755	6,821	49,052	54,714
Accretion / (Amortisation)	(305)	(126)	(1,531)	(1,226)	(538)	(478)	(2,374)	(1,830)
Investment expenses	(27)	(129)	(598)	(508)	(74)	(176)	94	(397)
	<u>6,709</u>	<u>4,755</u>	<u>45,228</u>	<u>49,807</u>	<u>7,165</u>	<u>7,409</u>	<u>58,484</u>	<u>60,948</u>

SYARIKAT TAKAFUL MALAYSIA BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS QUARTER ENDED 30 SEPTEMBER 2013

25 Investment Income (continued)

The investment income consists of the following (continued):

	Takaful Operator 9 months ended		Family Takaful Fund 9 months ended		General Takaful Fund 9 months ended		Group 9 months ended	
	30.9.2013 RM'000	30.9.2012 RM'000	30.9.2013 RM'000	30.9.2012 RM'000	30.9.2013 RM'000	30.9.2012 RM'000	30.9.2013 RM'000	30.9.2012 RM'000
Rental income	453	565	5,307	6,512	578	780	2,073	3,587
Dividend income	4,537	3,236	21,004	15,188	3,954	2,694	29,495	21,118
Profit income	12,967	10,787	112,642	119,051	20,144	20,373	145,753	150,211
Accretion / (Amortisation)	(797)	(358)	(4,605)	(3,319)	(1,639)	(1,434)	(7,041)	(5,111)
Investment expenses	(235)	(427)	(2,118)	(2,399)	(174)	(409)	279	(1,141)
	<u>16,925</u>	<u>13,803</u>	<u>132,230</u>	<u>135,033</u>	<u>22,863</u>	<u>22,004</u>	<u>170,559</u>	<u>168,664</u>

SYARIKAT TAKAFUL MALAYSIA BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS QUARTER ENDED 30 SEPTEMBER 2013

26 Other Operating Income

The other operating income consists of the following:

	Takaful Operator 3 months ended		Family Takaful Fund 3 months ended		General Takaful Fund 3 months ended		Group 3 months ended	
	30.9.2013 RM'000	30.9.2012 RM'000	30.9.2013 RM'000	30.9.2012 RM'000	30.9.2013 RM'000	30.9.2012 RM'000	30.9.2013 RM'000	30.9.2012 RM'000
Service charged and management fee	3,065	1,389	-	-	-	-	1	-
Gain on foreign exchange	-	-	-	-	76	120	76	120
Writeback of allowance for impaired debts	-	-	-	980	-	381	-	1,361
Writeback of allowance for impaired financing	212	112	-	-	-	-	212	112
Gain on disposal of assets	250	32	-	-	-	-	250	32
Other income	-	620	-	41	-	-	-	3,397
	<u>3,527</u>	<u>2,153</u>	<u>-</u>	<u>1,021</u>	<u>76</u>	<u>501</u>	<u>539</u>	<u>5,022</u>

SYARIKAT TAKAFUL MALAYSIA BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS QUARTER ENDED 30 SEPTEMBER 2013

26 Other Operating Income (continued)

The other operating income consists of the following (continued):

	Takaful Operator 9 months ended		Family Takaful Fund 9 months ended		General Takaful Fund 9 months ended		Group 9 months ended	
	30.9.2013 RM'000	30.9.2012 RM'000	30.9.2013 RM'000	30.9.2012 RM'000	30.9.2013 RM'000	30.9.2012 RM'000	30.9.2013 RM'000	30.9.2012 RM'000
Service charged and management fee	9,177	5,868	-	-	-	-	55	939
Gain on foreign exchange	-	-	-	-	21	113	21	113
Writeback of allowance for impaired debts	-	-	-	2,269	124	2,724	124	4,993
Writeback of allowance for impaired financing	212	256	-	-	-	17	212	273
Gain on disposal of assets	398	111	-	-	-	-	398	111
Other income	293	1,428	14	202	391	2	698	1,632
	<u>10,080</u>	<u>7,663</u>	<u>14</u>	<u>2,471</u>	<u>536</u>	<u>2,856</u>	<u>1,508</u>	<u>8,061</u>

SYARIKAT TAKAFUL MALAYSIA BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS QUARTER ENDED 30 SEPTEMBER 2013

27 Other Operating Expenses

The other operating expenses consist of the following:

	Takaful Operator 3 months ended		Family Takaful Fund 3 months ended		General Takaful Fund 3 months ended		Group 3 months ended	
	30.9.2013 RM'000	30.9.2012 RM'000	30.9.2013 RM'000	30.9.2012 RM'000	30.9.2013 RM'000	30.9.2012 RM'000	30.9.2013 RM'000	30.9.2012 RM'000
Service charged and management fee	-	-	-	-	-	-	-	(105)
Depreciation	(1,770)	(2,744)	-	-	-	-	(2,791)	(6,322)
Impairment losses	-	(67)	(499)	(1,059)	-	(104)	(499)	(1,230)
Loss from foreign exchange	-	(243)	-	(55)	-	-	-	(298)
Commission expense / Administration fee	(31,615)	(31,464)	(43)	(1,106)	(49)	(618)	(31,661)	(33,100)
Agency related expenses	(1,002)	(1,289)	-	-	-	-	(1,002)	(1,289)
Allowance for impaired debts	-	-	(290)	-	(17)	-	(307)	-
Other expenses	(1,288)	(80)	(1,053)	(585)	(542)	(308)	(2,691)	-
	<u>(35,675)</u>	<u>(35,887)</u>	<u>(1,885)</u>	<u>(2,805)</u>	<u>(608)</u>	<u>(1,030)</u>	<u>(38,951)</u>	<u>(42,344)</u>

SYARIKAT TAKAFUL MALAYSIA BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS QUARTER ENDED 30 SEPTEMBER 2013

27 Other Operating Expenses (continued)

The other operating expenses consist of the following (continued):

	Takaful Operator 9 months ended		Family Takaful Fund 9 months ended		General Takaful Fund 9 months ended		Group 9 months ended	
	30.9.2013 RM'000	30.9.2012 RM'000	30.9.2013 RM'000	30.9.2012 RM'000	30.9.2013 RM'000	30.9.2012 RM'000	30.9.2013 RM'000	30.9.2012 RM'000
Depreciation	(7,029)	(8,112)	-	-	-	-	(10,095)	(11,690)
Impairment losses	(184)	(864)	(1,256)	(4,620)	(347)	(1,408)	(1,787)	(6,892)
Loss from foreign exchange	-	(3)	(2)	(66)	-	(49)	(2)	(118)
Commission	(103,532)	(79,549)	(119)	(9,602)	(68)	(7,911)	(103,620)	(96,940)
Agency related expenses	(3,472)	(2,256)	-	-	-	-	(3,472)	(2,256)
Allowance for impaired debts	-	-	(391)	-	-	-	(391)	-
Other expenses	(11,430)	(3,906)	(3,963)	(3,769)	(995)	(1,727)	(4,960)	(5,693)
	<u>(125,647)</u>	<u>(94,690)</u>	<u>(5,731)</u>	<u>(18,057)</u>	<u>(1,410)</u>	<u>(11,095)</u>	<u>(124,327)</u>	<u>(123,589)</u>

SYARIKAT TAKAFUL MALAYSIA BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

QUARTER ENDED 30 SEPTEMBER 2013

28 Fair Value Information

The fair values of financial assets and financial liabilities, together with the carrying amounts in the condensed consolidated statement of financial position as at 30 September 2013, are as follows:

	30 September 2013		31 December 2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	RM'000	RM'000	RM'000	RM'000
Takaful Operator				
Financial Assets				
Other investments:				
- Available-for-sale financial assets	447,212	447,212	391,994	391,994
- Fair value through profit or loss financial assets	2,289	2,289	634	634
- Held-to-maturity financial assets	1,967	1,967	1,585	1,598
Loan and receivables, excluding takaful receivables	177,318	177,318	128,171	128,171
Cash and cash equivalents	111,154	111,154	102,972	102,972
	<u>739,940</u>	<u>739,940</u>	<u>625,356</u>	<u>625,369</u>
Financial Liabilities				
Other payables	99,193	99,193	84,531	84,531
	<u>99,193</u>	<u>99,193</u>	<u>84,531</u>	<u>84,531</u>
Family Takaful				
Financial Assets				
Other investments:				
- Available-for-sale financial assets	2,900,149	2,900,149	3,012,079	3,012,079
- Fair value through profit or loss financial assets	183,151	183,151	219,665	219,665
- Held-to-maturity financial assets	347,070	355,235	253,271	268,772
Retakaful assets	2,492	2,492	3,707	3,707
Loan and receivables, excluding takaful receivables	526,326	526,326	441,121	441,121
Takaful receivables	87,545	87,545	68,472	68,472
Cash and cash equivalents	344,977	344,977	288,172	288,172
	<u>4,391,710</u>	<u>4,399,875</u>	<u>4,286,487</u>	<u>4,301,988</u>
Financial Liabilities				
Qardh payables	22,872	22,872	10,398	10,398
Provision for outstanding claims	43,201	43,201	28,387	28,387
Takaful payables	27,038	27,038	20,501	20,501
Other payables	114,323	114,323	156,434	156,434
	<u>207,434</u>	<u>207,434</u>	<u>215,720</u>	<u>215,720</u>

SYARIKAT TAKAFUL MALAYSIA BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS QUARTER ENDED 30 SEPTEMBER 2013

28 Fair Value Information (continued)

General Takaful	30 September 2013		31 December 2012	
	Carrying Value RM'000	Fair Value RM'000	Carrying Value RM'000	Fair Value RM'000
Financial Assets				
Other investments:				
- Available-for-sale financial assets	545,359	545,359	565,764	565,764
- Held-to-maturity financial assets	36,057	36,401	35,575	36,288
Retakaful assets	231,221	231,221	221,036	221,036
Loan and receivables, excluding takaful receivables	84,834	84,834	116,276	116,276
Takaful receivables	53,435	53,435	25,541	25,541
Cash and cash equivalents	94,167	94,167	61,108	61,108
	<u>1,045,073</u>	<u>1,045,417</u>	<u>1,025,300</u>	<u>1,026,013</u>
Financial Liabilities				
Qardh payables	25,462	25,462	23,888	23,888
Provision for outstanding claims	380,629	380,629	389,557	389,557
Takaful payables	39,501	39,501	22,625	22,625
Other payables	71,042	71,042	61,492	61,492
	<u>516,634</u>	<u>516,634</u>	<u>497,562</u>	<u>497,562</u>
Group				
Financial Assets				
Other investments:				
- Available-for-sale financial assets	3,860,476	3,860,476	3,928,857	3,928,857
- Fair value through profit or loss financial assets	185,440	185,440	220,299	220,299
- Held-to-maturity financial assets	385,094	393,603	290,431	306,658
Retakaful assets	233,713	233,713	224,743	224,743
Loan and receivables, excluding takaful receivables	746,032	746,032	619,123	619,123
Takaful receivables	140,980	140,980	94,013	94,013
Cash and cash equivalents	550,298	550,298	452,252	452,252
	<u>6,102,033</u>	<u>6,110,542</u>	<u>5,829,718</u>	<u>5,845,945</u>
Financial Liabilities				
Provision for outstanding claims	423,830	423,830	417,944	417,944
Takaful payables	66,539	66,539	43,126	43,126
Other payables	242,112	242,112	236,013	236,013
	<u>732,481</u>	<u>732,481</u>	<u>697,083</u>	<u>697,083</u>

SYARIKAT TAKAFUL MALAYSIA BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

QUARTER ENDED 30 SEPTEMBER 2013

28 Fair Value Information (continued)

The table below analyses financial instruments carried at fair value by their valuation method.

Takaful Operator	30 September 2013			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
Financial assets				
Other investments:				
- Available-for-sale financial assets	141,331	241,971	63,910	447,212
- Fair value through profit or loss financial assets	-	2,289	-	2,289
	<u>141,331</u>	<u>244,260</u>	<u>63,910</u>	<u>449,501</u>
Family Takaful				
Financial assets				
Other investments:				
- Available-for-sale financial assets	745,787	1,960,256	194,106	2,900,149
- Fair value through profit or loss financial assets	98,014	85,137	-	183,151
	<u>843,801</u>	<u>2,045,393</u>	<u>194,106</u>	<u>3,083,300</u>
General Takaful				
Financial assets				
Other investments:				
- Available-for-sale financial assets	136,143	371,531	37,685	545,359
	<u>136,143</u>	<u>371,531</u>	<u>37,685</u>	<u>545,359</u>
Group				
Financial assets				
Other investments:				
- Available-for-sale financial assets	991,017	2,573,758	295,701	3,860,476
- Fair value through profit or loss financial assets	98,014	87,426	-	185,440
	<u>1,089,031</u>	<u>2,661,184</u>	<u>295,701</u>	<u>4,045,916</u>

SYARIKAT TAKAFUL MALAYSIA BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS QUARTER ENDED 30 SEPTEMBER 2013

28 Fair Value Information (continued)

Takaful Operator	31 December 2012			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
Financial assets				
Other investments:				
- Available-for-sale financial assets	109,558	220,743	61,693	391,994
- Fair value through profit or loss financial assets	-	634	-	634
	<u>109,558</u>	<u>221,377</u>	<u>61,693</u>	<u>392,628</u>
Family Takaful				
Financial assets				
Other investments:				
- Available-for-sale financial assets	506,191	2,318,556	187,332	3,012,079
- Fair value through profit or loss financial assets	101,663	58,340	59,662	219,665
	<u>607,854</u>	<u>2,376,896</u>	<u>246,994</u>	<u>3,231,744</u>
General Takaful				
Financial assets				
Other investments:				
- Available-for-sale financial assets	98,418	430,967	36,379	565,764
	<u>98,418</u>	<u>430,967</u>	<u>36,379</u>	<u>565,764</u>
Group				
Financial assets				
Other investments:				
- Available-for-sale financial assets	673,187	2,970,266	285,404	3,928,857
- Fair value through profit or loss financial assets	101,663	58,974	59,662	220,299
	<u>774,850</u>	<u>3,029,240</u>	<u>345,066</u>	<u>4,149,156</u>

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

SYARIKAT TAKAFUL MALAYSIA BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS QUARTER ENDED 30 SEPTEMBER 2013

28 Fair Value Information (continued)

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the identical financial assets or liabilities, either directly or indirectly.

Transfer between Level 1 and 2 fair values

There is no transfer between Level 1 and 2 fair values during the period.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities. The following table shows a reconciliation of Level 3 fair values:

	Takaful Operator RM'000	Family Takaful RM'000	General Takaful RM'000	Group RM'000
Available-for-sale financial assets				
At 1 January 2012	49,153	174,649	33,711	257,513
Purchases	10,000	4,087	1,000	15,087
Gains and losses recognised in profit or loss				
Investment income - realised	2,544	8,596	1,668	12,808
Effect of movement in exchange rates	(4)	-	-	(4)
At 31 December 2012 / 1 January 2013	61,693	187,332	36,379	285,404
Gains and losses recognised in profit or loss				
Investment income - realised	2,226	6,774	1,306	10,306
Effect of movement in exchange rates	(9)	-	-	(9)
At 30 September 2013	63,910	194,106	37,685	295,701
Fair value through profit or loss financial assets				
At 1 January 2012	-	63,906	-	63,906
Redemption	-	(2,350)	-	(2,350)
Gains and losses recognised in profit or loss				
Fair value gains and losses	-	(1,894)	-	(1,894)
At 31 December 2012 / 1 January 2013	-	59,662	-	59,662
Redemption	-	(588)	-	(588)
Maturity	-	(60,288)	-	(60,288)
Gains and losses recognised in profit or loss				
Fair value gains and losses	-	1,214	-	1,214
At 30 September 2013	-	-	-	-

SYARIKAT TAKAFUL MALAYSIA BERHAD

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

QUARTER ENDED 30 SEPTEMBER 2013

29 Disclosure of interest expense, provision for and write off of inventories, gain or loss on derivatives and exceptional items

Disclosure of interest expense, provision for and write off of inventories, gain or loss on derivatives and exceptional items are not applicable to the Group and the Company.

30 Supplementary Financial Information on the Breakdown of Realised and Unrealised Profits

The breakdown of the retained profits of the Group and of the Company as at 30 September 2013, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of the Bursa Malaysia Main Market Listing Requirements, are as follows:

	As at 30.9.2013 RM'000	As at 31.12.2012 RM'000
Total retained profits of the Group		
Realised	328,581	261,790
Unrealised	46,084	39,289
	<hr/> 374,665	<hr/> 301,079
Total share of retained profits of associates:		
Realised	-	-
Unrealised	-	-
	<hr/> 374,665	<hr/> 301,079
Add: Consolidation adjustments	32,098	27,221
	<hr/> 406,763	<hr/> 328,300
Total retained profits as per statements of financial position	<hr/> 406,763	<hr/> 328,300

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

By Order of the Board

MOHAMAD ASRI BIN HAJI YUSOFF

Company Secretary (MIA 14171)
Kuala Lumpur, 22 November 2013