

Company No.

731996	H
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MAA TAKAFUL BERHAD
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013

Company No.

731996

H

MAA TAKAFUL BERHAD
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013

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MAA TAKAFUL BERHAD
(Incorporated in Malaysia)

UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	30.06.2013				31.12.2012			
		Takaful Operator RM'000	General Takaful Fund RM'000	Family Takaful Fund RM'000	Company RM'000	Takaful Operator RM'000	General Takaful Fund RM'000	Family Takaful Fund RM'000	Company RM'000
ASSETS									
Property, plant and equipment		14,689	-	-	14,689	13,704	-	-	13,704
Intangible assets		2,721	-	-	2,721	3,067	-	-	3,067
Investments:									
Held-to-maturity	12(a)	-	15,000	20,044	35,044	-	15,000	20,044	35,044
Loans and receivables	12(b)	25,607	21,442	117,695	164,744	11,607	10,039	94,744	116,390
Available-for-sale	12(c)	54,079	41,180	42,801	138,060	69,778	46,171	37,521	153,470
Fair value through profit or loss	12(d)	16,433	-	185,566	201,999	4,230	-	171,341	175,571
Retakaful assets	13	-	179,212	15,473	194,685	-	132,140	13,792	145,932
Takaful receivables		-	32,106	27,209	59,315	-	21,942	24,918	46,860
Other receivables		55,848	35,037	4,596	14,607	36,450	1,185	2,281	9,443
Cash and bank balances		3,518	346	1,341	5,205	539	38	3,102	3,679
TOTAL ASSETS		172,895	324,323	414,725	831,069	139,375	226,515	367,743	703,160
LIABILITIES									
Takaful contract liabilities	14	-	228,943	356,798	585,741	-	172,604	309,971	482,575
Takaful payables		-	44,250	20,278	64,528	-	36,388	18,798	55,186
Tax payable		2,835	2,537	2,923	8,295	1,973	2,388	1,454	5,815
Deferred tax liabilities		3,330	458	1,070	4,858	3,496	476	1,426	5,398
Other payables		49,834	48,135	33,656	50,751	16,164	16,284	36,094	38,069
TOTAL LIABILITIES		55,999	324,323	414,725	714,173	21,633	228,140	367,743	587,043
SHAREHOLDERS' EQUITY									
Share capital		100,000	-	-	100,000	100,000	-	-	100,000
Retained earnings		13,240	-	-	13,240	13,588	(1,625)	-	11,963
Available-for-sale reserves		3,656	-	-	3,656	4,154	-	-	4,154
		116,896	-	-	116,896	117,742	(1,625)	-	116,117
TOTAL LIABILITIES, PARTICIPANTS' FUNDS AND SHAREHOLDERS' EQUITY		172,895	324,323	414,725	831,069	139,375	226,515	367,743	703,160

The Unaudited Interim Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 and the accompanying notes attached to the unaudited interim financial statements.

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MAA TAKAFUL BERHAD
(Incorporated in Malaysia)

**UNAUDITED INTERIM INCOME STATEMENT
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013**

	01.01.2013 to 30.06.2013				01.01.2012 to 30.06.2012			
	Takaful Operator	General Takaful Fund	Family Takaful Fund	Company	Takaful Operator	General Takaful Fund	Family Takaful Fund	Company
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	1,881	101,549	131,938	235,368	1,735	66,974	113,409	182,118
Gross earned contributions	-	100,149	125,728	225,877	-	65,596	105,658	171,254
Contribution ceded to retakaful	-	(80,921)	(6,069)	(86,990)	-	(51,886)	(8,329)	(60,215)
Net earned contributions	-	19,228	119,659	138,887	-	13,710	97,329	111,039
Investment income	1,881	1,400	6,210	9,491	1,735	1,378	7,751	10,864
Realised gains and losses	1,193	50	8,634	9,877	4,299	405	8,345	13,049
Fair value gains and losses	(18)	-	(582)	(600)	625	-	5,930	6,555
Fee and commission income	-	24,907	-	24,907	-	14,848	-	14,848
Wakalah fee income	71,719	-	-	-	54,503	-	-	-
Other operating income/ (loss) – net	5,696	-	-	(306)	4,697	-	-	43
Other income	80,471	26,357	14,262	43,369	65,859	16,631	22,026	45,358
Gross benefits and claims paid	-	(26,521)	(50,509)	(77,030)	-	(24,764)	(39,280)	(64,043)
Claims ceded to retakaful	-	18,176	6,481	24,657	-	16,249	9,349	25,599
Gross change to contract liabilities	-	(25,591)	(45,297)	(70,888)	-	(6,439)	(47,361)	(53,800)
Change in contract liabilities ceded to retakaful	-	20,995	1,571	22,566	-	8,542	(386)	8,156
Net claims	-	(12,941)	(87,754)	(100,695)	-	(6,412)	(77,678)	(84,088)

The Unaudited Interim Income Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 and the accompanying notes attached to the unaudited interim financial statements.

MAA TAKAFUL BERHAD
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**UNAUDITED INTERIM INCOME STATEMENT
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013 (CONTINUED)**

	01.01.2013 to 30.06.2013			01.01.2012 to 30.06.2012		
	Takaful Operator	General Takaful Fund RM'000	Family Takaful Fund RM'000	Company RM'000	Takaful Operator RM'000	General Takaful Fund RM'000
Fee and commission expenses	(49,017)	-	-	(49,017)	(41,216)	-
Management expenses	(28,596)	-	-	(28,596)	(22,309)	-
Allowance for doubtful debts	-	(43)	-	(43)	-	(20)
Wakalah fee expenses	-	(33,170)	(38,549)	-	-	(20,943)
Other operating expenses	-	-	(6,002)	-	-	(6,144)
Expense reserves	-	-	-	-	-	-
Other expenses	(77,613)	(33,213)	(44,551)	(77,656)	(63,525)	(20,963)
(Deficit)/ surplus before taxation	2,858	(569)	1,616	3,905	2,334	2,966
Taxation on takaful funds	-	(149)	(1,616)	(1,765)	-	(745)
(Deficit)/ surplus after taxation	2,858	(718)	-	2,140	2,334	2,221
Surplus attributable to participants	-	-	-	-	-	-
(Deficit)/ surplus attributable to Takaful Operator	(718)	718	-	-	2,221	(2,221)
Profit before taxation	2,140	-	-	2,140	4,555	-
Zakat	(863)	-	-	(863)	(588)	-
Taxation	1,277	-	-	1,277	3,967	-
Net (loss)/profit for the financial year						

The Unaudited Interim Income Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 and the accompanying notes attached to the unaudited Interim financial statements.

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UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013

Note	01.01.2013 to 30.06.2013				01.01.2012 to 30.06.2012			
	Takaful Operator	General Takaful Fund RM'000	Family Takaful Fund RM'000	Company RM'000	Takaful Operator	General Takaful Fund RM'000	Family Takaful Fund RM'000	Company RM'000
Net profit/(net loss) for the financial year	1,277	-	-	1,277	3,967	-	-	3,967
Other comprehensive Income:								
Net fairvalue gain during the financial year	(664)	-	-	(664)	(2,138)	-	-	(2,138)
Tax effects thereon	166	-	-	166	534	-	-	534
	(498)	-	-	(498)	(1,604)	-	-	(1,604)
Total comprehensive income for the financial year	779	-	-	779	2,363	-	-	2,363

The Unaudited Interim Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 and the accompanying notes attached to the unaudited interim financial statements.

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**STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013**

	<u>Share capital</u> RM'000	<u>Non- distributable Available- for- sale Reserves</u> RM'000	<u>Distributable Retained Earnings</u> RM'000	<u>Total</u> RM'000
At 1 January 2012	100,000	5,406	(1,036)	104,370
Total comprehensive (loss) / income for the financial year	-	(1,252)	12,999	11,747
At 31 December 2012	100,000	4,154	11,963	116,117
Total comprehensive (loss) / income for 6 months period	-	(498)	1,277	779
At 30 June 2013	100,000	3,656	13,240	116,896

The Unaudited Interim Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 and the accompanying notes attached to the unaudited interim financial statements.

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**UNAUDITED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013**

	<u>Note</u>	6 Months Ended 30.06.2013 RM'000	Financial Year Ended 31.12.2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated/ (utilised) in operating activities	16	(5,678)	2,932
Distribution income received		3,383	3,198
Profit income received		6,717	11,311
Income tax paid		(513)	(4,557)
Net cash flows from operating activities		3,909	12,884
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		-	15
Purchase of property, plant and equipment		(2,151)	(10,281)
Purchases of intangibles		(232)	(1,112)
Net cash flows from investing activities		(2,383)	(11,378)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		1,526	1,506
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		3,679	2,173
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR		5,205	3,679
Cash and cash equivalents consist of:			
Cash and bank balances		5,205	3,679
		5,205	3,679

The Unaudited Interim Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 and the accompanying notes attached to the unaudited Interim financial statements.

MAA TAKAFUL BERHAD
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013**

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

The unaudited interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting by the Malaysian Accounting Standards (MASB), Takaful Act 1984, Guidelines/ Circulars issued by Bank Negara Malaysia (BNM) as well as Shariah rulings and precepts.

The unaudited financial statements have been prepared under the historical cost convention, as modified by the valuation of available-for-sale financial assets and financial assets at fair value through profit or loss.

In accordance with the Takaful Act 1984, the Company is required to segregate the assets and liabilities of the Takaful funds from its own, a concept known as segregation of funds. These Takaful funds are however not considered as separate legal entities and are managed and operated by the Takaful Operator, i.e. the Company.

Following the compliance to MFRS, the Company prepares a Company-level set of financial statements. In preparing the Company-level financial statements, the assets, liabilities, income and expenses of the Takaful funds are combined with those of the Takaful Operator whereby the related inter-fund balances, including Qardhul Hassan, and transactions are eliminated in full.

The inclusion of separate financial information of the Takaful funds and the Takaful Operator together with the Company-level financial statements in the statement of financial position, the income statement, the statement of comprehensive income as well as certain relevant notes to the financial statements represents additional supplementary information presented in accordance with the requirements of BNM pursuant to the Takaful Act 1984 in Malaysia to segregate assets, liabilities, income and expenses of the Takaful funds from the Takaful Operator. The accounting policies adopted for the Takaful Operator and Takaful funds are uniform for like transactions and events in similar circumstances.

The unaudited interim financial statements should be read in conjunction with the audited annual financial statements of the Company 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 Company 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.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

3 SEASONALITY OF OPERATIONS

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

4 UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows in the current period ended 30 June 2013.

5 ESTIMATES

There were no material changes in the basis used for accounting estimates for the current quarter under review other than a change in reserving methodology made in accordance with BNM guidelines which take effect from financial year beginning on and after 30 June 2013.

6 DEBT AND EQUITY SECURITIES

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

7 DIVIDENDS

No dividends were paid during the year and the Directors do not recommend any dividend to be paid for the period under review.

8 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD

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

9 FINANCIAL RISK MANAGEMENT

The Company'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.

10 CONTINGENT LIABILITIES

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

11 MATERIAL LITIGATION

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

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

12 INVESTMENTS

	<u>Takaful Operator</u> RM'000	<u>General takaful fund</u> RM'000	<u>Family takaful fund</u> RM'000	<u>Company</u> RM'000
<u>At 30 June 2013</u>				
Malaysian Government				
Guaranteed Financing	-	18,867	23,911	42,778
Islamic debt securities, unquoted	54,079	37,313	79,670	171,062
Shariah-approved quoted equities	6,283	-	144,829	151,112
Other investments	10,150	-	-	10,150
Deposits with financial institutions	25,607	21,442	117,696	164,745
	<u>96,119</u>	<u>77,622</u>	<u>366,106</u>	<u>539,847</u>
<u>At 31 December 2012</u>				
Malaysian Government				
Guaranteed Financing	5,026	23,767	23,855	52,648
Islamic debt securities, unquoted	64,752	37,404	74,862	177,018
Shariah-approved quoted equities	4,230	-	130,189	134,419
Deposits with financial institutions	11,607	10,039	94,744	116,390
	<u>85,615</u>	<u>71,210</u>	<u>323,650</u>	<u>480,475</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

12 INVESTMENTS (CONTINUED)

	<u>Takaful Operator</u> RM'000	<u>General takaful fund</u> RM'000	<u>Family takaful fund</u> RM'000	<u>Company</u> RM'000
The Company's investments are summarised by categories as follows:				
<u>At 30 June 2013</u>				
Held-to-maturity ("HTM")	-	15,000	20,044	35,044
Loans and receivables ("LAR")	25,607	21,442	117,695	164,744
Available-for-sale ("AFS")	54,079	41,180	42,801	138,060
Fair value through profit or loss ("FVTPL")	16,433	-	185,566	201,999
	<u>96,119</u>	<u>77,622</u>	<u>366,106</u>	<u>539,847</u>

At 31 December 2012

Held-to-maturity ("HTM")	-	15,000	20,044	35,044
Loans and receivables ("LAR")	11,607	10,039	94,744	116,390
Available-for-sale ("AFS")	69,778	46,171	37,521	153,470
Fair value through profit or loss ("FVTPL")	4,230	-	171,341	175,571
	<u>85,615</u>	<u>71,210</u>	<u>323,650</u>	<u>480,475</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

12 INVESTMENTS (CONTINUED)

	<u>Takaful Operator</u> RM'000	<u>General takaful fund</u> RM'000	<u>Family takaful fund</u> RM'000	<u>Company</u> RM'000
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The following investments mature
after 6 months:

At 30 June 2013

Held-to-maturity ("HTM")	-	15,000	20,044	35,044
Available-for-sale ("AFS")	54,079	41,180	42,801	138,060
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

At 31 December 2012

Held-to-maturity ("HTM")	-	15,000	20,044	35,044
Available-for-sale ("AFS")	69,778	46,171	37,521	153,470
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(a) Held-to-maturity investment

At 30 June 2013

Amortised cost

Malaysian Government Guaranteed Financing	-	15,000	20,044	35,044
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Fair value

Malaysian Government Guaranteed Financing	-	15,520	20,921	36,441
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

At 31 December 2012

Amortised cost

Malaysian Government Guaranteed Financing	-	15,000	20,044	35,044
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Fair value

Malaysian Government Guaranteed Financing	-	15,604	21,034	36,638
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

12 INVESTMENTS (CONTINUED)

	<u>Takaful Operator</u> RM'000	<u>General takaful fund</u> RM'000	<u>Family takaful fund</u> RM'000	<u>Company</u> RM'000
(b) Loans and receivables ("LAR")				
<u>At 30 June 2013</u>				
<u>Amortised cost</u>				
Fixed and call deposits with:				
Licensed financial institutions	25,607	21,442	117,695	164,744
<u>At 31 December 2012</u>				
<u>Amortised cost</u>				
Fixed and call deposits with:				
Licensed financial institutions	11,607	10,039	94,744	116,390
(c) Available-for-sale financial assets ("AFS")				
<u>At 30 June 2013</u>				
<u>Fair value</u>				
Malaysian Government Guaranteed Financing	-	3,867	3,867	7,734
Islamic debt securities, unquoted	54,079	37,313	38,934	130,326
	54,079	41,180	42,801	138,060
<u>At 31 December 2012</u>				
<u>Fair value</u>				
Malaysian Government Guaranteed Financing	5,026	8,766	3,811	17,603
Islamic debt securities, unquoted	64,752	37,405	33,710	135,867
	69,778	46,171	37,521	153,470

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

12 INVESTMENTS (CONTINUED)

	<u>Takaful Operator</u> RM'000	<u>General takaful fund</u> RM'000	<u>Family takaful fund</u> RM'000	<u>Company</u> RM'000
(d) Fair value through profit or loss ("FVTPL")				
<u>At 30 June 2013</u>				
<u>Fair value at designation</u>				
Shariah-approved quoted equities	6,283	-	144,830	151,113
Islamic debt securities, unquoted	-	-	40,736	40,736
Other investments	10,150	-	-	10,150
	<u>16,433</u>	<u>-</u>	<u>185,566</u>	<u>201,999</u>
<u>At 31 December 2012</u>				
<u>Fair value at designation</u>				
Shariah-approved quoted equities	4,230	-	130,189	134,419
Islamic debt securities, unquoted	-	-	41,152	41,152
	<u>4,230</u>	<u>-</u>	<u>171,341</u>	<u>175,571</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

12 INVESTMENTS (CONTINUED)

(e) Carrying values of investments

(i) Takaful Operator

	<u>Loans and receivables</u> RM'000	<u>Available- for-sale</u> RM'000	<u>Fair value through profit/loss</u> RM'000	<u>Total</u> RM'000
At 1 January 2012	15,135	59,026	9,209	83,370
Purchases	-	35,126	7,512	42,638
Disposals including (maturities and redemptions)	(3,528)	(21,669)	(12,617)	(37,814)
Fair value gains recorded in:				
Income statement	-	-	126	126
Other comprehensive income	-	(1,669)	-	(1,669)
Accretion adjustment	-	(1,036)	-	(1,036)
At 31 December 2012	11,607	69,778	4,230	85,615
Purchases	14,000	5,000	12,761	31,761
Disposals including (maturities and redemptions)	-	(20,031)	(540)	(20,571)
Fair value gains recorded in:				
Income statement	-	-	(18)	(18)
Other comprehensive income	-	(664)	-	(664)
Accretion adjustment	-	(4)	-	(4)
At 30 June 2013	25,607	54,079	16,433	96,119

(ii) General Takaful Fund

	<u>Held-to maturity</u> RM'000	<u>Loans and receivables</u> RM'000	<u>Available- for-sale</u> RM'000	<u>Total</u> RM'000
At 1 January 2012	10,000	6,800	45,026	61,826
Purchases	5,000	3,239	27,275	35,514
Disposals including (maturities and redemptions)	-	-	(25,986)	(25,986)
Fair value gains recorded in:				
Takaful contract liabilities	-	-	25	25
Accretion adjustment	-	-	(169)	(169)
At 31 December 2012	15,000	10,039	46,171	71,210
Purchases	-	11,403	5,020	16,423
Disposals including (maturities and redemptions)	-	-	(9,954)	(9,954)
Fair value gains recorded in:				
Takaful contract liabilities	-	-	(71)	(71)
Accretion adjustment	-	-	14	14
At 30 June 2013	15,000	21,442	41,180	77,622

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

12 INVESTMENTS (CONTINUED)

(e) Carrying values of investments (continued)

(iii) Family Takaful Fund

	<u>Held-to-maturity</u> RM'000	<u>Loans and receivables</u> RM'000	<u>Available-for-sale</u> RM'000	<u>Fair value through profit/loss</u> RM'000	<u>Total</u> RM'000
At 1 January 2012	10,000	83,519	40,538	122,813	256,870
Purchases	10,044	11,225	5,043	97,366	123,678
Disposals including (maturities and redemptions)	-	-	(7,662)	(54,675)	(62,337)
Fair value gains recorded in:					
Income statement	-	-	-	5,884	5,884
Takaful contract liabilities	-	-	(286)	-	(286)
Accretion adjustment	-	-	(112)	(47)	(159)
At 31 December 2012	20,044	94,744	37,521	171,341	323,650
Purchases	-	22,951	5,118	78,331	106,400
Disposals including (maturities and redemptions)	-	-	-	(62,800)	(62,800)
Fair value gains recorded in:					
Income statement	-	-	-	(1,269)	(1,269)
Takaful contract liabilities	-	-	127	-	127
Accretion adjustment	-	-	35	(37)	(2)
At 30 June 2013	20,044	117,695	42,801	185,566	366,106

(iv) Company

At 1 January 2012	20,000	105,454	144,590	132,022	402,066
Purchases	15,044	14,464	67,444	104,878	201,830
Disposals including (maturities and redemptions)	-	(3,528)	(55,317)	(67,292)	(126,137)
Fair value gains recorded in:					
Income statement	-	-	-	6,010	6,010
Takaful contract liabilities	-	-	(260)	-	(260)
Other comprehensive income	-	-	(1,669)	-	(1,669)
Accretion adjustment	-	-	(1,318)	(47)	(1,365)
At 31 December 2012	35,044	116,390	153,470	175,571	480,475
Purchases	-	48,355	15,138	91,092	154,585
Disposals including (maturities and redemptions)	-	-	(29,985)	(63,340)	(93,325)
Fair value gains recorded in:					
Income statement	-	-	-	(1,287)	(1,287)
Takaful contract liabilities	-	-	56	-	56
Other comprehensive income	-	-	(664)	-	(664)
Accretion adjustment	-	-	45	(37)	8
At 30 June 2013	35,044	164,745	138,060	201,999	539,848

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

12 INVESTMENTS (CONTINUED)

(f) Fair values of investments

The following tables show financial investments recorded at fair value analysed by the different basis of fair values as follows:

	Available- for sale RM'000	Fair value through profit/loss RM'000	Total RM'000
(i) <u>Takaful Operator</u>			
<u>30 June 2013</u>			
Quoted market price (level 1)	-	16,433	16,433
Valuation techniques - market observable inputs (level 2)	54,079	-	54,079
	<u>54,079</u>	<u>16,433</u>	<u>70,512</u>
<u>31 December 2012</u>			
Quoted market price (level 1)	-	4,230	4,230
Valuation techniques - market observable input (level 2)	69,778	-	69,778
	<u>69,778</u>	<u>4,230</u>	<u>74,008</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

12 INVESTMENTS (CONTINUED)

(f) Fair values of investments (continued)

The following tables show financial investments recorded at fair value analysed by the different basis of fair values as follows:

	Available- for sale RM'000	Fair value through profit/loss RM'000	Total RM'000
(ii) <u>General Takaful Fund</u>			
<u>30 June 2013</u>			
Valuation techniques - market observable inputs (level 2)	37,313	-	37,313
	<u>37,313</u>	<u>-</u>	<u>37,313</u>
<u>31 December 2012</u>			
Valuation techniques - market observable inputs (level 2)	46,171	-	46,171
	<u>46,171</u>	<u>-</u>	<u>46,171</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

12 INVESTMENTS (CONTINUED)

(f) Fair values of investments (continued)

The following tables show financial investments recorded at fair value analysed by the different basis of fair values as follows:

	Available- for sale RM'000	Fair value through profit/loss RM'000	Total RM'000
(iii) <u>Family Takaful Fund</u>			
<u>30 June 2013</u>			
Quoted market price (level 1)	-	144,830	144,830
Valuation techniques - market observable inputs (level 2)	42,801	40,736	83,537
	<u>42,801</u>	<u>185,566</u>	<u>228,367</u>
<u>31 December 2012</u>			
Quoted market price (level 1)	-	130,189	130,189
Valuation techniques - market observable inputs (level 2)	37,521	41,152	78,673
	<u>37,521</u>	<u>171,341</u>	<u>208,862</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)**12 INVESTMENTS (CONTINUED)****(f) Fair values of investments (continued)**

The following tables show financial investments recorded at fair value analysed by the different basis of fair values as follows:

	Available- for sale RM'000	Fair value through profit/loss RM'000	Total RM'000
(iv) <u>Company</u>			
<u>30 June 2013</u>			
Quoted market price (level 1)	-	151,113	151,113
Valuation techniques - market observable inputs (level 2)	138,061	50,886	188,947
	<u>138,061</u>	<u>201,999</u>	<u>340,060</u>
<u>31 December 2012</u>			
Quoted market price (level 1)	-	134,419	134,419
Valuation techniques - market observable inputs (level 2)	153,470	41,152	194,622
	<u>153,470</u>	<u>175,571</u>	<u>329,041</u>

Included in the quoted price category are financial instruments that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, secondary market via dealer and broker, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. This is considered as level 1 valuation basis.

Financial instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are instruments for which pricing is obtained via pricing services but where prices have not been determined in an active market, instruments with fair values based on broker quotes and discounted cash flow and investment in structured products with fair values obtained via investment bankers and/or fund managers are considered as level 2 valuation basis.

Level 3 valuation basis refers to non-market observable inputs, i.e. where fair values are determined in whole or in part using a valuation technique based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. There are no level 3 valued financial investments held by the Company during the current financial year.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

13 RETAKAFUL ASSETS

	<u>30.06.2013</u> RM'000	<u>31.12.2012</u> RM'000
(a) <u>General takaful fund</u>		
Retakaful of takaful contracts	179,212	132,140
(b) <u>Family takaful fund</u>		
Retakaful of takaful contracts	15,473	13,792
(c) <u>Company</u>		
Retakaful of takaful contracts	194,685	145,932

14 TAKAFUL CONTRACT LIABILITIES

	<u>30.06.2013</u>			<u>31.12.2012</u>		
	<u>Gross</u> RM'000	<u>Re-</u> <u>takaful</u> RM'000	<u>Net</u> RM'000	<u>Gross</u> RM'000	<u>Re-</u> <u>takaful</u> RM'000	<u>Net</u> RM'000
Family takaful	356,798	(15,473)	341,325	309,971	(13,792)	296,179
General takaful	228,943	(179,212)	49,731	172,604	(132,140)	40,464
	<u>585,741</u>	<u>(194,685)</u>	<u>391,056</u>	<u>482,575</u>	<u>(145,932)</u>	<u>336,643</u>

(a) Family takaful

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

	<u>30.06.2013</u>			<u>31.12.2012</u>		
	<u>Gross</u> RM'000	<u>Re-</u> <u>takaful</u> RM'000	<u>Net</u> RM'000	<u>Gross</u> RM'000	<u>Re-</u> <u>takaful</u> RM'000	<u>Net</u> RM'000
Liability for future certificateholders' benefits	67,420	(14,773)	52,647	58,636	(13,202)	45,434
Net asset value attributable to unitholders	282,994	-	282,994	246,482	-	246,482
	<u>350,414</u>	<u>(14,773)</u>	<u>335,641</u>	<u>305,118</u>	<u>(13,202)</u>	<u>291,916</u>
Claims liabilities	3,939	(700)	3,239	2,526	(590)	1,936
Available-for-sale reserves	2,445	-	2,445	2,327	-	2,327
	<u>356,798</u>	<u>(15,473)</u>	<u>341,325</u>	<u>309,971</u>	<u>(13,792)</u>	<u>296,179</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)**14 TAKAFUL CONTRACT LIABILITIES (CONTINUED)****(a) Family takaful (continued)**

	<u>Gross</u> RM'000	<u>Retakaful</u> RM'000	<u>Net</u> RM'000
At 1 January 2012	246,107	(10,049)	236,058
Contribution received	209,099	(18,709)	190,390
Liabilities paid for death, maturities, surrender, benefit and claims	(84,879)	20,634	(64,245)
Movement in claims liabilities	2,755	(743)	2,012
Benefit and claims experience variation	24,667	(4,925)	19,742
Fees deducted	(77,685)	-	(77,685)
Repayment of Qardhul Hassan to Takaful Operator	(430)	-	(430)
Surplus distributed to Takaful Operator	(9,400)	-	(9,400)
Fair value movements from AFS investments	(263)	-	(263)
At 31 December 2012	309,971	(13,792)	296,179
Contribution received	125,728	(6,069)	119,659
Liabilities paid for death, maturities, surrender, benefit and claims	(50,509)	6,481	(44,028)
Movement in claims liabilities	(1,413)	110	(1,303)
Benefit and claims experience variation	11,453	(2,203)	9,250
Fees deducted	(38,549)	-	(38,549)
Fair value movements from AFS investments	117	-	117
At 30 June 2013	356,798	(15,473)	341,325

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

14 TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(b) General takaful

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

	30.06.2013			31.12.2012		
	Gross RM'000	Re- takaful RM'000	Net RM'000	Gross RM'000	Re- takaful RM'000	Net RM'000
Provision for claims	84,505	(66,729)	17,776	72,520	(55,960)	16,560
Provision for incurred but not reported claims ("IBNR")	35,145	(26,544)	8,601	24,359	(18,672)	5,687
Provision for liability adequacy	14,541	(11,861)	2,680	11,721	(9,508)	2,213
Claim liabilities (i)	134,191	(105,134)	29,057	108,600	(84,140)	24,460
Unearned contribution reserves (ii)	93,377	(74,078)	19,299	62,575	(48,000)	14,575
General takaful fund (iii)	1,375	-	1,375	1,429	-	1,429
	228,943	(179,212)	49,731	172,604	(132,140)	40,464

(i) Claims liabilities

At 1 January	108,600	(84,140)	24,460	93,253	(65,537)	27,716
Claims incurred in the current accident year	52,134	(38,828)	13,306	75,801	(58,140)	17,661
Other movements in claims incurred in prior accident years	(2,842)	2,010	(832)	(10,618)	7,201	(3,417)
Claims paid during the financial year	(26,521)	18,176	(8,345)	(48,812)	32,808	(16,004)
Movements in provision for adverse deviation	2,820	(2,353)	467	(1,024)	(472)	(1,496)
At 31 December	134,191	(105,135)	29,056	108,600	(84,140)	24,460

(ii) Unearned contribution reserves

At 1 January	62,575	(48,000)	14,575	53,508	(42,155)	11,353
Contribution written in the financial year	130,951	(106,999)	23,952	161,973	(127,368)	34,605
Contribution earned during the financial year	(100,149)	80,921	(19,228)	(152,906)	121,523	(31,383)
At 31 December	93,377	(74,078)	19,299	62,575	(48,000)	14,575

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

14 TAKAFUL CONTRACT LIABILITIES (CONTINUED)

(b) General takaful (continued)

(iii) General takaful fund

	<u>30.06.2013</u>	<u>31.12.2012</u>
	Gross/	Gross/
	Net	Net
	RM'000	RM'000
<u>Available-for-sale reserves</u>		
At 1 January	1,429	1,410
Fair value movements arising from AFS investments	(54)	19
	<u>1,375</u>	<u>1,429</u>

15 CAPITAL AND OTHER COMMITMENTS

Capital expenditure and other commitments not provided for in the financial statements are as follows:

	<u>30.06.2013</u>	<u>31.12.2012</u>
	RM'000	RM'000
Authorised and contracted for:		
- Office rental	2,980	4,042
- Office renovation	431	1,948
	<u>3,411</u>	<u>5,990</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)**16 CASH FLOW**

	<u>30.06.2013</u> RM'000	<u>31.12.2012</u> RM'000
Net profit for the financial year	1,277	12,999
Adjustment for:		
Investment income	(9,491)	(15,905)
Realised gain	(9,877)	(13,966)
Fair value loss/(gain)	601	(6,010)
Write-back of impairment of Qardhul Hassan	-	(7,208)
Purchases of FVTPL financial investments	(91,092)	(104,877)
Proceeds from sale of FVTPL financial investments	71,974	56,183
Purchases of AFS investments	(15,097)	(66,126)
Proceeds from sale and maturity of AFS financial investment	31,135	62,394
Purchase of HTM financial investments	-	(15,044)
Maturity of HTM financial investments	-	15,378
Increase in LAR	(47,668)	(8,165)
Non-cash items:		
Depreciation of property, plant and equipment	1,167	1,739
Amortisation of intangible assets	577	1,405
Allowance for doubtful debts	43	3
Tax expenses	3,231	8,837
Changes in working capital:		
Increase in retakaful assets	(48,754)	(28,191)
(Increase)/decrease in takaful receivables	(12,497)	15,896
(Increase)/decrease in other receivables	(3,808)	3,972
Increase in takaful contract liabilities	103,120	87,867
Increase/(decrease) in takaful payables	9,027	(10,667)
Increase in other payables	10,454	12,418
Cash generated (utilized in)/from operating activities	<u>(5,678)</u>	<u>2,932</u>