

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 2014

Company No.

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MAA TAKAFUL BERHAD
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014

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Company No.

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MAA TAKAFUL BERHAD
(Incorporated in Malaysia)

UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

		30.06.2014				31.12.2013			
	<u>Note</u>	<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>Takaful Operator</u> RM'000	<u>General Takaful Fund</u> RM'000	<u>Family Takaful Fund</u> RM'000	<u>Company</u> RM'000
ASSETS									
Property, plant and equipment		13,454	-	-	13,454	13,693	-	-	13,693
Intangible assets		2,516	-	-	2,516	2,751	-	-	2,751
Investments:									
Held-to-maturity	12(a)	-	15,363	25,511	40,874	-	15,365	25,516	40,881
Loans and receivables	12(b)	21,163	31,308	61,167	113,638	15,905	20,276	35,552	70,023
Available-for-sale	12(c)	68,037	44,206	36,546	148,789	62,137	45,778	41,634	149,549
Fair value through profit or loss	12(d)	13,418	-	315,855	329,273	17,769	-	264,559	273,608
Takaful receivables		-	54,061	4,721	58,782	-	37,940	6,276	44,216
Qardhul Hassan receivable		-	-	-	-	-	-	-	-
Retakaful assets	13	-	247,309	9,612	256,921	-	200,362	15,490	215,852
Other receivables		19,744	989	6,866	15,240	28,395	790	1,769	4,963
Deferred tax assets		-	142	-	142	-	47	-	47
Cash and bank balances		10,959	210	21,520	32,689	4,358	400	5,924	10,682
TOTAL ASSETS		149,291	393,588	481,798	1,012,318	145,008	320,958	396,720	826,265

The Unaudited Interim Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013 and the accompanying notes attached to the unaudited interim financial statements.

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MAA TAKAFUL BERHAD
(Incorporated in Malaysia)

UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014 (CONTINUED)

		30.06.2014				31.12.2013			
	Note	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
LIABILITIES									
Takaful contract liabilities	14	-	308,143	448,373	756,516	-	254,065	362,592	606,261
Takaful payables		-	71,488	2,145	73,633	-	50,848	2,445	53,293
Other financial liabilities		-	742	-	742	-	-	-	-
Other payables		27,264	11,647	27,796	57,211	18,428	15,872	28,879	37,188
Expense liabilities		2,864	-	-	-	1,853	-	-	1,853
Current tax liabilities		304	1,568	1,498	3,370	305	173	1,081	1,559
Deferred tax liabilities		1,866	-	1,986	3,852	2,153	-	1,723	3,842
TOTAL LIABILITIES		32,298	393,588	481,798	895,324	22,739	320,958	396,720	703,996
SHAREHOLDERS' EQUITY									
Share capital		100,000	-	-	100,000	100,000	-	-	100,000
Retained earnings		17,555	-	-	17,555	21,966	-	-	21,966
Available-for-sale reserves		(561)	-	-	(561)	303	-	-	303
		116,994	-	-	116,994	122,269	-	-	122,269
TOTAL LIABILITIES, PARTICIPANTS' FUNDS AND SHAREHOLDERS' EQUITY		149,292	393,588	481,798	1,012,318	145,008	320,958	396,720	826,265

The Unaudited Interim Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013 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 2014

	1.01.2014 to 30.06.2014				1.01.2013 to 30.06.2013			
	<u>Takaful Operator</u>	<u>General Takaful Fund</u> RM'000	<u>Family Takaful Fund</u> RM'000	<u>Company</u> RM'000	<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
Operating revenue	<u>1,818</u>	<u>122,330</u>	<u>202,196</u>	<u>326,344</u>	<u>1,881</u>	<u>101,549</u>	<u>131,938</u>	<u>235,368</u>
Gross earned contributions	-	120,705	195,644	316,349	-	100,149	125,728	225,877
Contribution ceded to retakaful	-	(96,726)	(4,064)	(100,790)	-	(80,921)	(6,069)	(86,990)
Net earned contributions	<u>-</u>	<u>23,979</u>	<u>191,580</u>	<u>215,559</u>	<u>-</u>	<u>19,228</u>	<u>119,659</u>	<u>138,887</u>
Investment income	1,818	1,626	6,551	9,995	1,881	1,400	6,210	9,491
Realised gains and losses	355	(65)	9,792	10,082	1,193	50	8,634	9,877
Fair value gains and losses	388	-	4,232	4,620	(18)	-	(582)	(600)
Fee and commission income	-	23,082	-	23,082	-	24,907	-	24,907
Wakalah fee income	72,912	-	-	72,912	71,719	-	-	-
Other operating income/ (loss) – net	<u>7,108</u>	<u>-</u>	<u>-</u>	<u>7,108</u>	<u>5,696</u>	<u>-</u>	<u>-</u>	<u>(306)</u>
Other income	<u>82,581</u>	<u>24,643</u>	<u>20,575</u>	<u>127,799</u>	<u>80,471</u>	<u>26,357</u>	<u>14,262</u>	<u>43,369</u>
Gross benefits and claims paid	-	(36,086)	(79,785)	(115,871)	-	(26,521)	(50,509)	(77,030)
Claims ceded to retakaful	-	26,320	4,441	30,761	-	18,176	6,481	24,657
Gross change to contract liabilities	-	(31,232)	(77,248)	(108,480)	-	(25,591)	(45,297)	(70,888)
Change in contract liabilities ceded to retakaful	-	29,216	(4,016)	25,200	-	20,995	1,571	22,566
Net claims	<u>-</u>	<u>(11,782)</u>	<u>(156,608)</u>	<u>(168,390)</u>	<u>-</u>	<u>(12,941)</u>	<u>(87,754)</u>	<u>(100,695)</u>

The Unaudited Interim Income Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013 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 2014 (CONTINUED)

	1.01.2014 to 30.06.2014				1.01.2013 to 30.06.2013			
	<u>Takaful Operator</u>	<u>General Takaful Fund</u> RM'000	<u>Family Takaful Fund</u> RM'000	<u>Company</u> RM'000	<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
Fee and commission expenses	(50,723)	-	-	(1,819)	(49,017)	-	-	(49,017)
Management expenses	(35,322)	-	-	(84,226)	(28,596)	-	-	(28,596)
Allowance for doubtful debts	-	(1,519)	-	(1,519)	-	(43)	-	(43)
Wakalah fee expenses	-	(31,381)	(41,531)	-	-	(33,170)	(38,549)	-
Other operating expenses	-	-	(7,108)	-	-	-	(6,002)	-
Expense reserves	(942)	-	-	(942)	-	-	-	-
Other expenses	(86,987)	(32,900)	(48,639)	(88,506)	(77,613)	(33,213)	(44,551)	(77,656)
(Deficit)/ surplus before taxation	(4,406)	3,940	6,909	6,443	2,858	(569)	1,616	3,905
Taxation on takaful funds	-	(1,395)	(1,909)	(3,304)	-	(149)	(1,616)	(1,765)
(Deficit)/ surplus after taxation	(4,406)	2,545	5,000	3,139	2,858	(718)	-	2,140
Surplus attributable to participants	-	(2,545)	(5,000)	(7,545)	-	-	-	-
(Deficit)/ surplus attributable to Takaful Operator	-	-	-	-	(718)	718	-	-
Profit before taxation	(4,406)	-	-	(4,406)	2,140	-	-	2,140
Zakat	-	-	-	-	-	-	-	-
Taxation	(5)	-	-	(5)	(863)	-	-	(863)
Net (loss)/profit for the financial year	(4,411)	-	-	(4,411)	1,277	-	-	1,277

The Unaudited Interim Income Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013 and the accompanying notes attached to the unaudited interim financial statements.

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MAA TAKAFUL BERHAD
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UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014

	<u>Note</u>	1.01.2014 to 30.06.2014				1.01.2013 to 30.06.2013			
		<u>Takaful Operator</u>	<u>General Takaful Fund</u> RM'000	<u>Family Takaful Fund</u> RM'000	<u>Company</u> RM'000	<u>Takaful Operator</u>	<u>General Takaful Fund</u> RM'000	<u>Family Takaful Fund</u> RM'000	<u>Company</u> RM'000
Net profit/(net loss) for the financial year		(4,411)	-	-	(4,411)	1,277	-	-	1,277
Other comprehensive income:									
Net fairvalue gain during the financial year	12(e)	(1,150)	-	-	(1,150)	(664)	-	-	(664)
Tax effects thereon		286	-	-	286	166	-	-	166
		<u>(864)</u>	<u>-</u>	<u>-</u>	<u>(864)</u>	<u>(498)</u>	<u>-</u>	<u>-</u>	<u>(498)</u>
Total comprehensive income for the financial year		<u>(5,275)</u>	<u>-</u>	<u>-</u>	<u>(5,275)</u>	<u>779</u>	<u>-</u>	<u>-</u>	<u>779</u>

The Unaudited Interim Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013 and the accompanying notes attached to the unaudited interim financial statements.

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MAA TAKAFUL BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014

	<u>Share capital</u>	<u>Non-distributable Available-for-sale Reserves</u>	<u>Distributable Retained Earnings</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
At 1 January 2013	100,000	4,154	11,963	116,117
Total comprehensive income/ (loss) for the financial year	-	(3,851)	10,003	6,152
At 31 December 2013	100,000	303	21,966	122,269
Total comprehensive income/ (loss) for 6 months period	-	(864)	(4,411)	(5,275)
At 30 June 2014	100,000	(561)	17,555	116,994

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 2013 and the accompanying notes attached to the unaudited interim financial statements.

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MAA TAKAFUL BERHAD
(Incorporated in Malaysia)

UNAUDITED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014

	<u>Note</u>	Current Period Ended <u>30.06.2014</u> RM'000	Financial Year Ended <u>31.12.2013</u> RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated/ (utilised) in operating activities	17	13,921	2,479
Distribution income received		2,889	5,756
Profit income received		7,138	12,788
Income tax paid		(594)	(10,817)
Net cash flows from operating activities		<u>23,354</u>	<u>10,206</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		70	-
Purchase of property, plant and equipment		(1,059)	(2,383)
Purchases of intangibles		(358)	(820)
Net cash flows from investing activities		<u>(1,347)</u>	<u>(3,203)</u>
NET MOVEMENT IN CASH AND CASH EQUIVALENTS			
		22,007	7,003
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR			
		<u>10,682</u>	<u>3,679</u>
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR			
		<u>32,689</u>	<u>10,682</u>
Cash and cash equivalents consist of:			
Cash and bank balances		<u>32,689</u>	<u>10,682</u>
		<u>32,689</u>	<u>10,682</u>

The Unaudited Interim Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013 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 2014**

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 Islamic Financial Services Act 2013, 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 Islamic Financial Services Act 2013 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 2013. 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 2013.

2 AUDITORS' REPORT

The auditors' report on the audited financial statements of the preceding year ended 31 December 2013 did not contain any qualification.

MAA TAKAFUL BERHAD
(Incorporated in Malaysia)

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 2014.

5 ESTIMATES

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

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 2013.

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.

MAA TAKAFUL BERHAD
(Incorporated in Malaysia)

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 2014</u>				
Malaysian Government Guaranteed Financing	-	15,363	25,511	40,874
Islamic debt securities, unquoted	68,037	44,206	112,830	225,073
Shariah-approved quoted equities	4,954	-	239,571	244,525
Other investments	8,464	-	-	8,464
Deposits with financial institutions	21,163	31,308	61,167	113,638
	<u>102,618</u>	<u>90,877</u>	<u>439,079</u>	<u>632,574</u>
<u>At 31 December 2013</u>				
Malaysian Government Guaranteed financing	-	19,241	29,393	48,634
Islamic debt securities, unquoted	62,137	41,902	89,015	190,054
Shariah-approved quoted equities	5,828	-	208,951	209,059
Other investments	1,511	-	4,350	5,861
Investment-linked units	10,430	-	-	10,430
Deposits with financial institutions	15,905	20,276	35,552	70,023
	<u>95,811</u>	<u>81,419</u>	<u>367,261</u>	<u>534,061</u>

MAA TAKAFUL BERHAD
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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 2014</u>				
Held-to-maturity ("HTM")	-	15,363	25,511	40,874
Loans and receivables ("LAR")	21,163	31,308	61,167	113,638
Available-for-sale ("AFS")	68,037	44,206	36,546	148,789
Fair value through profit or loss ("FVTPL")	13,418	-	315,855	329,273
	<u>102,618</u>	<u>90,877</u>	<u>439,079</u>	<u>632,574</u>
<u>At 31 December 2013</u>				
Held-to-maturity ("HTM")	-	15,365	25,516	40,881
Loans and receivables ("LAR")	15,905	20,276	35,552	70,023
Available-for-sale ("AFS")	62,137	45,778	41,634	149,549
Fair value through profit or loss ("FVTPL")	17,769	-	264,559	273,608
	<u>95,811</u>	<u>81,419</u>	<u>367,261</u>	<u>534,061</u>

MAA TAKAFUL BERHAD
(Incorporated in Malaysia)

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 following investments mature after 6 months:				
<u>At 30 June 2014</u>				
Held-to-maturity ("HTM")	-	15,363	25,511	40,874
Available-for-sale ("AFS")	68,037	44,206	36,546	148,789
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
<u>At 31 December 2013</u>				
Held-to-maturity ("HTM")	-	15,365	25,516	40,881
Available-for-sale ("AFS")	62,137	45,778	41,634	149,549
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
(a) Held-to-maturity investment				
<u>At 30 June 2014</u>				
<u>Amortised cost</u>				
Malaysian Government Guaranteed Financing	-	15,363	25,511	40,874
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
<u>Fair value</u>				
Malaysian Government Guaranteed Financing	-	14,388	24,044	38,432
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
<u>At 31 December 2013</u>				
<u>Amortised cost</u>				
Malaysian Government Guaranteed Financing	-	15,365	25,516	40,881
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
<u>Fair value</u>				
Malaysian Government Guaranteed Financing	-	14,688	24,289	38,977
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

MAA TAKAFUL BERHAD
(Incorporated in Malaysia)

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 2014</u>				
<u>Amortised cost</u>				
Fixed and call deposits with:				
Licensed financial institutions	21,163	31,309	61,167	113,639
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>At 31 December 2013</u>				
<u>Amortised cost</u>				
Fixed and call deposits with:				
Licensed financial institutions	15,905	20,276	35,552	70,023
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
(c) Available-for-sale financial assets ("AFS")				
<u>At 30 June 2014</u>				
<u>Fair value</u>				
Malaysian Government Guaranteed Financing	-	-	-	-
Islamic debt securities, unquoted	68,037	44,206	36,546	148,789
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	68,037	44,206	36,546	148,789
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>At 31 December 2013</u>				
<u>Fair value</u>				
Malaysian Government Guaranteed Financing	-	3,876	3,877	7,753
Islamic debt securities, unquoted	62,137	41,902	37,757	141,796
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	62,137	45,778	41,634	149,549
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

MAA TAKAFUL BERHAD
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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 2014</u>				
<u>Fair value at designation</u>				
Shariah-approved quoted equities	4,953	-	240,595	245,548
Islamic debt securities, unquoted	-	-	75,260	75,260
Other investments	8,465	-	-	8,465
	<u>13,418</u>	<u>-</u>	<u>315,855</u>	<u>329,273</u>
<u>At 31 December 2013</u>				
<u>Fair value at designation</u>				
Shariah-approved quoted equities	5,828	-	208,951	209,059
Islamic debt securities, unquoted	-	-	51,258	48,258
Other investments	1,511	-	4,350	5,861
Investment-linked units	10,430	-	-	10,430
	<u>17,769</u>	<u>-</u>	<u>264,559</u>	<u>273,608</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 2013	11,631	69,988	4,230	85,849
Purchases	4,226	31,616	15,843	51,685
Disposals including (maturities and redemptions)	-	(34,528)	(2,214)	(36,742)
Fair value gains recorded in:				
Income statement	-	-	(90)	(90)
Other comprehensive income	-	(2,310)	-	(2,310)
Realised gains		(2,826)		(2,826)
Movement in accrued profit	48	328	-	376
Accretion adjustment	-	(131)	-	(131)
At 31 December 2013	15,905	62,137	17,769	95,811
Purchases	5,228	10,409	4,984	20,621
Disposals including (maturities and redemptions)	-	(3,260)	(9,723)	(12,983)
Fair value gains recorded in:				
Income statement	-	-	(147)	(147)
Other comprehensive income		(1,150)	-	(1,150)
Realised gains		-	535	535
Movement in accrued profit	30	42	-	72
Accretion adjustment	-	(141)	-	(141)
At 30 June 2014	21,163	68,037	13,418	102,618

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

12 INVESTMENTS (CONTINUED)

(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 2013	15,366	10,050	46,596	72,012
Purchases	-	10,225	21,350	31,575
Disposals including (maturities and redemptions)	-	-	(20,292)	(20,292)
Fair value gains recorded in:				
Takaful contract liabilities	-	-	(1,218)	(1,218)
Realised gains			(874)	(874)
Movement in accrued profit	(1)	1	195	195
Accretion adjustment	-	-	21	21
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2013	15,365	20,276	45,778	81,419
Purchases	-	11,032	3,153	14,185
Disposals including (maturities and redemptions)	-		(3,582)	(3,582)
Fair value gains recorded in:				
Takaful contract liabilities	-		(238)	(238)
Realised gains				
Movement in accrued profit	(2)		(306)	(308)
Accretion adjustment	-	-	(599)	(599)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2014	15,363	31,308	44,206	90,877

MAA TAKAFUL BERHAD

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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 2013	20,468	49,096	38,119	217,850	325,533
Purchases	5,000	-	16,897	181,989	203,886
Disposals including (maturities and redemptions)	-	(13,532)	(10,905)	(145,259)	(169,696)
Fair value gains recorded in:					
Income statement	-	-	-	9,807	9,807
Takaful contract liabilities	-	-	(1,472)	-	(1,472)
Realised gains			(972)		(972)
Movement in accrued profit	49	(12)	(83)	234	188
Accretion adjustment	(1)	-	50	(62)	(13)
At 31 December 2013	25,516	35,552	41,634	264,559	367,261
Purchases	-	25,615	4,815	86,562	116,992
Disposals including (maturities and redemptions)	-	-	(8,602)	(39,892)	(48,494)
Fair value gains recorded in:					
Income statement	-	-	-	4,232	4,232
Takaful contract liabilities	-	-	(766)	-	(766)
Movement in accrued profit	(5)	-	5	433	433
Accretion adjustment	-	-	(540)	(39)	(579)
At 30 June 2014	25,511	61,167	36,546	315,855	439,079

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

12 INVESTMENTS (CONTINUED)

(e) Carrying values of investments (continued)

	<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
Purchases	5,000	14,451	69,863	197,832	287,146
Disposals including (maturities and redemptions)	-	(15,242)	(65,725)	(155,763)	(236,730)
Fair value gains recorded in:					
Income statement	-	-	-	9,287	9,287
Takaful contract liabilities	-	-	(2,690)	-	(2,690)
Other comprehensive income	-	-	(2,310)	-	(2,310)
Realised gains			(4,672)		(4,672)
Movement in accrued profit	48	37	440	234	759
Accretion adjustment	(1)	-	(60)	(62)	(123)
At 31 December 2013	40,881	70,023	149,549	273,608	534,061
Purchases	-	43,585	18,377	91,546	153,508
Disposals including (maturities and redemptions)	-		(15,218)	(49,614)	(64,832)
Fair value gains recorded in:					
Income statement	-			4,085	4,085
Other comprehensive income			(2,296)		(2,296)
Realised gains			(84)	9,254	9,170
Movement in accrued profit	(7)	30	(259)	433	197
Accretion adjustment	-		(1,280)	(39)	(1,319)
At 30 June 2014	40,874	113,638	148,789	329,274	632,574

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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:

	Held-to Maturity RM'000	Available- for sale RM'000	Fair value through profit/loss RM'000	Total RM'000
(i) <u>Takaful Operator</u>				
<u>30 June 2014</u>				
Quoted market price (level 1)	-	-	13,419	13,419
Valuation techniques - market observable inputs (level 2)	-	68,037	-	68,037
	-	68,037	13,419	81,456
<u>31 December 2013</u>				
Quoted market price (level 1)	-	-	17,769	17,769
Valuation techniques - market observable inputs (level 2)	-	62,137	-	62,137
	-	62,137	17,769	79,906
(ii) <u>General Takaful Fund</u>				
<u>30 June 2014</u>				
Valuation techniques - market observable inputs (level 2)	14,388	44,206	-	58,594
	14,388	44,206	-	59,569
<u>31 December 2013</u>				
Valuation techniques - market observable inputs (level 2)	14,688	45,778	-	60,466
	14,688	45,778	-	60,466

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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:

	Held-to Maturity RM'000	Available- for sale RM'000	Fair value through profit/loss RM'000	Total RM'000
(iii) <u>Family Takaful Fund</u>				
<u>30 June 2014</u>				
Quoted market price (level 1)	-	-	315,855	315,855
Valuation techniques - market observable inputs (level 2)	24,044	36,546	-	60,590
	<u>24,044</u>	<u>36,546</u>	<u>315,855</u>	<u>376,445</u>
<u>31 December 2013</u>				
Quoted market price (level 1)	-	-	213,301	213,301
Valuation techniques - market observable inputs (level 2)	24,289	41,634	51,258	117,181
	<u>24,289</u>	<u>41,634</u>	<u>264,559</u>	<u>330,482</u>
(iv) <u>Company</u>				
<u>30 June 2014</u>				
Quoted market price (level 1)	-	-	329,274	329,274
Valuation techniques - market observable inputs (level 2)	40,874	148,789	-	189,663
	<u>40,874</u>	<u>148,789</u>	<u>329,274</u>	<u>518,937</u>
<u>31 December 2013</u>				
Quoted market price (level 1)	-	-	225,350	225,350
Valuation techniques - market observable inputs (level 2)	38,977	149,549	48,258	236,784
	<u>38,977</u>	<u>149,549</u>	<u>273,608</u>	<u>462,134</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.

13 RETAKAFUL ASSETS

	<u>30.06.2014</u>	<u>31.12.2013</u>
	RM'000	RM'000
(a) <u>General takaful fund</u>		
Retakaful of takaful contracts	<u>247,309</u>	<u>200,362</u>
(b) <u>Family takaful fund</u>		
Retakaful of takaful contracts	<u>9,612</u>	<u>15,490</u>
(c) <u>Company</u>		
Retakaful of takaful contracts	<u>256,921</u>	<u>215,852</u>

14 TAKAFUL CONTRACT LIABILITIES

	30.06.2014			31.12.2013		
	<u>Gross</u>	<u>Re-</u>	<u>Net</u>	<u>Gross</u>	<u>Re-</u>	<u>Net</u>
	RM'000	takaful	RM'000	RM'000	takaful	RM'000
		RM'000			RM'000	
Family takaful	448,373	(9,611)	438,762	362,592	(15,490)	347,102
General takaful	308,143	(247,309)	60,834	254,065	(200,362)	53,703
	<u>756,516</u>	<u>(256,920)</u>	<u>499,596</u>	<u>606,261</u>	<u>(215,852)</u>	<u>390,409</u>

(a) Family takaful

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

	30.06.2014			31.12.2013		
	<u>Gross</u>	<u>Re-</u>	<u>Net</u>	<u>Gross</u>	<u>Re-</u>	<u>Net</u>
	RM'000	takaful	RM'000	RM'000	takaful	RM'000
		RM'000			RM'000	
Liability for future certificateholders' benefits	81,822	(9,632)	72,190	64,571	(13,648)	50,923
Net asset value attributable to unitholders	361,211	-	361,211	288,463	-	288,463
	<u>443,033</u>	<u>(9,632)</u>	<u>433,401</u>	<u>353,034</u>	<u>(13,648)</u>	<u>339,386</u>
Unallocated surplus	-	-	-	4,823	-	4,823
Claims liabilities	5,967	21	5,988	4,671	(1,842)	2,829
Available-for-sale reserves	(627)	-	(627)	64	-	64
	<u>448,373</u>	<u>(9,611)</u>	<u>438,762</u>	<u>362,592</u>	<u>(15,490)</u>	<u>347,102</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 2014	362,592	(15,490)	347,102
Contribution received	195,645	(4,064)	191,581
Liabilities paid for death, maturities, surrender, benefit and claims	(79,785)	4,441	(75,344)
Movement in claims liabilities	(2,316)	(864)	(3,180)
Benefit and claims experience variation	11,531	6,366	17,897
Fees deducted	(41,532)	-	(41,532)
Qard from Takaful Operator	2,928	-	2,928
Surplus distributed to Takaful Operator	-	-	-
Fair value movements from AFS investments	(690)	-	(690)
At 30 June 2014	<u>448,373</u>	<u>(9,611)</u>	<u>438,762</u>
	<u>Gross</u> RM'000	<u>Retakaful</u> RM'000	<u>Net</u> RM'000
At 1 January 2013	309,971	(13,792)	296,179
Contribution received	268,162	(9,455)	258,707
Liabilities paid for death, maturities, surrender, benefit and claims	(151,393)	10,286	(141,107)
Movement in claims liabilities	(2,145)	1,252	(893)
Experience variance on inforce Takaful certificates	11,811	(8,854)	2,957
Reserve on new policies	9,175	(2,108)	7,067
Miscellaneous	5,000	7,181	12,181
Fees deducted	(78,476)	-	(78,476)
Surplus distributed to Takaful Operator	(7,250)	-	(7,250)
Movement in AFS fair value adjustment	(2,263)	-	(2,263)
At 31 December 2013	<u>362,592</u>	<u>(15,490)</u>	<u>347,102</u>

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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:

	30.06.2014			31.12.2013		
	<u>Gross</u>	<u>Re-</u>	<u>Net</u>	<u>Gross</u>	<u>Re-</u>	<u>Net</u>
	RM'000	takaful	RM'000	RM'000	takaful	RM'000
Provision for claims	123,290	(101,831)	21,459	100,097	(80,349)	19,748
Provision for incurred but not reported claims ("IBNR")	48,894	(38,785)	10,109	43,678	(33,778)	9,900
Provision for liability adequacy	19,084	(16,098)	2,986	16,261	(13,370)	2,891
Claim liabilities (i)	191,268	(156,714)	34,554	160,036	(127,497)	32,539
Unearned contribution reserves (ii)	114,690	(90,595)	24,095	94,104	(72,865)	21,239
General takaful fund (iii)	(425)	-	(425)	(140)	-	(140)
Unallocated surplus	2,610	-	2,610	65	-	65
	<u>308,143</u>	<u>(247,309)</u>	<u>60,834</u>	<u>254,065</u>	<u>(200,362)</u>	<u>53,703</u>

(i) Claims liabilities

At 1 January	160,036	(127,498)	32,538	108,600	(84,140)	24,460
Claims incurred in the current accident year	76,364	(62,200)	14,164	122,510	(94,354)	28,156
Other movements in claims incurred in prior accident years	(11,868)	9,391	(2,477)	(8,474)	6,649	(1,825)
Claims paid during the financial year	(36,086)	26,320	(9,766)	(67,140)	48,210	(18,930)
Movements in provision for adverse deviation	2,822	(2,727)	95	4,540	(3,862)	678
At 31 December	<u>191,268</u>	<u>(156,714)</u>	<u>34,554</u>	<u>160,036</u>	<u>(127,497)</u>	<u>32,539</u>

(ii) Unearned contribution reserves

At 1 January	94,104	(72,865)	21,239	62,575	(48,000)	14,575
Contribution written in the financial year	141,291	(114,456)	26,835	247,286	(195,990)	51,296
Contribution earned during the financial year	(120,705)	96,726	(23,979)	(215,757)	171,125	(44,632)
At 31 December	<u>114,690</u>	<u>(90,595)</u>	<u>24,095</u>	<u>94,104</u>	<u>(72,865)</u>	<u>21,239</u>

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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>30.06.2014</u> Gross/ Net RM'000	<u>31.12.2013</u> Gross/ Net RM'000
<u>Available-for-sale reserves</u>		
At 1 January	(187)	1,905
Fair value movements arising from AFS investments	(238)	(1,218)
Derecognition upon disposal of AFS investment	-	(874)
	<u>(425)</u>	<u>(187)</u>

15 TOTAL CAPITAL AVAILABLE

The capital structure of the Company as at 30 June 2014, as prescribed under the RBC Framework, is shown below:

	<u>As at</u> <u>30.06.2014</u> RM'000	<u>As at</u> <u>31.12.2013</u> RM'000
<u>Tier 1 Capital</u>		
Paid-up share capital	100,000	100,000
Reserves, including retained earnings	17,555	21,968
Reserves included within the insurance contract liabilities	5,038	4,822
	<u>122,593</u>	<u>126,790</u>
<u>Tier 2 Capital</u>		
Available-for-sale reserve	(1,314)	472
<u>Amount deducted from capital</u>	<u>(4,794)</u>	<u>(2,175)</u>
Total Capital Available	<u>116,485</u>	<u>125,087</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

16 CAPITAL AND OTHER COMMITMENTS

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

	<u>30.06.2014</u>	<u>31.12.2013</u>
	RM'000	RM'000
Authorised and contracted for:		
- Office rental	1,403	1,822
- Office renovation	604	637

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

17 CASH FLOW

	<u>30.06.2014</u> RM'000	<u>31.12.2013</u> RM'000
Net profit for the financial year	(4,412)	10,003
Adjustment for:		
Investment income	(9,994)	(19,182)
Realised gains and losses	(10,081)	(20,169)
Fair value gains and losses	(4,620)	(9,287)
Purchases of FVTPL investments	(91,546)	(197,832)
Proceeds from sale of FVTPL investments	59,679	162,973
Purchases of AFS investments	(18,378)	(69,863)
Proceeds from sale and maturity of AFS	16,471	70,397
Purchase of HTM financial investments	-	(5,000)
Maturity of HTM financial investments	-	-
Non-cash items:		
Depreciation of property, plant and equipment	1,226	2,391
Loss on disposal of property, plant and equipment	1	3
Amortisation of intangible assets	594	1,136
Allowance for impairment	1,519	3,880
Tax expense attributable to Takaful Operator	-	3,044
Tax expense attributable to participants	3,304	4,089
Changes in working capital:		
Increase in LAR	(41,939)	(918)
Increase in retakaful assets	(41,067)	(69,920)
(Increase)/decrease in Takaful receivables	(16,084)	(17,767)
Decrease in other receivables	(10,277)	1,984
Increase in Takaful contract liabilities	140,834	137,914
Increase/(decrease) in Takaful payables	21,387	13,620
Increase in other payable	17,304	983
Cash generated (utilized in)/from operating activities	<u>13,921</u>	<u>2,479</u>