

Company No.

738090	M
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HONG LEONG MSIG TAKAFUL BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2012

Company No.

738090 M

HONG LEONG MSIG TAKAFUL BERHAD

(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

Note	31.12.2012				30.06.2012				01.07.2011			
	Bank Negara Malaysia Reporting		General		Bank Negara Malaysia Reporting		General		Bank Negara Malaysia Reporting		General	
	Takaful Operator RM'000	Family Takaful Fund RM'000	Takaful Fund RM'000	Company RM'000	Takaful Operator RM'000	Family Takaful Fund RM'000	Takaful Fund RM'000	Company RM'000	Takaful Operator RM'000	Family Takaful Fund RM'000	Takaful Fund RM'000	Company RM'000
ASSETS												
Property and equipment	1,232	-	-	1,232	1,422	-	-	1,422	965	-	-	965
Intangible assets	156	-	-	156	217	-	-	217	490	-	-	490
Financial assets – available-for-sale	74,913	48,996	19,458	143,367	67,146	32,054	8,530	107,730	69,597	23,645	2,265	95,507
Financial assets – fair value through profit and loss	-	59,793	-	59,793	-	57,248	-	57,248	-	82,167	-	82,167
Loan and receivables	-	5,646	365	6,011	-	10,586	358	10,944	-	5,378	345	5,723
Retakaful assets	-	18,880	84,457	103,337	-	19,257	51,809	71,066	-	33,072	25,402	58,474
Deferred tax assets	382	-	856	1,238	274	-	522	796	-	-	1,402	1,402
Current tax recoverable	-	-	631	631	-	-	1,793	1,793	80	-	953	1,033
Takaful receivable	-	6,110	12,418	18,528	-	3,627	17,057	20,684	-	4,459	12,888	17,347
Other receivables	342	2,504	7,739	2,440	557	1,676	314	849	1,222	7	3,862	286
Qardh receivable	15,258	-	-	-	11,594	-	-	-	6,450	-	-	-
Cash and bank balances	22,124	24,738	14,397	61,259	29,025	36,323	21,537	86,885	28,714	18,429	16,979	64,122
Total assets	114,407	166,667	140,321	397,992	110,235	160,771	101,920	359,634	107,518	167,157	64,096	327,516
EQUITY AND LIABILITIES												
Share capital	100,000	-	-	100,000	100,000	-	-	100,000	100,000	-	-	100,000
Accumulated losses	(10,168)	-	-	(10,168)	(8,541)	-	-	(8,541)	(7,398)	-	-	(7,398)
Fair value reserve	2,068	-	-	2,068	2,020	-	-	2,020	1,989	-	-	1,989
Total Equity	91,900	-	-	91,900	93,479	-	-	93,479	94,591	-	-	94,591
LIABILITIES												
Takaful contract liabilities	-	161,403	128,022	274,167	-	149,624	86,418	224,448	-	158,031	44,006	195,587
Takaful payable	-	56	11,327	11,383	-	5,917	15,229	21,146	-	3,771	19,646	23,417
Other payables	13,347	3,916	972	10,090	7,951	4,179	273	10,705	8,472	4,593	444	8,704
Due to relates companies	1,937	-	-	1,937	1,497	-	-	1,497	919	-	-	919
Deferred tax liabilities	-	539	-	539	-	392	-	392	373	344	-	717
Current tax liabilities	1,685	753	-	2,438	1,694	659	-	2,353	-	418	-	418
Deferred wakalah income	5,538	-	-	5,538	5,614	-	-	5,614	3,163	-	-	3,163
Total liabilities	22,507	166,667	140,321	306,092	16,756	160,771	101,920	266,155	12,927	167,157	64,096	232,925
Total equity, participants' fund and liabilities	114,407	166,667	140,321	397,992	110,235	160,771	101,920	359,634	107,518	167,157	64,096	327,516

The accompanying notes form an integral part of the interim financial statements.

Company No.

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HONG LEONG MSIG TAKAFUL BERHAD

(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2012

	6 months ended 31.12.2012				6 months ended 31.12.2011			
	Bank Negara Malaysia Reporting		General		Bank Negara Malaysia Reporting		General	
	Takaful Operator RM'000	Family Takaful Fund RM'000	Takaful Fund RM'000	Company RM'000	Takaful Operator RM'000	Family Takaful Fund RM'000	Takaful Fund RM'000	Company RM'000
Operating revenue	2,000	28,052	31,643	61,695	1,924	28,093	30,956	60,973
Gross earned contributions	-	25,028	31,166	56,194	-	27,282	30,749	58,031
Contributions ceded to retakaful	-	(4,774)	(17,023)	(21,797)	-	(3,552)	(24,086)	(27,638)
Net contributions	-	20,254	14,143	34,397	-	23,730	6,663	30,393
Change in unearned contribution reserve	-	-	(1,407)	(1,407)	-	-	(1,801)	(1,801)
Net earned contributions	-	20,254	12,736	32,990	-	23,730	4,862	28,592
Surplus sharing from:								
Family takaful	149	-	-	-	88	-	-	-
General takaful	54	-	-	-	23	-	-	-
Wakalah fee income	15,080	-	-	-	15,034	-	-	-
Commission income	-	-	4,162	4,162	-	-	4,027	4,027
Investment income	2,000	3,024	476	5,703	1,924	811	207	3,053
Realised gains/(losses)	221	(16)	11	216	226	15	1	242
Fair value gains/(losses)	-	523	-	523	-	(2,438)	-	(2,438)
Other operating income	759	17	-	408	114	-	-	14
Other income	18,263	3,548	4,649	11,012	17,409	(1,612)	4,235	4,898
Gross benefits and claims paid	-	(10,971)	(3,053)	(14,024)	-	(6,663)	(3,513)	(10,176)
Claims ceded to retakaful	-	5,313	1,263	6,576	-	2,299	1,139	3,438
Gross change to certificate liabilities	-	(10,651)	(26,036)	(36,687)	-	10,249	(6,522)	3,727
Change to certificate liabilities ceded to retakaful	-	(376)	21,523	21,147	-	(20,360)	9,697	(10,663)
Net benefits and claims	-	(16,685)	(6,303)	(22,988)	-	(14,475)	801	(13,674)
Wakalah fee expenses	-	(6,215)	(8,865)	-	-	(6,777)	(8,257)	-
Commission expenses	(8,139)	-	-	(8,139)	(7,101)	-	-	(7,101)
Management expenses	(11,873)	-	-	(11,873)	(7,905)	-	-	(7,905)
Other operating expenses	-	(661)	(1,401)	(1,694)	(2,622)	(898)	(1,323)	(4,743)
Takaful tax expenses	-	(241)	(816)	(1,057)	-	32	(318)	(286)
Other expenses	(20,012)	(7,117)	(11,082)	(22,763)	(17,628)	(7,643)	(9,898)	(20,035)

The accompanying notes form an integral part of the interim financial statements.

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HONG LEONG MSIG TAKAFUL BERHAD

(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2012 (CONTINUED)

Note	6 months ended 31.12.2012				6 months ended 31.12.2011			
	Takaful Operator		Bank Negara Malaysia Reporting		Takaful Operator		Bank Negara Malaysia Reporting	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Loss before taxation and zakat	(1,749)	-	-	(1,749)	(219)	-	-	(219)
Zakat	-	-	-	-	-	-	-	-
Taxation	123	-	-	123	(370)	-	-	(370)
Loss after taxation and zakat	(1,626)	-	-	(1,626)	(589)	-	-	(589)
Other comprehensive income for the 6 months								
Fair value change of available-for-sale financial assets:								
- Gross fair value change	63	176	64	323	(848)	65	14	(769)
- Deferred taxation	(16)	(44)	(16)	(76)	212	(16)	(3)	193
- Changes in Takaful contract liabilities	-	(132)	(48)	(180)	-	(49)	(11)	(60)
Total other comprehensive income for the 6 months	47	-	-	47	(636)	-	-	(636)
Total comprehensive loss for the 6 months	(1,579)	-	-	(1,579)	(1,225)	-	-	(1,225)

The accompanying notes form an integral part of the interim financial statements.

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HONG LEONG MSIG TAKAFUL BERHAD

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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2012

	Issued and fully paid ordinary shares of RM 1 each Number Of shares	Nominal Value RM'000	Non- distributable AFS Reserve RM'000	Accumulated Losses RM'000	Total RM'000
At 1 July 2012	100,000	100,000	2,020	(8,541)	93,479
Total comprehensive income/(loss) for the period	-	-	47	(1,626)	(1,579)
At 31 December 2012	100,000	100,000	2,067	(10,167)	91,900
At 1 July 2011	100,000	100,000	1,989	(5,944)	96,045
As previously stated	-	-	-	(1,454)	(1,454)
Effects of adoption of BNM Guideline	100,000	100,000	1,989	(7,398)	94,591
As restated	-	-	31	(1,143)	(1,112)
Total comprehensive income/(loss) for the period	100,000	100,000	2,020	(8,541)	93,479
At 30 June 2012					

The accompanying notes form an integral part of the interim financial statements.

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HONG LEONG MSIG TAKAFUL BERHAD

(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2012**

	6 months ended 31.12.2012	6 months ended 31.12.2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the financial period	(1,626)	(589)
Adjustments for:		
(Write back)/impairment of takaful receivables	(1,384)	(1,916)
Depreciation of property and equipment	101	179
Amortisation of intangible assets	76	218
Write off of property and equipment	147	320
Gain on disposal of investments	(145)	(242)
Unrealised fair value gain on financial assets	(523)	2,438
Amortisation / (accretion) of discounts – net	14	(187)
Profits and dividend income	(5,514)	(2,755)
Tax expense	966	655
Profit from operations before changes in operating assets and liabilities	(7,888)	(1,879)
Proceeds from disposal of investments	17,055	7,205
Maturity of investments	-	6,000
Purchase of investments	(53,898)	(11,827)
(Decrease) / increase in deferred wakalah fee	(75)	2,493
Increase / (decrease) in Family Takaful certificate liabilities	10,595	(13,959)
Increase in General Takaful certificate liabilities	41,522	37,397
Decrease / (increase) in loan and receivables	5,129	(63)
Increase in retakaful assets	(32,270)	(14,204)
Decrease / (increase) in takaful receivables	3,540	(4,965)
Increase in other receivables	(12,313)	(4,407)
(Decrease) / increase in takaful payables	(9,763)	5,576
Increase in other payables	6,841	3,410
Increase / (decrease) in amount due to retakaful companies	439	(139)
	(31,086)	10,638
Tax paid	(16)	(886)
Profit received	5,207	2,309
Dividends received	342	141
Net cash generated from operating activities	(25,553)	12,202

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HONG LEONG MSIG TAKAFUL BERHAD

(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2012 (CONTINUED)**

	6 months ended 31.12.2012	6 months ended 31.12.2011
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	(21)	(28)
Purchase of property and equipment	(53)	(62)
Net cash used in investing activities	<u>(74)</u>	<u>(90)</u>
Net increase in cash and cash equivalents	(25,627)	12,112
Cash and cash equivalents at beginning of the period	<u>86,886</u>	<u>64,122</u>
Cash and cash equivalents at the end of the period	<u>61,259</u>	<u>76,234</u>
Cash and cash equivalents comprise:		
Shareholders' fund	22,124	21,593
General fund	14,397	14,362
Family fund	24,738	40,279
	<u>61,259</u>	<u>76,234</u>

The accompanying notes form an integral part of the interim financial statements.

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(Incorporated in Malaysia)

NOTES TO THE CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2012

1. Basis of preparation

The company has adopted the Malaysian Financial Reporting Standards (“MFRS”) framework and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* in these condensed interim financial statements.

The unaudited 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 and Guidelines/Circulars issued by Bank Negara Malaysia (“BNM”).

The unaudited condensed interim statements have been prepared under the historical cost except for certain financial assets and financial liabilities that are stated at fair value.

The statements of financial position and the statements of comprehensive income of the Operator, Family Fund and General Fund are supplementary financial information presented in accordance with the requirement of BNM. In accordance with Takaful Act, 1984 the Company is required to segregate assets, liabilities, income and expenses of the Takaful funds from its own. The statements of financial position and comprehensive income of the Operator include only assets, liabilities, income and expenses of the Company excluding the Takaful funds managed by it. The statements of financial position and comprehensive income of the Family Fund include only the assets, liabilities, income and expenses of the family solidarity fund that is set up, manages and controlled by the Company. The statements of financial position and comprehensive income of the General Fund include only the assets, liabilities, income and expenses of the Takaful funds other than the family solidarity fund that is set up, manages and controlled by the Company.

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Company for the financial year ended 30 June 2012. The explanatory notes attached to the condensed 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 30 June 2012.

2. Auditors’ Report

The auditors’ report on the audited financial statement of the preceding year ended 30 June 2012 did not contain any qualification.

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NOTES TO THE CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2012 (CONTINUED)

3. Capital Commitments

Capital expenditure approved by Directors but not provided for in the financial statements are as follows:

	31.12.2012 RM'000	30.06.2012 RM'000
Authorised and contracted for:		
Intangible assets	661	-
Authorised but not contracted for:		
Intangible assets	5,843	-
	<u>6,504</u>	<u>-</u>

4. Financial assets

	Shareholders' Fund RM'000	General Takaful Fund RM'000	Family Takaful Fund RM'000	Total RM'000
<u>31.12.2012</u>				
Government Investment Issues	-	1,520	13,677	15,197
Islamic bonds	64,592	15,671	37,496	117,759
Equity securities	5,213	2,146	3,779	11,138
Investments in investment-linked funds	4,618	-	-	4,618
Structured investments	-	-	53,157	53,157
Accrued profit	490	121	680	1,291
Total	<u>74,913</u>	<u>19,458</u>	<u>108,789</u>	<u>203,160</u>
<u>30.06.2012</u>				
Government Investment Issues	4,192	1,524	14,768	20,484
Islamic bonds	53,445	6,206	19,640	79,291
Equity securities	4,568	742	1,751	7,061
Investments in investment-linked funds	4,567	-	-	4,567
Structured investments	-	-	52,699	52,699
Accrued profit	374	58	444	876
Total	<u>67,146</u>	<u>8,530</u>	<u>89,302</u>	<u>164,978</u>

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**NOTES TO THE CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2012 (CONTINUED)**

4. Financial assets(Continued)

The Company's financial assets are summarised as follows:

	Shareholders' Fund RM'000	General Takaful Fund RM'000	Family Takaful Fund RM'000	Total RM'000
<u>31.12.2012</u>				
Available-for-sale ("AFS")	74,913	19,458	48,996	143,367
Fair value through profit and loss ("FVTPL")	-	-	59,793	59,793
Total	<u>74,913</u>	<u>19,458</u>	<u>108,789</u>	<u>203,160</u>
Current	5,589	1,022	2,005	8,616
Non-current	69,324	18,436	106,784	194,544
	<u>74,913</u>	<u>19,458</u>	<u>108,789</u>	<u>203,160</u>
(a) AFS				
Government Investment Issues	-	1,520	13,170	14,690
Islamic bonds	64,592	15,671	32,193	112,456
Equity securities	5,213	2,146	2,995	10,354
Investments in investment-linked funds	4,618	-	-	4,618
Accrued profit	490	121	638	1,249
Total	<u>74,913</u>	<u>19,458</u>	<u>48,996</u>	<u>143,367</u>
(b) FVTPL				
Government Investment Issues	-	-	507	507
Islamic bonds	-	-	5,303	5,303
Equity securities	-	-	784	784
Structure investments	-	-	53,157	53,157
Accrued profit	-	-	42	42
Total	<u>-</u>	<u>-</u>	<u>59,793</u>	<u>59,793</u>

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**NOTES TO THE CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2012 (CONTINUED)**

4. Financial assets(Continued)

The Company's financial assets are summarised as follows:

	Shareholders' Fund RM'000	General Takaful Fund RM'000	Family Takaful Fund RM'000	Total RM'000
<u>30.06.2012</u>				
Available-for-sale ("AFS")	67,146	8,530	32,054	107,730
Fair value through profit and loss ("FVTPL")	-	-	57,248	57,248
Total	<u>67,146</u>	<u>8,530</u>	<u>89,302</u>	<u>164,978</u>
Current	3,055	611	1,425	5,091
Non-current	<u>64,091</u>	<u>7,919</u>	<u>87,877</u>	<u>159,887</u>
	<u>67,146</u>	<u>8,530</u>	<u>89,302</u>	<u>164,978</u>
(a) AFS				
Government Investment Issues	4,192	1,524	13,212	18,928
Islamic bonds	53,445	6,206	16,818	76,469
Equity securities quoted in Malaysia	4,568	742	1,603	6,913
Investments in investment-linked funds	4,567	-	-	4,567
Accrued profit	374	58	421	853
Total	<u>67,146</u>	<u>8,530</u>	<u>32,054</u>	<u>107,730</u>
(b) FVTPL				
Government Investment Issues	-	-	1,556	1,556
Islamic bonds	-	-	2,822	2,822
Equity securities quoted in Malaysia	-	-	148	148
Structure investments	-	-	52,699	52,699
Accrued profit	-	-	23	23
Total	<u>-</u>	<u>-</u>	<u>57,248</u>	<u>57,248</u>

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**NOTES TO THE CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2012 (CONTINUED)**

4. Financial assets (Continued)

(c) Carrying values of financial investments

	Shareholders ' fund RM'000	Available-for-sale		FVTPL	Total RM'000
		General Takaful fund RM'000	Family Takaful fund RM'000	Family Takaful fund RM'000	
At 1 July 2011	69,597	2,265	23,645	82,167	177,674
Purchase	20,361	15,689	21,605	801	58,456
Maturities	(8,500)	-	(2,500)	(25,967)	(36,967)
Disposals, at carrying value	(15,417)	(9,509)	(10,997)	(400)	(36,323)
Fair value (losses) / gains recorded in:					
Profit or loss	697	-	-	-	697
Other comprehensive income	41	-	-	-	41
Takaful contract liabilities	-	68	306	701	1,075
Accretion / (amortisation) – net	194	(10)	(6)	-	178
Movement in accrued profit	173	27	1	(54)	147
At 30 June 2012 / 1 July 2012	67,146	8,530	32,054	57,248	164,978
Purchase	18,081	14,371	17,831	3,615	53,898
Maturities	-	-	-	-	-
Disposals, at carrying value	(10,735)	(3,578)	(1,264)	(1,612)	(17,189)
Fair value (losses) / gains recorded in:					
Profit or loss	221	-	-	-	221
Other comprehensive income	63	-	-	-	63
Takaful contract liabilities	-	75	160	523	758
Accretion/(amortisation) – net	(8)	(4)	(2)	-	(14)
Movement in accrued profit	145	64	217	19	445
At 31 December 2012	74,913	19,458	48,996	59,793	203,160

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**NOTES TO THE CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2012 (CONTINUED)**

4. Financial assets (Continued)

(c) Carrying values of financial investments (continued)

As at 30 June 2012, impairment provision of impaired available-for-sale financial assets of RM442,946 is RM118,046. A reconciliation of the allowance for impairment losses for available-for-sale financial assets is as follows:

	<u>Shareholders' fund</u>	
	31.12.2012	30.06.2012
	RM'000	RM'000
At 1 July	483	365
Charge for the financial year	-	118
At 31 December /30 June	483	483

(d) Fair value hierarchy

The table below shows the financial assets recorded at fair value by their valuation method.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liabilities that are not based on observable market data (unobservable inputs).

	<u>Available-for-Sale</u>			<u>FVTPL</u>	
	Shareholders' fund	General Takaful fund	Family Takaful fund	Family Takaful fund	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>31.12.2012</u>					
Level 1	9,831	2,148	2,995	784	15,758
Level 2	65,082	17,310	46,001	59,009	187,402
Level 3	-	-	-	-	-
	74,913	19,458	48,996	59,793	203,160
<u>30.06.2012</u>					
Level 1	9,135	742	1,603	148	11,628
Level 2	58,011	7,788	30,451	57,100	153,350
Level 3	-	-	-	-	-
	67,146	8,530	32,054	57,248	164,978

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(Incorporated in Malaysia)

**NOTES TO THE CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2012 (CONTINUED)**

5. Retakaful assets

	General Takaful fund RM'000	Family Takaful fund RM'000
<u>31.12.2012</u>		
Retakaful of Takaful contracts	84,457	18,880
<u>30.06.2012</u>		
Retakaful of Takaful contracts	<u>51,809</u>	<u>19,257</u>

6. Takaful contract liabilities

	<u>31.12.2012</u>			<u>30.06.2012</u>		
	Gross	Re- takaful	Net	Gross	Re- takaful	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Family Takaful	161,403	(18,880)	142,523	149,624	(19,257)	130,367
General Takaful	<u>128,022</u>	<u>(84,457)</u>	<u>43,565</u>	<u>86,418</u>	<u>(51,809)</u>	<u>34,609</u>
	<u>289,425</u>	<u>(103,337)</u>	<u>186,088</u>	<u>236,042</u>	<u>(71,066)</u>	<u>164,976</u>

Company No.

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HONG LEONG MSIG TAKAFUL BERHAD
(Incorporated in Malaysia)

**NOTES TO THE CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2012 (CONTINUED)**

6. Takaful contract liabilities (Continued)

(a) Family Takaful contract liabilities

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

	31.12.2012			30.06.2012		
	Gross RM'000	Re- takaful RM'000	Net RM'000	Gross RM'000	Re- takaful RM'000	Net RM'000
Certificateholders' liabilities	99,647	(15,613)	84,034	86,311	(14,231)	72,080
Net asset value attributable to certificateholders	<u>57,057</u>	<u>-</u>	<u>57,057</u>	<u>57,002</u>	<u>-</u>	<u>57,002</u>
Actuarial liabilities (i)	156,704	(15,613)	141,091	143,313	(14,231)	129,082
Claims liabilities	3,961	(3,267)	694	5,705	(5,026)	679
Unallocated (deficit)/ surplus (ii)	(1,987)	-	(1,987)	(990)	-	(990)
Available-for-sale reserve (iii)	738	-	738	606	-	606
Qardh payable	<u>1,987</u>	<u>-</u>	<u>1,987</u>	<u>990</u>	<u>-</u>	<u>990</u>
	<u>161,403</u>	<u>(18,880)</u>	<u>142,523</u>	<u>149,624</u>	<u>(19,257)</u>	<u>130,367</u>

Qardh payable have been offset against the qardh receivable of the Shareholders' fund of an equivalent amount in arriving at the Company's statement of financial position.

(i) Actuarial liabilities

	Gross RM'000	Re-takaful RM'000	Net RM'000
At 1 July 2011	153,364	(31,009)	122,355
Change in certificate liabilities	13,370	16,778	30,148
Movement in net asset value attributable to certificateholders	<u>(23,421)</u>	<u>-</u>	<u>(23,421)</u>
At 30 June 2012 / 1 July 2012	143,313	(14,231)	129,082
Change in certificate liabilities	13,336	(1,382)	11,954
Movement in net asset value attributable to certificateholders	<u>55</u>	<u>-</u>	<u>55</u>
At 31 December 2012	<u>156,704</u>	<u>(15,613)</u>	<u>141,091</u>

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HONG LEONG MSIG TAKAFUL BERHAD
(Incorporated in Malaysia)

**NOTES TO THE CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2012 (CONTINUED)**

6. Takaful contract liabilities (Continued)

(a) Family Takaful contract liabilities(continued)

	Gross/Net	
	31.12.2012	30.06.2012
	RM'000	RM'000
(ii) Unallocated (deficit)/surplus		
As at 1 July	(990)	1,971
(Deficit) during the financial / period year	(997)	(2,961)
At 31 December / 30 June	<u>(1,987)</u>	<u>(990)</u>
(iii) Available-for-sale reserve		
As at 1 July	606	369
Net fair value change during the financial period year	132	237
At 31 December / 30 June	<u>738</u>	<u>606</u>

(b) General Takaful contract liabilities

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

	31.12.2012			30.06.2012		
	Gross	Re-	Net	Gross	Re-	Net
	RM'000	takaful	RM'000	RM'000	takaful	RM'000
		RM'000			RM'000	
Provision for claims reported by certificateholders	37,814	(25,929)	11,885	26,524	(16,753)	9,771
Provision for IBNR	35,715	(22,604)	13,111	18,535	(10,577)	7,958
Provision for outstanding claims (i)	73,529	(48,533)	24,996	45,059	(27,330)	17,729
Unearned contribution reserve (ii)	53,053	(35,924)	17,129	40,201	(24,479)	15,722
Available-for-sale (iii)	119	-	119	71	-	71
Participants' account (iv)	(11,950)	-	(11,950)	(9,517)	-	(9,517)
Qardh payable	13,271	-	13,271	10,604	-	10,604
	<u>128,022</u>	<u>(84,457)</u>	<u>43,565</u>	<u>86,418</u>	<u>(51,809)</u>	<u>34,609</u>

Qardh payable have been offset against the qardh receivable of the Shareholders' fund of an equivalent amount in arriving at the Company's statement of financial position.

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HONG LEONG MSIG TAKAFUL BERHAD

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**NOTES TO THE CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2012 (CONTINUED)**

6. Takaful contract liabilities (Continued)

(b) General Takaful contract liabilities (continued)

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

	31.12.2012			30.06.2012		
	Gross RM'000	Re- takaful RM'000	Net RM'000	Gross RM'000	Re- takaful RM'000	Net RM'000
(i) Provision for outstanding claims						
At 1 July, as previously stated	45,059	(27,330)	17,729	20,678	(12,452)	8,226
Effects of adoption of BNM Guidelines	-	-	-	2,216	(1,529)	687
As restated	45,059	(27,330)	17,729	22,894	(13,981)	8,913
Claims incurred in the current accident year	25,947	(16,856)	9,091	35,591	(21,876)	13,715
Other movements in claims incurred in prior accident year	5,576	(5,610)	(34)	(3,879)	4,762	883
Claims paid during the financial year	(3,053)	1,263	(1,790)	(9,547)	3,765	(5,782)
At 31 December / 30 June	<u>73,529</u>	<u>(48,533)</u>	<u>24,996</u>	<u>45,059</u>	<u>(27,330)</u>	<u>17,729</u>
(ii) Unearned contribution reserve						
At 1 July, as previously stated	40,201	(24,479)	15,722	24,179	(13,087)	11,092
Effects of adoption of BNM Guidelines	-	-	-	(3,078)	1,666	(1,412)
As restated	40,201	(24,479)	15,722	21,101	(11,421)	9,680
Contribution written in the financial year	31,166	(17,023)	14,143	72,824	(46,464)	26,360
Contribution earned during the financial year	(18,314)	5,578	(12,736)	(53,724)	33,406	(20,318)
At 31 December / 30 June	<u>53,053</u>	<u>(35,924)</u>	<u>17,129</u>	<u>40,201</u>	<u>(24,479)</u>	<u>15,722</u>

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**NOTES TO THE CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2012 (CONTINUED)**

6. Takaful contract liabilities (Continued)

(b) General Takaful contract liabilities (continued)

	31.12.2012	30.06.2012
	RM'000	RM'000
(iii) Available-for-sale reserve		
As at 1 July	71	28
Net fair value change during the financial period / year	48	43
At 31 December/30 June	<u>119</u>	<u>71</u>
(iv) Participants' accounts		
Participants' investment fund	1,087	(493)
Participants' special account	(10,604)	(6,699)
At 1 July, as previously stated	(9,517)	(7,192)
Effects of adoption of BNM Guidelines		
Participants' accounts:	-	725
As restated	(9,517)	(6,467)
Deficit arising during the financial period / year	(2,433)	(3,050)
At 31 December/30 June	<u>(11,950)</u>	<u>(9,517)</u>
Comprising:		
Participants' investment fund	1,320	1,087
Participants' special account	(13,270)	(10,604)
	<u>(11,950)</u>	<u>(9,517)</u>