



ETIQA TAKAFUL BERHAD
(266243-D)
(Incorporated in Malaysia)

**Unaudited Condensed Interim Financial Statements
For the six months period ended 30 June 2015**

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

CONTENTS	PAGE
Unaudited Condensed Statement of Financial Position	1
Unaudited Condensed Income Statement	2
Unaudited Condensed Statement of Comprehensive Income	3
Unaudited Condensed Statement of Changes in Equity	4
Unaudited Condensed Statement of Cash Flows	5 - 6
Notes to the Unaudited Condensed Interim Financial Statements	7 - 27

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	30.06.2015				31.12.2014			
	Shareholder's fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	Company RM'000	Shareholder's fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	Company RM'000
ASSETS								
Property, plant and equipment	1,051	-	-	1,051	1,234	-	-	1,234
Intangible assets	4,784	-	-	4,784	5,819	-	-	5,819
Investments	2,057,700	1,474,560	8,469,850	11,979,144	1,811,895	1,457,038	8,152,386	11,400,110
Financing receivables	19,941	-	5,300	25,241	20,167	-	7,300	27,467
Takaful receivables	-	256,817	22,029	279,846	-	252,566	14,798	267,364
Other receivables	-	104,438	116,520	220,958	-	77,480	107,148	184,808
Deferred tax assets	95,362	15,415	82,529	121,509	266,254	14,585	186,935	229,774
Qard receivable	11,272	815	13,081	25,168	12,113	3,957	14,662	30,732
Current tax assets	36,684	-	-	-	36,684	-	-	-
Cash and bank balances	13,993	-	-	13,993	-	-	-	-
Total assets	21,700	85,233	63,002	169,935	21,205	49,573	49,798	120,576
	2,262,487	1,937,278	8,772,311	12,841,629	2,175,371	1,855,179	8,533,037	12,287,684
EQUITY, LIABILITIES AND PARTICIPANTS' FUNDS								
Equity								
Share capital	400,000	-	-	400,000	400,000	-	-	400,000
Reserves	1,028,601	-	-	1,027,635	989,326	-	-	989,107
Total equity	1,428,601	-	-	1,427,635	1,389,326	-	-	1,389,107
Liabilities and Participants' Funds								
Participants' funds								
Takaful certificate liabilities	12	-	180,188	2,356,317	2,536,505	-	-	2,448,650
Qard payable	13	-	1,514,168	6,138,578	7,631,746	1,395,720	5,894,921	7,269,641
Subordinated obligation	-	-	-	36,684	-	-	36,684	-
Expense liabilities	300,000	-	-	300,000	300,000	-	-	300,000
Deferred tax liabilities	426,050	-	-	426,050	397,742	-	-	397,742
Takaful payables	7,291	53,125	38,433	98,849	7,552	63,282	54,302	125,136
Other payables	99,319	176,368	163,568	387,458	76,075	207,465	274,156	319,696
Profit payable on subordinated obligation	1,226	-	-	1,226	1,263	-	-	1,263
Current tax liabilities	-	13,429	18,731	32,160	3,413	7,012	6,024	16,449
Total liabilities and participants' funds	833,886	1,937,278	8,772,311	11,413,984	786,045	1,855,179	8,533,037	10,878,577
Total equity, liabilities and participants' funds	2,262,487	1,937,278	8,772,311	12,841,629	2,175,371	1,855,179	8,533,037	12,287,684

These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached.

ETIQA TAKAFUL BERRHAD
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENT
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

	6 months period ended 30.06.2015				6 months period ended 30.06.2014			
	Shareholder's fund	General takaful fund	Family takaful fund	Company RM'000	Shareholder's fund	General takaful fund	Family takaful fund	Company RM'000
Operating revenue	309,556	581,107	821,645	1,442,317	269,396	544,704	759,551	1,324,988
Gross earned contributions	-	521,137	642,789	1,163,819	-	470,752	589,805	1,060,415
Earned contributions ceded to re takaful	-	(52,081)	(14,705)	(66,786)	-	(61,957)	(31,811)	(93,768)
Net earned contributions	-	469,056	628,084	1,097,033	-	408,795	557,994	966,647
Fee and commission income	269,884	6,206	412	6,618	238,523	7,567	541	8,108
Investment income	39,672	29,687	178,856	248,215	30,873	27,760	169,746	228,379
Net realised gains	8,333	5,651	45,710	59,694	16,721	757	111,946	129,424
Net fair value gains/(losses)	-	635	46,502	47,137	(63)	237	(41,041)	(40,857)
Other operating (expenses)/income, net	(11,803)	(3,308)	(85,136)	(100,247)	(1,300)	1,216	(3,734)	(3,818)
Other revenue	306,086	38,871	186,344	261,417	284,764	37,537	237,458	321,236
Gross benefits and claims paid	-	(281,447)	(313,805)	(696,252)	-	(237,041)	(267,251)	(504,292)
Claims ceded to re takaful	-	55,746	16,743	72,489	-	12,074	6,155	18,229
Gross change to certificate liabilities	-	(88,164)	(247,279)	(471,933)	-	(48,728)	(238,892)	(493,899)
Change in certificate liabilities ceded to re takaful	-	15,968	8,231	24,199	-	31,638	10,028	41,686
Net benefits and claims	-	(297,897)	(536,110)	(970,497)	-	(242,057)	(489,960)	(938,295)
Management expenses	(131,753)	(382)	(17,100)	(149,126)	(124,782)	(438)	(19,510)	(144,589)
Change in expense liabilities	(28,308)	-	-	(28,308)	(14,110)	-	-	(14,110)
Fee and commission expenses	(112,505)	(131,454)	(145,040)	(119,115)	(101,556)	(120,386)	(112,828)	(96,247)
Profit on subordinated obligation	(6,724)	-	-	(6,724)	(1,191)	-	-	(1,191)
Tax borne by participants	-	(6,556)	(16,140)	(22,696)	-	371	(13,144)	(12,773)
Other expenses	(279,290)	(138,392)	(178,290)	(325,971)	(241,639)	(120,453)	(145,482)	(268,909)
Operating profit before surplus transfers	26,796	71,638	100,038	61,982	43,125	83,822	160,010	80,578
Surplus transferred to participants' funds	-	(36,452)	(100,038)	-	-	(46,269)	(160,010)	-
Surplus attributable to shareholders	35,186	(35,186)	-	-	37,553	(37,553)	-	-
Profit/surplus before taxation	61,982	-	-	61,982	80,678	-	-	80,678
Taxation	(28,239)	-	-	(28,239)	(34,084)	-	-	(34,084)
Zakat	(6,308)	-	-	(6,308)	(3,494)	-	-	(3,494)
Net profit for the period	27,435	-	-	27,435	43,100	-	-	43,100
Basic earnings per share (sen)	6.86	-	-	6.86	10.77	-	-	10.77

These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached.

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

	6 months period ended 30.06.2015				6 months period ended 30.06.2014			
	Shareholder's fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	Company RM'000	Shareholder's fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	Company RM'000
Net profit for the period	27,435	-	-	27,435	43,100	-	-	43,100
Other comprehensive income:								
Item that may be subsequently reclassified to income statement								
Net gains/(losses) on Available-for-sale ("AFS") financial assets:								
Gains/(losses) on fair value changes	24,120	17,685	21,830	62,888	1,567	511	61,231	63,284
Realised gains transferred to income statement	(8,333)	(5,651)	(33,566)	(47,550)	(16,721)	(757)	(104,668)	(122,146)
Tax effects relating to components of other comprehensive income	(3,947)	(3,003)	1,291	(5,659)	3,789	62	2,965	6,816
Other comprehensive (loss)/income attributable to participants	-	(9,011)	10,445	1,434	-	184	40,472	40,656
Other comprehensive income/(loss) for the period, net of tax	11,840	-	-	11,093	(11,365)	-	-	(11,391)
Total comprehensive Income for the period	39,275	-	-	38,528	31,735	-	-	31,709

These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached.

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

	Attributable to Equity Holder of the Company			
	Share Capital RM'000	Non-Distributable Available-for-sale Reserve RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
At 1 January 2015	400,000	(30,854)	1,019,961	1,389,107
Net profit after tax for the period	-	-	27,435	27,435
Other comprehensive income for the period	-	11,093	-	11,093
Total comprehensive income for the period:	-	11,093	27,435	38,528
At 30 June 2015	400,000	(19,761)	1,047,396	1,427,635
At 1 January 2014	400,000	(19,602)	833,701	1,214,099
Net profit after tax for the period	-	-	43,100	43,100
Other comprehensive loss for the period	-	(11,391)	-	(11,391)
Total comprehensive (loss)/income for the period:	-	(11,391)	43,100	31,709
At 30 June 2014	400,000	(30,993)	876,801	1,245,808

These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached.

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

	6 months period ended 30.06.2015 RM'000	6 months period ended 30.06.2014 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	61,982	80,678
Adjustments for:		
Depreciation of property, plant and equipment	284	353
Amortisation of intangible assets	1,226	1,499
Fair value (gain)/losses on investments	(47,137)	40,857
Realised gains on disposal of investments	(59,693)	(129,423)
Unrealised losses on foreign exchange	1	-
Realised gains on foreign exchange	(45)	-
Allowance for/(reversal of) impairment losses on:		
Investments	98,207	8,692
Takaful receivables	2,037	(2,671)
Other receivables	(512)	287
Financing receivables	(17)	(2,070)
Retakaful assets	144	-
Profit income	(228,687)	(209,476)
Profit on subordinated obligation	6,724	1,191
Gross dividend income	(25,443)	(20,956)
Accretion of discounts	5,665	1,424
Increase in net contribution liabilities	41,856	37,398
Surplus transferred from general takaful fund	36,452	46,269
Surplus transferred from family takaful fund	100,038	160,010
Operating cash flows before working capital changes	<u>(6,918)</u>	<u>14,062</u>
Changes in working capital:		
Proceeds from sale of investments	4,347,063	3,016,420
Purchase of investments	(4,320,526)	(3,872,127)
Increase in takaful receivables	(38,386)	(74,768)
Decrease in other receivables	272,031	9,967
Increase/(decrease) in other payables	(96,390)	(7,408)
Increase in expense liabilities	28,308	14,110
(Decrease)/increase in takaful payables	(26,289)	6,674
Decrease in financing receivables	2,243	4,146
(Increase)/decrease in placements of deposits with financial institutions	(587,291)	142,517
Increase in retakaful assets	(24,199)	(41,667)
Increase in takaful certificate liabilities	331,824	282,306
Operating cash flows after working capital changes	<u>(118,530)</u>	<u>(505,768)</u>

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CASH FLOWS (CONT'D.)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

	6 months period ended 30.06.2015 RM'000	6 months period ended 30.06.2014 RM'000
CASH FLOW FROM OPERATING ACTIVITIES (CONT'D.)		
Profit income received	229,048	210,563
Gross dividend income received	28,346	21,526
Zakat paid	(801)	(2,387)
Taxation paid	(48,750)	(61,354)
Tax refund	-	-
Mudharabah paid to participants	(32,900)	(28,442)
Net cash flows generated/(used in) from operating activities	<u>56,413</u>	<u>(365,862)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Profit paid for subordinated obligation	(6,761)	-
Issuance of subordinated obligation	-	300,000
Net cash flows (used)/generated from financing activities	<u>(6,761)</u>	<u>300,000</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds on sale of property, plant and equipment	-	3
Purchase of intangible assets	(191)	(7,831)
Purchase of property, plant and equipment	(102)	(34)
Net cash flows used in investing activities	<u>(293)</u>	<u>(7,862)</u>
Net increase/(decrease) in cash and cash equivalents	49,359	(73,724)
Cash and cash equivalents at beginning of period	120,576	187,661
Cash and cash equivalents at end of period	<u>169,935</u>	<u>113,937</u>
Cash and cash equivalents comprise:		
Cash and bank balances of:		
Shareholder's fund	21,700	24,246
General takaful fund	85,233	36,105
Family takaful fund	63,002	53,586
	<u>169,935</u>	<u>113,937</u>

These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015**

1. BASIS OF PREPARATION

The unaudited condensed interim financial statements for the six months ended 30 June 2015 have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting, IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board, Guidelines/Circulars issued by Bank Negara Malaysia and Islamic Financial Services Act 2013.

In accordance with the Islamic Financial Services Act 2013, the assets and liabilities of the takaful funds are segregated from those of the takaful operator: a concept known as segregation of funds. However, in compliance with MFRS 10 Consolidated Financial Statements, the assets, liabilities, income and expenses of the takaful funds are consolidated with those of the takaful operator to represent the control possessed by the operator over the respective funds.

Similar to last year annual financial statements, in preparing the Company-level financial statements, the balances and transactions of the shareholder's fund are amalgamated and combined with those of the takaful funds. Interfund balances, transactions and unrealised gains or losses are eliminated in full during amalgamation. The accounting policies adopted for the shareholder's and takaful funds are uniform for like transactions and events in similar circumstances.

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

The Company has met the minimum capital requirements as prescribed by Risk-Based Capital Takaful Framework for takaful operators ("the RBCT Framework") issued by Bank Negara Malaysia as at the reporting date.

The unaudited condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2014.

The significant accounting policies adopted in this set of interim financial statements are consistent with those adopted in the audited financial statements for the year ended 31 December 2014 except for the adoption of the following MFRSs, Amendments to MFRSs and Issues Committee ("IC") Interpretations:

MFRSs/ Amendments/Interpretations	Effective date
Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011 - 2013 Cycle)	1 July 2014
Amendments to MFRS 2 <i>Share-based Payment (Annual Improvements 2010 - 2012 Cycle)</i>	1 July 2014

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015 (CONT'D)

1. BASIS OF PREPARATION (CONT'D.)

MFRSs/ Amendments/Interpretations	Effective date
Amendments to MFRS 3 <i>Business Combinations (Annual Improvements 2010 - 2012 Cycle and 2011 - 2013 Cycle)</i>	1 July 2014
Amendments to MFRS 13 <i>Fair Value Measurement (Annual Improvements 2010 - 2012 Cycle and 2011 - 2013 Cycle)</i>	1 July 2014
Amendments to MFRS 116 <i>Property Plant and Equipment (Annual Improvements 2010 - 2012 Cycle)</i>	1 July 2014
Amendments to MFRS 124 <i>Related Party Disclosures (Annual Improvements 2010 - 2012 Cycle)</i>	1 July 2014
Amendments to MFRS 138 <i>Intangible Assets (Annual Improvements 2010 - 2012 Cycle)</i>	1 July 2014
Amendments to MFRS 140 <i>Investment Property (Annual Improvements 2011 - 2013 Cycle)</i>	1 July 2014

The adoption of the above amendments to MFRSs and IC interpretation would not have any material impact to the Company's financial performance.

2. STATUS OF AUDIT QUALIFICATION

The auditor's report on the audited financial statements of the financial year ending 31 December 2014 was not qualified.

3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The operations of the Company was not materially affected by any seasonal or cyclical factors during the six months period ended 30 June 2015.

However, as is common for other licensed takaful operators, surplus of the family takaful fund will only be transferred at the financial year end upon approval by the Appointed Actuary.

4. UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the six months period ended 30 June 2015.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015 (CONT'D)

5. CHANGES IN ESTIMATES

There was no change in estimates of amounts reported in prior financial periods that has a material effect in the condensed interim financial statements.

6. ISSUES, REPURCHASES AND REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the six months period ended 30 June 2015.

7. DIVIDENDS PAID

No dividend has been paid or declared by the Company from the previous audited financial statements.

8 MATERIAL EVENTS SUBSEQUENT TO END OF REPORTING PERIOD

There were no material events subsequent to the end of the period reported that require disclosure or adjustments to the unaudited condensed interim financial statements.

9 CHANGES IN THE COMPOSITION OF THE COMPANY

There is no change in the composition of the Company from the previous audited financial statements.

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

10. INVESTMENTS

	Shareholder's fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	Company RM'000
30.06.2015				
Malaysian government papers	110,269	470,178	324,720	905,167
Debt securities	1,406,345	784,102	5,448,467	7,638,914
Equity securities	187,420	24,781	1,756,832	1,969,033
Unit and property trust funds	3,660	231	56,560	60,451
Investment-linked units	21,966	-	-	
Structured products	-	19,223	48,570	67,793
Negotiable Islamic certificates of deposit ("NICD")	-	9,656	126,172	135,828
Quoted unit and property trust funds outside Malaysia	-	-	35	35
Deposits with financial institutions	328,040	166,389	707,494	1,201,923
	<u>2,057,700</u>	<u>1,474,560</u>	<u>8,468,850</u>	<u>11,979,144</u>
31.12.2014				
Malaysian government papers	-	462,019	504,467	966,486
Debt securities	1,468,388	825,820	5,512,052	7,806,260
Equity securities	195,921	22,555	1,542,267	1,760,743
Unit and property trust funds	3,880	243	24,577	28,700
Investment-linked units	21,219	-	-	-
Structured products	-	18,635	71,452	90,087
Negotiable Islamic certificates of deposit ("NICD")	-	9,491	123,704	133,195
Quoted unit and property trust funds outside Malaysia	-	-	7	7
Deposits with financial institutions	122,487	118,275	373,870	614,632
	<u>1,811,895</u>	<u>1,457,038</u>	<u>8,152,396</u>	<u>11,400,110</u>

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

10. INVESTMENTS (CONT'D)

	Shareholder's fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	Company RM'000
30.06.2015				
Available-for-sale ("AFS")	1,729,660	1,310,763	3,619,070	6,637,527
Fair value through profit and loss ("FVTPL"):				
- Designated upon initial recognition	-	(2,592)	4,120,672	4,118,080
- Held for trading ("HFT")	-	-	21,614	21,614
Loans and receivables ("LAR")	328,040	166,389	707,494	1,201,923
	<u>2,057,700</u>	<u>1,474,560</u>	<u>8,468,850</u>	<u>11,979,144</u>
31.12.2014				
Available-for-sale ("AFS")	1,689,408	1,341,990	3,319,779	6,329,958
Fair value through profit and loss ("FVTPL"):				
- Designated upon initial recognition	-	(3,227)	4,439,112	4,435,885
- Held for trading ("HFT")	-	-	19,635	19,635
Loans and receivables ("LAR")	122,487	118,275	373,870	614,632
	<u>1,811,895</u>	<u>1,457,038</u>	<u>8,152,396</u>	<u>11,400,110</u>

The following investments will mature after 12 months:

	Shareholder's fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	Company RM'000
30.06.2015				
AFS	1,513,670	1,180,643	1,741,274	4,435,587
FVTPL				
- Designated upon initial recognition	-	-	4,005,056	4,005,056
- HFT	-	-	8,140	8,140
	<u>1,513,670</u>	<u>1,180,643</u>	<u>5,754,470</u>	<u>8,448,783</u>
31.12.2014				
AFS	1,468,388	1,295,265	1,732,013	4,495,666
FVTPL				
- Designated upon initial recognition	-	-	4,404,371	4,404,371
- HFT	-	-	11,389	11,389
	<u>1,468,388</u>	<u>1,295,265</u>	<u>6,147,773</u>	<u>8,911,426</u>

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

10. INVESTMENTS (CONT'D)

(i) AFS

	Shareholder's fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	Company RM'000
30.06.2015				
<u>At fair value:</u>				
Malaysian government papers	110,269	470,178	143,645	724,092
Unquoted debt securities in Malaysia	1,406,345	784,102	1,651,230	3,841,677
Quoted equity securities in Malaysia	187,420	24,781	1,749,706	1,961,907
Quoted unit and property trust funds in Malaysia	3,660	231	56,560	60,451
Investment-linked units	21,966	-	-	-
Structured products	-	21,815	-	21,815
NICD	-	9,656	17,929	27,585
	<u>1,729,660</u>	<u>1,310,763</u>	<u>3,619,070</u>	<u>6,637,527</u>
31.12.2014				
<u>At fair value:</u>				
Malaysian government papers	-	462,019	111,903	573,922
Unquoted debt securities in Malaysia	1,468,388	825,820	1,629,693	3,923,901
Quoted equity securities in Malaysia	195,921	22,555	1,536,032	1,754,508
Quoted unit and property trust funds in Malaysia	3,880	243	24,577	28,700
Investment-linked units	21,219	-	-	-
Structured products	-	21,862	-	21,862
NICD	-	9,491	17,574	27,065
	<u>1,689,408</u>	<u>1,341,990</u>	<u>3,319,779</u>	<u>6,329,958</u>

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

10. INVESTMENTS (CONT'D)

(II) FVTPL

	Shareholder's fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	Company RM'000
- Designated upon initial recognition				
30.06.2015				
<u>At fair value:</u>				
Malaysian government papers	-	-	173,498	173,498
Unquoted debt securities in Malaysia	-	-	3,790,361	3,790,361
Structured products	-	(2,592)	48,570	45,978
NICD	-	-	108,243	108,243
	<u>-</u>	<u>(2,592)</u>	<u>4,120,672</u>	<u>4,118,080</u>
31.12.2014				
<u>At fair value:</u>				
Malaysian government papers	-	-	383,571	383,571
Unquoted debt securities in Malaysia	-	-	3,877,959	3,877,959
Structured products	-	(3,227)	71,452	68,225
NICD	-	-	106,130	106,130
	<u>-</u>	<u>(3,227)</u>	<u>4,439,112</u>	<u>4,435,885</u>
- HFT				
30.06.2015				
<u>At fair value:</u>				
Malaysian government papers	-	-	7,577	7,577
Unquoted debt securities in Malaysia	-	-	6,876	6,876
Quoted equity securities in Malaysia	-	-	7,126	7,126
Quoted unit and property trust funds outside Malaysia	-	-	35	35
	<u>-</u>	<u>-</u>	<u>21,614</u>	<u>21,614</u>

10. INVESTMENTS (CONT'D)

(ii) FVTPL

	Shareholder's fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	Company RM'000
- HFT				
31.12.2014				
<u>At fair value:</u>				
Malaysian government papers	-	-	8,993	8,993
Unquoted debt securities in Malaysia	-	-	4,400	4,400
Quoted equity securities in Malaysia	-	-	6,235	6,235
Quoted unit and property trust funds outside Malaysia	-	-	7	7
	<u>-</u>	<u>-</u>	<u>19,635</u>	<u>19,635</u>

(iii) LAR

30.06.2015

**Deposits and placements with
financial institutions**

Islamic investment accounts with:

Licensed financial institutions	171,995	86,197	486,088	744,280
Others	156,045	80,192	221,406	457,643
	<u>328,040</u>	<u>166,389</u>	<u>707,494</u>	<u>1,201,923</u>

31.12.2014

**Deposits and placements with
financial institutions**

Islamic investment accounts with:

Licensed financial institutions	77,487	88,275	339,870	505,632
Others	45,000	30,000	34,000	109,000
	<u>122,487</u>	<u>118,275</u>	<u>373,870</u>	<u>614,632</u>

The carrying amounts of LAR are reasonable approximations of fair values due to the short term maturity of the financial assets.

Included in the LAR are assets pledged to obtain an Islamic bank guarantee facilities with Maybank Islamic Berhad which amounted to RM3,000,000 (31.12.2014: RM3,000,000).

An analysis of the different fair value measurement bases used in the determination of the fair values of investments are further disclosed in Note 17.

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

11. RETAKAFUL ASSETS

	30.06.2015	31.12.2014
	RM'000	RM'000
Retakaful operators' share of:		
General takaful certificate liabilities (Note 13)	261,836	257,441
Family takaful certificate liabilities (Note 13)	23,029	14,798
Allowance for impairment losses		
- General takaful	(5,019)	(4,875)
- Family takaful	-	-
	<u>279,846</u>	<u>267,364</u>

12. PARTICIPANTS' FUND

	30.06.2015	31.12.2014
	RM'000	RM'000
Takaful funds and Company		
General takaful fund (Note (a))	180,188	181,700
Family takaful fund (Note (b))	2,356,317	2,266,950
	<u>2,536,505</u>	<u>2,448,650</u>

	30.06.2015	31.12.2014
	RM'000	RM'000
(a) General takaful fund		
Accumulated surplus (Note (i))	192,283	202,806
AFS reserves (Note (ii))	(12,095)	(21,106)
	<u>180,188</u>	<u>181,700</u>

	30.06.2015	31.12.2014
	RM'000	RM'000
(i) Accumulated surplus		
At 1 January 2015/2014	202,806	185,711
Surplus arising during the period/year	36,452	97,497
Surplus paid to participants during the period/year	(46,975)	(80,403)
At 30 June 2015/31 December 2014	<u>192,283</u>	<u>202,806</u>

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

12. PARTICIPANTS' FUND (CONT'D.)

	30.06.2015	31.12.2014
	RM'000	RM'000
(ii) AFS reserves		
At 1 January 2015/2014	(21,106)	(26,007)
Net gain on fair value changes	17,665	13,197
Realised gain transferred to income statement	(5,651)	(6,663)
Deferred tax on fair value changes	(3,003)	(1,633)
At 30 June 2015/31 December 2014	<u>(12,095)</u>	<u>(21,106)</u>

	30.06.2015	31.12.2014
	RM'000	RM'000
(b) Family takaful fund		
Accumulated surplus (Note (i))	2,370,576	2,270,764
Surplus attributable to participants (Note (ii))	29,704	29,704
AFS reserves (Note (iii))	(43,963)	(33,518)
	<u>2,356,317</u>	<u>2,266,950</u>

	30.06.2015	31.12.2014
	RM'000	RM'000
(i) Accumulated surplus		
At 1 January 2015/2014	2,270,764	2,046,700
Surplus arising during the period/year	100,038	263,086
Surplus attributable to participants during the period/year	-	(18,852)
Surplus paid to participants during the period/year	(226)	(20,170)
At 30 June 2015/31 December 2014	<u>2,370,576</u>	<u>2,270,764</u>

	30.06.2015	31.12.2014
	RM'000	RM'000
(ii) Surplus attributable to participants		
At 1 January 2015/2014	29,704	10,852
Surplus attributable to participants during the period/year	-	18,852
At 30 June 2015/31 December 2014	<u>29,704</u>	<u>29,704</u>

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

12. PARTICIPANTS' FUND (CONT'D.)

	30.06.2015	31.12.2014
	RM'000	RM'000
(iii) AFS reserves		
At 1 January 2015/2014	(33,518)	89,086
Net gain on fair value changes	21,830	56,467
Realised gain transferred to income statement	(33,566)	(188,917)
Deferred tax on fair value changes	1,291	9,846
At 30 June 2015/31 December 2014	<u>(43,963)</u>	<u>(33,518)</u>

13. TAKAFUL CERTIFICATE LIABILITIES

	Gross	Retakaful	Net
	RM'000	RM'000	RM'000
Takaful funds			
30.06.2015			
General takaful fund (Note (a))	1,514,168	(261,836)	1,252,332
Family takaful fund (Note (b))	6,138,578	(23,029)	6,115,549
	<u>7,652,746</u>	<u>(284,865)</u>	<u>7,367,881</u>
31.12.2014			
General takaful fund (Note (a))	1,395,720	(257,441)	1,138,279
Family takaful fund (Note (b))	5,894,921	(14,798)	5,880,123
	<u>7,290,641</u>	<u>(272,239)</u>	<u>7,018,402</u>
(a) General takaful fund			
	Gross	Retakaful	Net
	RM'000	RM'000	RM'000
30.06.2015			
Claims liabilities (Note (i))	900,018	(241,915)	658,103
Contribution liabilities (Note (ii))	614,150	(19,921)	594,229
	<u>1,514,168</u>	<u>(261,836)</u>	<u>1,252,332</u>
31.12.2014			
Claims liabilities (Note (i))	811,854	(225,947)	585,907
Contribution liabilities (Note (ii))	583,866	(31,494)	552,372
	<u>1,395,720</u>	<u>(257,441)</u>	<u>1,138,279</u>

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

13. TAKAFUL CERTIFICATE LIABILITIES (CONT'D.)

(a) General takaful fund (cont'd.)

(i) Claims liabilities

	Gross RM'000	Retakaful RM'000	Net RM'000
30.06.2015			
At 1 January 2015	811,854	(225,947)	585,907
Claims incurred in the current accident period	307,181	(12,340)	294,841
Movement in claims incurred in prior accident period	45,685	(56,575)	(10,890)
Claims paid during the period	(281,447)	55,746	(225,701)
Movements in PRAD	16,745	(2,799)	13,946
At 30 June 2015	<u>900,018</u>	<u>(241,915)</u>	<u>658,103</u>
31.12.2014			
At 1 January 2014	699,800	(173,839)	525,961
Claims incurred in the current accident year	590,304	(57,043)	533,261
Movement in claims incurred in prior accident years	(23,545)	(13,945)	(37,490)
Claims paid during the year	(469,084)	27,762	(441,322)
Movements in PRAD	14,379	(8,882)	5,497
At 31 December 2014	<u>811,854</u>	<u>(225,947)</u>	<u>585,907</u>

(ii) Contribution liabilities

	Gross RM'000	Retakaful RM'000	Net RM'000
30.06.2015			
At 1 January 2015	583,866	(31,494)	552,372
Contributions written during the period	551,420	(40,508)	510,912
Contributions earned during the period	(521,136)	52,081	(469,055)
At 30 June 2015	<u>614,150</u>	<u>(19,921)</u>	<u>594,229</u>

13. TAKAFUL CERTIFICATE LIABILITIES (CONT'D.)

(a) General takaful fund (cont'd.)

(ii) Contribution liabilities (cont'd)

	Gross RM'000	Retakaful RM'000	Net RM'000
31.12.2014			
At 1 January 2014	543,014	(31,459)	511,555
Contributions written during the year	1,013,747	(110,620)	903,127
Contributions earned during the year	(972,895)	110,585	(862,310)
At 31 December 2014	<u>583,866</u>	<u>(31,494)</u>	<u>552,372</u>

(b) Family takaful fund

(i) The family takaful certificate liabilities and its movements are further analysed as follows:

	Gross RM'000	Retakaful RM'000	Net RM'000
30.06.2015			
Claims liabilities (Note (ii))	98,830	(6,792)	92,038
Actuarial liabilities (Note (ii))	6,015,170	(16,237)	5,998,933
NAV attributable to unitholders (Note (ii))	24,578	-	24,578
	<u>6,138,578</u>	<u>(23,029)</u>	<u>6,115,549</u>
31.12.2014			
Claims liabilities (Note (ii))	83,802	(5,031)	78,771
Actuarial liabilities (Note (ii))	5,788,823	(9,767)	5,779,056
NAV attributable to unitholders (Note (ii))	22,296	-	22,296
	<u>5,894,921</u>	<u>(14,798)</u>	<u>5,880,123</u>

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

13. TAKAFUL CERTIFICATE LIABILITIES (CONT'D.)

(b) Family takaful fund (Cont'd.)

(ii) The movements of the family takaful certificate liabilities are as follows:

	Claims Liabilities RM'000	Actuarial Liabilities RM'000	NAV Attributable to Unitholders RM'000	Gross Liabilities RM'000	Retakaful Assets RM'000	Net Liabilities RM'000
30.06.2015						
At 1 January 2015	83,802	5,788,823	22,296	5,894,921	(14,798)	5,880,123
Net earned contribution	-	-	2,799	2,799	(14,705)	(11,906)
Other revenue	-	-	931	931	-	931
Experience/benefit variation	(3,622)	-	-	(3,622)	(2,038)	(5,660)
Claims intimated during the period	331,142	(331,142)	-	-	(1,761)	(1,761)
Claims paid during the period	(312,492)	-	(1,313)	(313,805)	16,743	(297,062)
Other expenses	-	-	(62)	(62)	-	(62)
Taxation	-	-	(73)	(73)	-	(73)
Increase in certificate reserves	-	557,489	-	557,489	(6,470)	551,019
At 30 June 2015	98,830	6,015,170	24,578	6,138,578	(23,029)	6,115,549
31.12.2014						
At 1 January 2014	67,385	5,452,578	-	5,519,963	(15,817)	5,504,146
Net earned contribution	-	-	22,513	22,513	(44,809)	(22,296)
Other revenue	-	-	466	466	-	466
Experience/benefit variation	(2,940)	-	-	(2,940)	20,809	17,869
Claims intimated during the year	589,834	(589,834)	-	-	(4,491)	(4,491)
Claims paid during the year	(570,477)	-	(398)	(570,875)	24,000	(546,875)
Other expenses	-	-	(259)	(259)	-	(259)
Taxation	-	-	(26)	(26)	-	(26)
Increase in certificate reserves	-	926,079	-	926,079	5,510	931,589
At 31 December 2014	83,802	5,788,823	22,296	5,894,921	(14,798)	5,880,123

14. OPERATING LEASE COMMITMENTS

As at the reporting date, the Company and takaful funds lease office premises under lease agreements that are not cancellable within a year. The leases contain renewable options.

Future minimum lease payments for leases with initial or remaining terms of one year or more are as follows:

	30.06.2015	31.12.2014
	RM'000	RM'000
Within 1 year	11,722	10,955
After 1 year but not more than 5 years	44,753	40,964
	<u>56,475</u>	<u>51,919</u>

15. CAPITAL COMMITMENTS

	30.06.2015	31.12.2014
	RM'000	RM'000
Shareholder's fund		
Approved and contracted for:		
Intangible assets	-	280
	<u>-</u>	<u>280</u>
Approved and not contracted for:		
Intangible assets	90	-
	<u>90</u>	<u>-</u>

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

16. REGULATORY CAPITAL REQUIREMENT

The capital structure of the Company as at 30 June 2015/31 December 2014, as prescribed under the RBCT Framework is provided below :

30.06.2015

	Shareholder's fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	Company RM'000
Eligible Tier 1 Capital				
Paid up share capital	400,000	-	-	400,000
Valuation surplus in takaful funds		192,283	2,406,403	2,598,686
Retained earnings	1,047,396	-	-	1,047,396
	<u>1,447,396</u>	<u>192,283</u>	<u>2,406,403</u>	<u>4,046,082</u>
Tier 2 Capital				
Available-for-sale reserves	(18,795)	(12,095)	(43,021)	(73,911)
Subordinated obligation	300,000	-	-	300,000
	<u>281,205</u>	<u>(12,095)</u>	<u>(43,021)</u>	<u>226,089</u>
Amount deducted from capital	<u>(55,741)</u>	<u>(62,096)</u>	<u>(12,805)</u>	<u>(130,642)</u>
Total Capital Available	<u>1,672,860</u>	<u>118,092</u>	<u>2,350,577</u>	<u>4,141,529</u>

31.12.2014

	Shareholder's fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	Company RM'000
Eligible Tier 1 Capital				
Paid up share capital	400,000	-	-	400,000
Valuation surplus in takaful funds	-	202,806	2,307,437	2,510,243
Retained earnings	1,019,961	-	-	1,019,961
	<u>1,419,961</u>	<u>202,806</u>	<u>2,307,437</u>	<u>3,930,204</u>
Tier 2 Capital				
Available-for-sale reserves	(30,635)	(21,106)	(32,175)	(83,916)
Subordinated obligation	300,000	-	-	300,000
	<u>269,365</u>	<u>(21,106)</u>	<u>(32,175)</u>	<u>216,084</u>
Amount deducted from capital	<u>(57,617)</u>	<u>(120,141)</u>	<u>(14,474)</u>	<u>(192,232)</u>
Total Capital Available	<u>1,631,709</u>	<u>61,559</u>	<u>2,260,788</u>	<u>3,954,056</u>

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(a) Fair value hierarchy

The company classifies its financial instruments measured at fair value according to the fair value hierarchy.

The levels of the fair value hierarchy as defined by the accounting standards are an indication of the observability of prices or valuation input. It can be classified into the following hierarchies/levels:

- **Level 1 : Active Market – quoted price**

Refers to financial instruments which are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Such financial instruments include quoted equity securities and quoted unit and property trust funds.

- **Level 2 : No Active Market – Valuation techniques using observable input**

Refers to inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

Examples of level 2 financial instruments include corporate and government bonds, and over-the-counter ("OTC") derivatives.

- **Level 3 : No Active Market – Valuation techniques using unobservable input**

Refers to financial instruments where fair values are measured using unobservable market inputs. The valuation technique is consistent with level 2. The chosen valuation technique incorporates management's assumptions and data.

Example of level 3 instruments is private equity investments.

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

17. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONT'D.)

(a) Fair value hierarchy (cont'd.)

Shareholder's Fund

	Valuation techniques using:		Total RM'000
	Level 1 Quoted market prices RM'000	Level 2 Observable inputs RM'000	
30.06.2015			
<u>Assets</u>			
AFS financial investments			
Malaysian government papers	-	110,269	110,269
Unquoted debt securities in Malaysia	-	1,406,345	1,406,345
Quoted equity securities in Malaysia	187,420	-	187,420
Quoted unit and property trust funds in Malaysia	3,660	-	3,660
Investment-linked units	21,966	-	21,966
Total assets	213,046	1,516,614	1,729,660
<u>Liability</u>			
Subordinated obligation	-	302,643	302,643
Total liability	-	302,643	302,643
31.12.2014			
<u>Assets</u>			
AFS financial investments			
Unquoted debt securities in Malaysia	-	1,468,388	1,468,388
Quoted equity securities in Malaysia	195,921	-	195,921
Quoted unit and property trust funds in Malaysia	3,880	-	3,880
Investment-linked units	21,219	-	21,219
Total assets	221,020	1,468,388	1,689,408
<u>Liability</u>			
Subordinated obligation	-	300,978	300,978
Total liability	-	300,978	300,978

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

17. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONT'D.)

(a) Fair value hierarchy (cont'd.)

General takaful fund

	Valuation techniques using:		Total RM'000
	Level 1 Quoted market prices RM'000	Level 2 Observable inputs RM'000	
30.06.2015			
<u>Assets</u>			
AFS financial investments			
Malaysian government papers	-	470,178	470,178
Unquoted debt securities in Malaysia	-	784,102	784,102
Quoted equity securities in Malaysia	24,781	-	24,781
Quoted unit and property trust funds in Malaysia	231	-	231
Structured products	-	19,223	19,223
NICD	-	9,656	9,656
Total assets	25,012	1,283,159	1,308,171
31.12.2014			
<u>Assets</u>			
AFS financial investments			
Malaysian government papers	-	462,019	462,019
Unquoted debt securities in Malaysia	-	825,820	825,820
Quoted equity securities in Malaysia	22,555	-	22,555
Quoted unit and property trust funds in Malaysia	243	-	243
Structured products	-	18,635	18,635
NICD	-	9,491	9,491
Total assets	22,798	1,315,965	1,338,763

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

17. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONT'D.)

(a) Fair value hierarchy (cont'd.)

Family takaful fund

	Valuation techniques using:		Total RM'000
	Level 1 Quoted market prices RM'000	Level 2 Observable inputs RM'000	
30.06.2015			
<u>Assets</u>			
AFS financial investments			
Malaysian government papers	-	143,645	143,645
Unquoted debt securities in Malaysia	-	1,651,230	1,651,230
Quoted equity securities in Malaysia	1,749,706	-	1,749,706
Quoted unit and property trust funds in Malaysia	56,560	-	56,560
NICD	-	17,929	17,929
Financial investments at FVTPL			
- Designated upon initial recognition			
Malaysian government papers	-	173,498	173,498
Unquoted debt securities in Malaysia	-	3,790,361	3,790,361
Structured products	-	48,570	48,570
NICD	-	108,243	108,243
- HFT			
Malaysian government papers	-	7,577	7,577
Unquoted debt securities in Malaysia	-	6,876	6,876
Quoted equity securities in Malaysia	7,126	-	7,126
Quoted unit and property trust funds outside Malaysia	35	-	35
	1,813,427	5,947,929	7,761,356

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

17. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONT'D.)

(a) Fair value hierarchy (cont'd.)

Family takaful fund

	Valuation techniques using:		Total RM'000
	Level 1 Quoted market prices RM'000	Level 2 Observable inputs RM'000	
31.12.2014			
<u>Assets</u>			
AFS financial investments			
Malaysian government papers	-	111,903	111,903
Unquoted debt securities in Malaysia	-	1,629,693	1,629,693
Quoted equity securities in Malaysia	1,536,032	-	1,536,032
Quoted unit and property trust funds in Malaysia	24,577	-	24,577
NICD	-	17,574	17,574
Financial investments at FVTPL			
- Designated upon initial recognition			
Malaysian government papers	-	383,571	383,571
Unquoted debt securities in Malaysia	-	3,877,959	3,877,959
Structured products	-	71,452	71,452
NICD	-	106,130	106,130
- HFT			
Malaysian government papers	-	8,993	8,993
Unquoted debt securities in Malaysia	-	4,400	4,400
Quoted equity securities in Malaysia	6,235	-	6,235
Quoted unit and property trust funds outside Malaysia	7	-	7
	1,566,851	6,211,675	7,778,526