



**ETIQA TAKAFUL BERHAD (266243-D)**  
**(formerly known as Takaful Nasional Sdn Berhad)**  
**(Incorporated in Malaysia)**

**Directors' Report and Audited Financial Statements**  
**30 June 2008**

**ETIQA TAKAFUL BERHAD**  
**(formerly known as Takaful Nasional Sdn Berhad)**  
**(Incorporated in Malaysia)**

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**ETIQA TAKAFUL BERHAD**  
**(formerly known as Takaful Nasional Sdn Berhad)**  
**(Incorporated in Malaysia)**

**DIRECTORS' REPORT**

The directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 30 June 2008.

**PRINCIPAL ACTIVITIES**

The Company is principally engaged in the managing of general and family takaful business.

On 1 December 2007, it also commenced the business of managing takaful investment-linked business upon the transfer of the takaful assets, liabilities and business of Mayban Takaful Berhad (now known as Sri MTB Berhad) to the Company, as described in Note 27.

Other than as stated above, there have been no significant changes in the nature of the activities of the Company during the financial year.

**CHANGE OF NAME**

On 31 October 2007, the Company's status was changed from a private limited liability Company to a public Company. Accordingly, its name was changed from Takaful Nasional Sdn Bhd to Takaful Nasional Berhad.

On 15 November 2007, the Mayban Fortis Holdings Berhad ("MFHB") Group rebranded the organisation under a new name and identity that symbolises the Group's efforts to humanise takaful operational process. In conjunction with this new branding exercise, the Company changed its name to Etiqa Takaful Berhad on 12 November 2007.

**RESULTS**

	<b>RM'000</b>
Net profit for the year	<u>60,303</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statements of changes in equity.

In the opinion of the directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

## **DIVIDENDS**

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any final dividend in respect of the current financial year.

## **DIRECTORS**

The directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor	(Chairman)
Damis Jacobus Ziengs	(Vice Chairman)
Datuk Haji Abdul Rahman bin Mohd Ramli	
Datuk Dr. Syed Othman bin Syed Hussin Alhabshi	
Dato' Haji Aminuddin bin Md. Desa	
Hugo Philip van Vledder	

## **SHARIAH COMMITTEE**

The Company is advised by a Shariah Committee ("SC"), whose composition is as follows:

Y Bhg Dato' Seri (Dr) Harussani bin Haji Zakaria  
Y Brs Penolong Prof. Dr. Ismail bin Mohd @ Abu Hassan  
Y Brs Penolong Prof. Dr. Mohammad Deen bin Mohd Napiah  
Y Brs Prof. Madya Dr. Abdul Karim bin Ali  
Y Brs Tuan Haji Wan Mansor bin Dato Haji Wan Mohamed

The SC met 6 times during the financial year.

## **DIRECTORS' BENEFITS**

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, other than as may arise from the share options to be granted pursuant to the ultimate holding company's Maybank Group Employee Share Option Scheme ("ESOS").

**DIRECTORS' BENEFITS (CONT'D.)**

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors, as per disclosed in Notes 17 and 25 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

**DIRECTORS' INTERESTS**

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the ultimate holding company, Malayan Banking Berhad, during the financial year were as follows:

	<b>Number of ordinary shares of RM1 each</b>			
	<b>1 July 2007/ Date of Appointment</b>	<b>Bought</b>	<b>Bonus Issue</b>	<b>30 June 2008</b>
<b>Direct Interest:</b>				
Datuk Haji Abdul Rahman bin Mohd Ramli	36,200	43,800	20,000	100,000
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor	-	5,000	-	5,000
<b>Indirect Interest:</b>				
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor	10,000	5,000	2,500	17,500

	<b>Number of options over ordinary shares of RM1 each</b>				
	<b>Option Price RM</b>	<b>Date of ESOS</b>	<b>Granted</b>	<b>Exercised</b>	<b>30 June 2008</b>
Datuk Haji Abdul Rahman bin Mohd Ramli	9.23	1.09.04	82,000	82,000	-
	9.92	14.11.05	62,500	62,500	-
	10.19	14.11.06	62,500	37,500	25,000

Other than as disclosed above, none of the directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

**OTHER STATUTORY INFORMATION**

- (a) Before the balance sheet and income statement of the Company were made out, the directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
  
- (b) At the date of this report, the directors are not aware of any circumstances which would:
  - (i) require any amount to be written off as bad debts or render the amount of the provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent; and
  - (ii) render the values attributed to the current assets in the financial statements of the Company misleading.
  
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
  
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company which would render any amount stated in the financial statements misleading.
  
- (e) As at the date of this report, there does not exist:
  - (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Company which has arisen since the end of the financial year.

## **OTHER STATUTORY INFORMATION (CONTD.)**

(f) In the opinion of the directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

For the purpose of paragraphs (e) and (f), contingent or other liabilities do not include liabilities arising from contracts of Takaful underwritten in the ordinary course of business of the Company.

(g) Before the balance sheet and income statement of the Company were made out, the directors took reasonable steps to ascertain that there was adequate provision for incurred claims, including Incurred But Not Reported ("IBNR") claims.

## **CORPORATE GOVERNANCE**

The Board of Directors ("the Board") is committed to ensuring that the highest standards of corporate governance are practised in the Company. This is a fundamental part in discharging their responsibilities to protect and enhance all stakeholders' values and the financial performance of the Company.

### **(a) Board Responsibilities**

In discharging their duties, the Board is equally responsible to ensure compliance with the Takaful Act, 1984 and Bank Negara Malaysia's ("BNM") Guidelines, including JPI/GPI 1: Duties and Responsibilities of Directors and Chief Executive of Insurers and other directives. They also have to comply with the tenets of corporate governance by adopting its best practices as stipulated under JPI/GPI 25 (Consolidated): Prudential Framework of Corporate Governance for Insurers. Apart from their statutory responsibilities, the Board approves the Company's major investments, disposals and funding decisions. They ensure the implementation of appropriate systems to manage risks and also review and approve the strategies and financial objectives to be implemented by the management. These functions are carried out by the Board directly and/or through their various committees.

**CORPORATE GOVERNANCE (CONT'D.)**

The Board is responsible for creating the framework and policies within which the Company should be operating and the management is responsible for implementing them. This demarcation reinforces the supervisory role of the Board.

Hence, the Company has an organisational structure showing all reporting lines as well as clearly documented job descriptions for all management and executive employees and formal performance appraisals are done annually.

The directors, with different backgrounds and experiences, collectively bring with them a wide range of skills and specialised knowledge that are required for the management of the Company.

The Board met 6 times during the financial year and the attendance of the directors was as follows:

<b>Name</b>	<b>Number of Board meetings Attended</b>	<b>%</b>
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor (Chairman)	6/6	100
Damis Jacobus Ziengs (Vice Chairman)	6/6	100
Datuk Haji Abdul Rahman bin Mohd Ramli	5/6	83
Datuk Dr. Syed Othman bin Syed Hussin Alhabshi	6/6	100
Dato' Aminuddin bin Md Desa	5/6	83
Hugo Philip van Vledder	6/6	100

**(b) Management Accountability**

Whilst the Board is responsible for creating the framework and policies within which the Company should be operating, the management is accountable for the execution of the enabling policies and attainment of the Company's corporate objectives.

**(c) Corporate Independence**

All material related party transactions have been disclosed in Note 26 to the financial statements.

## **CORPORATE GOVERNANCE (CONT'D.)**

### **(d) Internal Controls and Audit**

The Board exercises overall responsibility for the Company's internal controls and its effectiveness. The Board recognises that risks cannot be eliminated completely; as such, the systems and processes put in place are aimed at minimising and managing them. The Company has established internal controls which cover all levels of personnel and business processes that ensure the Company's operations are run in an effective and efficient manner as well as to safeguard the assets of the Company and stakeholders' interests. Continuous assessment of the effectiveness and adequacy of internal controls, which includes an independent examination of controls by the internal audit function, ensures that corrective action where necessary, is taken in a timely manner.

The internal audit reports are tabled at the first scheduled Audit Committee ("AC") meeting after the date of receipt of these reports. The internal audit function reports to the Board through the AC, and its findings and recommendations are communicated to senior management and all levels of staff concerned. The AC is established at the holding company's level.

The composition of the AC is as follows:

Sulaiman bin Salleh (Chairman) (appointed as Chairman on 11 January 2008)  
Independent Non-Executive Director

Damis Jacobus Ziengs  
Non-Independent Non-Executive Director

Datuk Haji Abdul Rahman bin Mohd Ramli  
Non-Independent Non-Executive Director

Datuk Dr. Syed Othman bin Syed Hussin Alhabshi  
Independent Non-Executive Director

Datuk Syed Tamim Ansari Syed Mohamed (appointed on 17 December 2007)  
Independent Non-Executive Director

Raja Tan Sri Muhammad Alias bin Raja Muhd Ali (resigned on 30 September 2007)  
Independent Non-Executive Director

## **CORPORATE GOVERNANCE (CONT'D)**

### **(d) Internal Controls and Audit (Cont'd)**

The AC met 5 times during the year.

### **(e) Risk Management**

The Board takes responsibility in establishing the Risk Management Committee ("RMC"). The primary objective of the RMC is to oversee the senior management's activities in managing the key risk areas of the Company and to ensure that the risk management process is in place and functioning effectively.

The Company established the RMC at the holding company's level. In discharging its responsibilities, the RMC is complemented by the Investment Committee of the Board and assisted by the Asset Liability Committee ("ALCO") of the management.

A Shariah Committee, set up in compliance with the Takaful Act, 1984, will oversee that the operations of the Company are in line with the principles of Shariah.

The risk management framework for the Company comprises three main components, i.e. policy-making, monitoring and control and risk acceptance while the risk management approach would premise on three lines of defence, i.e. risk-taking, risk control and coordinating units and internal audit. Risks have been classified into three main categories, which are made up of takaful risk, financial risk (including market risk, credit risk and balance sheet risk) and operational risk.

There is an on-going process for identifying, evaluating and managing the significant risks faced by the Company in consultation with the Shariah Committee. This is achieved through designated management functions and internal controls, which includes the setting up of operational risk limits for all core activities.

The composition of the RMC is as follows:

Datuk Syed Tamim Ansari Syed Mohamed (Chairman) Independent Non-Executive Director	(appointed as member on 17 December 2007 and as Chairman on 11 January 2008)
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Petrus Bernardus Gerardus van Harten  
Non-Independent Non-Executive Director

Datuk Haji Abdul Rahman bin Mohd Ramli  
Non-Independent Non-Executive Director

Raja Tan Sri Muhammad Alias bin Raja Muhd Ali Independent Non-Executive Director	(resigned on 30 September 2007)
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The RMC met 3 times during the year.

## **CORPORATE GOVERNANCE (CONT'D)**

### **(f) Nomination Committee and Remuneration and Establishment Committee**

The Board also takes responsibility in establishing the Nomination Committee ("NC") and Remuneration and Establishment Committee ("REC"). The Company will continue to use the existing Nomination Committee and Remuneration and Establishment Committee of the ultimate holding company, Malayan Banking Berhad ("MBB") Group as part of its governance structure.

The primary objective of the NC is to establish a documented, formal and transparent procedure for the appointment of directors, chief executive officer and key senior officers. The committee is also responsible to assess the effectiveness of directors, the Board as a whole and the various committees of the Board, the chief executive officer and key senior officers.

The REC, on the other hand, is responsible to provide a formal and transparent procedure for developing a remuneration policy for directors, chief executive officer and key senior officers and ensuring that their compensation is competitive and consistent with the Company's culture, objectives and strategy.

The composition of the NC is as follows:

Haji Mohd Hashir bin Haji Abdullah (Chairman) (appointed as Chairman on 1 October 2007)  
Independent Non-Executive Director

Datuk Haji Abdul Rahman bin Mohd Ramli  
Non-Independent Non-Executive Director

Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor  
Independent Non-Executive Director

Datuk Zainun Aishah binti Ahmad (appointed on 1 October 2007)  
Non-Independent Non-Executive Director

Datuk Syed Tamim Ansari Syed Mohamed (appointed on 11 October 2007)  
Independent Non-Executive Director

Raja Tan Sri Muhammad Alias bin Raja Muhd Ali (resigned on 29 September 2007)  
Independent Non-Executive Director

Mohammad bin Abdullah (resigned on 29 September 2007)  
Independent Non-Executive Director

The NC met 8 times during the year.

## **CORPORATE GOVERNANCE (CONT'D)**

### **(f) Nomination Committee and Remuneration and Establishment Committee (Cont'd)**

The composition of the REC is as follows:

Tan Sri Dato' Megat Zaharuddin (appointed as Chairman on 1 October 2007)  
bin Megat Mohd Nor (Chairman)  
Independent Non-Executive Director

Datuk Haji Abdul Rahman bin Mohd Ramli  
Non-Independent Non-Executive Director

Datuk Zainun Aishah binti Ahmad (appointed on 1 October 2007)  
Non-Independent Non-Executive Director

Tan Sri Dato' Sri Chua Hock Chin (appointed on 1 October 2007)  
Independent Non-Executive Director

Mohammad bin Abdullah (resigned on 29 September 2007)  
Independent Non-Executive Director

Raja Tan Sri Muhammad Alias bin Raja Muhd Ali (resigned on 29 September 2007)  
Independent Non-Executive Director

Teh Soon Poh (resigned on 29 September 2007)  
Independent Non-Executive Director

The REC met 12 times during the year.

### **(g) Investment Committee**

The Investment Committee ("IC") is set up at Mayban Life Assurance Berhad. However, its membership, roles and responsibilities transcend beyond Mayban Life Assurance Berhad to include and cover all their operating companies under Mayban Fortis Holdings Berhad, which are Mayban General Assurance Berhad, Etiqa Insurance Berhad (formerly known as Malaysia National Insurance Berhad) and Etiqa Takaful Berhad (formerly known as Takaful Nasional Sdn Berhad).

The objectives of the IC include to present an opinion on the long-term strategic investment policy including real estate, as a recommendation for the Risk Management Meeting ("RMM")/RMC/Board based on ALCO advice, to establish the tactical investment policy on the basis of the proposal by the investment manager and within the boundaries laid out in the Investment Management Mandates ("IMM"), to test the policy conducted by the investment manager against the strategic and tactical investment policy/asset management mandate, to evaluate and approve the operational policy conducted by the Investment Management ("IM") and also to evaluate, negotiate conditions with, appoint or dismiss external fund managers, custodians, banks and other financial intermediaries.

**CORPORATE GOVERNANCE (CONT'D)**

**(g) Investment Committee (cont'd)**

The IC reports to the Board of all the operating companies under Mayban Fortis Holdings Berhad.

The composition of the IC is as follows:

Sulaiman bin Salleh  
Independent Non-Executive Director

Datuk Haji Abdul Rahman bin Mohd Ramli  
Non-Independent Non-Executive Director

Datuk Dr. Syed Othman bin Syed Hussin Al-Habshi  
Independent Non-Executive Director

Dato' Haji Aminuddin bin Md. Desa (resigned on 1 December 2007)  
Non-Independent Non-Executive Director

Hugo Philip van Vledder (appointed on 17 December 2007)  
Senior Management Team

Hans J. J. De Cuyper  
Senior Management Team

Norlia bt. Mat Yusof  
Senior Management Team

See Toong Chow  
Senior Management Team

Haji Mohd. Tarmidzi bin Ahmad Nordin  
Senior Management Team

Amirudin bin Abdul Halim (appointed on 1 December 2007)  
Senior Management Team

Y. Bhg., Senator Tan Sri Amirsham A. Aziz (resigned on 18 March 2008)  
Non-Independent Non-Executive Director

Zainal Abidin bin Mohd Noor (resigned on 28 February 2008)  
Senior Management Team

The Investment Committee met 4 times during the year.

## **CORPORATE GOVERNANCE (CONT'D)**

### **(h) Public Accountability**

As custodian of public funds, the Company's dealings with the public are always conducted fairly, honestly and professionally.

### **(i) Financial Reporting**

The Board takes responsibility for presenting a balanced and comprehensive assessment of the Company's operations and prospects each time it releases its annual financial statements to shareholders. The AC of the Board assists by scrutinising the information to be disclosed, to ensure accuracy, adequacy and completeness.

## **SIGNIFICANT EVENTS**

The significant event during the financial year is as disclosed in Note 27 to the financial statements.

## **AUDITORS**

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors

Tan Sri Dato' Megat Zaharuddin  
bin Megat Mohd Nor

Hugo Philip van Vledder

Kuala Lumpur, Malaysia  
12 August 2008

**ETIQA TAKAFUL BERHAD**  
**(formerly known as Takaful Nasional Sdn Berhad)**  
**(Incorporated in Malaysia)**

**STATEMENT BY DIRECTORS**  
**PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965**

We, Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor and Hugo Philip van Vledder, being two of the directors of Etiqa Takaful Berhad (formerly known as Takaful Nasional Sdn Berhad), do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 17 to 92 are drawn up in accordance with applicable Financial Reporting Standards in Malaysia and in compliance with the Shariah requirements and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Company as at 30 June 2008 and of the results and the cash flows of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors

Tan Sri Dato' Megat Zaharuddin  
bin Megat Mohd Nor

Hugo Philip van Vledder

Kuala Lumpur, Malaysia  
12 August 2008

**STATUTORY DECLARATION**  
**PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965**

I, Mohd. Tarmidzi bin Ahmad Nordin, being the Officer primarily responsible for the financial management of Etiqa Takaful Berhad (formerly known as Takaful Nasional Sdn Berhad), do solemnly and sincerely declare that the accompanying financial statements set out on pages 17 to 92 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
the abovenamed Mohd. Tarmidzi bin Ahmad Nordin at  
Kuala Lumpur in Wilayah Persekutuan  
on 12 August 2008.

Mohd. Tarmidzi bin Ahmad Nordin

Before me,

Commissioner for Oaths

**ETIQA TAKAFUL BERHAD**  
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**REPORT OF THE SHARIAH COMMITTEE**

We, Y Bhg Dato' Seri (Dr) Harussani bin Haji Zakaria and Y Brs Penolong Prof. Dr. Ismail bin Mohd @ Abu Hassan, being members of the Shariah Committee of Etiqa Takaful Berhad (formerly known as Takaful Nasional Sdn Berhad), do hereby confirm on behalf of the members of the Committee that in our opinion, the activities of the Company's business for the financial year ended 30 June 2008 have been conducted in conformity with the Shariah requirements.

Signed on behalf of the Committee

Y Bhg Dato' Seri (Dr) Harussani  
bin Haji Zakaria

Y Brs Penolong Prof. Dr. Ismail  
bin Mohd @ Abu Hassan

Kuala Lumpur, Malaysia  
12 August 2008

266243-D

**Independent auditors' report to the members of  
Etiqa Takaful Berhad (formerly known as Takaful Nasional Sdn Berhad)  
(Incorporated in Malaysia)**

**Report on the financial statements**

We have audited the financial statements of Etiqa Takaful Berhad (formerly known as Takaful Nasional Sdn Berhad), which comprise the balance sheets as at 30 June 2008, and the income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 17 to 92.

***Directors' responsibility for the financial statements***

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Auditors' responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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**Independent auditors' report to the members of  
Etiqa Takaful Berhad (formerly known as Takaful Nasional Sdn Berhad) (Cont'd.)  
(Incorporated in Malaysia)**

***Opinion***

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards, with such modifications and exceptions as determined by Bank Negara Malaysia and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 30 June 2008 and of their financial performance and cash flows for the year then ended.

**Reporting on other legal and regulatory requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young  
AF: 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
12 August 2008

Gloria Goh Ewe Gim  
No.1685/04/09(J)  
Chartered Accountant

**ETIQA TAKAFUL BERHAD**  
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**(Incorporated in Malaysia)**

**BALANCE SHEET**  
**AS AT 30 JUNE 2008**

	Note	2008 RM'000	2007 RM'000
<b>ASSETS</b>			
<b>Shareholder's Fund Assets</b>			
Property, plant and equipment	3	5,113	9,130
Intangible assets	4	6,494	4,394
Investments	5	123,470	148,725
Financing receivables	6	13,669	14,688
Receivables	8	159,107	50,684
Cash and bank balances		12,187	20,027
<b>Total Shareholder's Fund Assets</b>		<u>320,040</u>	<u>247,648</u>
<b>Total General Takaful Fund Assets (page 20)</b>		633,649	446,179
<b>Total Investment-linked Fund Assets</b>	20	327,490	-
<b>Total Family Takaful Fund Assets (page 22)</b>		<u>3,752,139</u>	<u>3,140,764</u>
<b>TOTAL ASSETS</b>		<u><u>5,033,318</u></u>	<u><u>3,834,591</u></u>
<b>EQUITY, TAKAFUL FUNDS AND LIABILITIES</b>			
<b>Equity Attributable to Equity Holder of the Company</b>			
Share capital	9	100,000	100,000
Retained profits		175,642	115,339
<b>Total Equity</b>		<u>275,642</u>	<u>215,339</u>
<b>Takaful Funds</b>			
General Takaful Fund	10	294,444	218,851
Investment-linked Fund	20	293,435	-
Family Takaful Fund	11	3,513,703	2,953,035
<b>Total Takaful Funds</b>		<u>4,101,581</u>	<u>3,171,886</u>

**ETIQA TAKAFUL BERHAD**  
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**BALANCE SHEET**  
**AS AT 30 JUNE 2008 (CONTD.)**

	Note	2008 RM'000	2007 RM'000
<b>EQUITY, TAKAFUL FUNDS AND LIABILITIES (CONTD)</b>			
<b>Liabilities</b>			
Deferred tax liabilities	7	1,270	1,051
Payables	13	32,196	27,090
Tax payable		10,932	4,168
<b>Total Shareholder's Fund liabilities</b>		44,398	32,309
<b>Total General Takaful Fund liabilities (page 20)</b>		339,205	227,328
<b>Total Investment-linked Fund liabilities</b>	20	34,055	-
<b>Total Family Takaful Fund liabilities (page 22)</b>		238,436	187,729
<b>Total Liabilities</b>		656,094	447,366
<b>TOTAL EQUITY, TAKAFUL FUNDS AND LIABILITIES</b>		5,033,318	3,834,591

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

**ETIQA TAKAFUL BERHAD**  
**(Incorporated in Malaysia)**

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 RM'000	2007 RM'000
Operating revenue	14	1,156,969	911,139
Shareholder's fund:			
Investment income	16	6,369	5,950
Wakalah fees	14	63,932	22,174
- General Takaful fund		56,800	22,174
- Family Takaful fund		7,132	-
Commission expenses		(25,883)	(8,789)
Management expenses	17	(51,863)	(14,958)
Other income, (net)	18	16,989	17,709
		9,544	22,086
Transfers from Takaful revenue accounts :			
- General Takaful fund (page 21)		32,537	5,637
- Family Takaful fund (page 23)		41,014	10,587
<b>Profit before taxation and zakat</b>		83,095	38,310
Taxation	19	(19,390)	(10,530)
Zakat		(3,402)	(4,608)
<b>Net profit for the year</b>		60,303	23,172
Earnings per share-basic (sen)	21	60.3	23.2

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

**ETIQA TAKAFUL BERHAD**  
**(formerly known as Takaful Nasional Sdn Berhad)**  
**(Incorporated in Malaysia)**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2008**

	<b>Attributable to Equity Holder of the Company</b>		
	<b>Share Capital RM'000</b>	<b>Distributable Retained Profits RM'000</b>	<b>Total RM'000</b>
<b>At 1 July 2006</b>	100,000	92,167	192,167
Net profit for the year	-	23,172	23,172
<b>At 30 June 2007</b>	<u>100,000</u>	<u>115,339</u>	<u>215,339</u>
Net profit for the year	-	60,303	60,303
<b>At 30 June 2008</b>	<u>100,000</u>	<u>175,642</u>	<u>275,642</u>

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

**ETIQA TAKAFUL BERHAD**  
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**(Incorporated in Malaysia)**

**GENERAL TAKAFUL FUND BALANCE SHEET**  
**AS AT 30 JUNE 2008**

	Note	2008 RM'000	2007 RM'000
<b>ASSETS</b>			
Property, plant and equipment	3	122	234
Intangible assets	4	6,812	7,220
Investments	5	506,572	359,243
Financing receivables	6	1,830	1,871
Deferred tax assets	7	-	153
Receivables	8	76,958	57,069
Cash and bank balances		41,355	20,389
<b>Total General Takaful Fund Assets</b>		<u>633,649</u>	<u>446,179</u>
<b>LIABILITIES</b>			
Provision for outstanding claims	12	172,754	123,693
Payables	13	149,854	87,775
Deferred tax liabilities	7	85	-
Tax payable		16,512	15,860
<b>Total General Takaful Fund Liabilities</b>		<u>339,205</u>	<u>227,328</u>
<b>TAKAFUL FUND</b>			
General Takaful Fund	10	294,444	218,851
<b>Total General Takaful Fund Liabilities and Takaful Fund</b>		<u>633,649</u>	<u>446,179</u>

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

**ETIQA TAKAFUL BERHAD**  
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**GENERAL TAKAFUL FUND REVENUE ACCOUNT**  
**FOR THE YEAR ENDED 30 JUNE 2008**

Note	Fire		Motor		Marine, aviation and transit ("MAT")		Miscellaneous ("Misc.")		Total	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Operating revenue	60,677	87,029	149,754	96,867	7,504	8,558	43,877	38,629	261,812	231,083
Gross contributions	55,694	81,083	137,457	90,249	7,033	7,973	40,147	35,990	240,331	215,295
Retakaful	(18,078)	(22,793)	(4,030)	(3,072)	(6,552)	(7,861)	(15,359)	(19,102)	(44,019)	(52,828)
Net contributions	37,616	58,290	133,427	87,177	481	112	24,788	16,888	196,312	162,467
Decrease/(increase) in unearned contribution reserves	(8,655)	(33,322)	(5,295)	3,680	19	455	(2,094)	(2,123)	(16,025)	(31,310)
Earned contributions	28,961	24,968	128,132	90,857	500	567	22,694	14,765	180,287	131,157
Net claims incurred/(recovered)	(4,774)	(8,506)	(80,732)	(57,621)	240	(528)	881	(13,605)	(84,385)	(80,260)
Net commissions	5,604	(678)	(1,141)	(5,353)	752	692	3,484	371	8,699	(4,968)
Underwriting surplus/(deficit) before wakalah fees and management expenses	29,791	15,784	46,259	27,883	1,492	731	27,059	1,532	104,601	45,930
Wakalah fees									(56,800)	(22,174)
Management expenses									(7,669)	(28,703)
Underwriting surplus/(deficit)									40,132	(4,947)
Investment income									21,481	15,788
Other income, (net)									6,964	3,066
Provision for doubtful debts									(916)	(10,554)
Surplus attributable to the Company and participants for the year									67,661	3,354
Surplus attributable to the Company and transferred to Income Statement									(32,537)	(5,637)
Surplus/(deficit) before taxation									35,124	(2,284)
Taxation									-	(883)
Net surplus/(deficit) attributable to participants for the year									35,124	(3,167)
Mudharabah paid to participants during the year									(1,245)	(3,547)
Surplus/(deficit) transferred to General Takaful Fund									33,879	(6,714)

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

**ETIQA TAKAFUL BERHAD**  
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**FAMILY TAKAFUL FUND BALANCE SHEET**  
**AS AT 30 JUNE 2008**

	Note	2008 RM'000	2007 RM'000
<b>ASSETS</b>			
Property, plant and equipment	3	145	362
Intangible assets	4	3,366	2,693
Investments	5	3,523,734	2,978,452
Financing receivables	6	40,972	41,444
Deferred tax assets	7	70	465
Receivables	8	118,851	69,834
Cash and bank balances		65,001	47,514
<b>Family Takaful Fund Assets</b>		<u>3,752,139</u>	<u>3,140,764</u>
Investment-linked business assets	20	327,490	-
<b>Total Fund Assets</b>		<u>4,079,629</u>	<u>3,140,764</u>
<b>LIABILITIES</b>			
Provision for outstanding claims	12	39,725	41,130
Payables	13	157,793	106,061
Deferred tax liabilities	7	-	-
Tax payable		40,918	40,538
<b>Family Takaful Fund Liabilities</b>		<u>238,436</u>	<u>187,729</u>
Investment-linked business liabilities	20	34,055	-
<b>Total Family Takaful Fund Liabilities</b>		<u>272,491</u>	<u>187,729</u>
<b>TAKAFUL FUNDS</b>			
Family Takaful Fund	11	3,513,703	2,953,035
Investment-linked funds	20	293,435	-
		<u>3,807,138</u>	<u>2,953,035</u>
<b>Total Fund Liabilities and Takaful Funds</b>		<u>4,079,629</u>	<u>3,140,764</u>

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

**ETIQA TAKAFUL BERHAD**  
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**FAMILY TAKAFUL FUND REVENUE ACCOUNT**  
**FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 RM'000	2007 RM'000
Operating revenue	14	824,855	651,932
Gross contributions		658,422	516,141
Retakaful		(15,666)	(12,565)
Net contributions		642,756	503,576
Benefits paid and payable:			
Death		(78,717)	(66,307)
Maturity		(3,983)	(1,405)
Surrender		(87,606)	(82,155)
Others		(28,789)	(27,256)
		(199,095)	(177,123)
Net commission and agency expenses		(102,345)	(74,600)
Wakalah fees		(7,132)	-
Management expenses	17	(77,112)	(60,965)
		(186,589)	(135,565)
Underwriting surplus		257,072	190,888
Investment income	16	166,433	135,791
Other income, (net)	18	42,147	41,512
Surplus before taxation		465,652	368,191
Taxation	19	-	(2,485)
Surplus for the year		465,652	365,706
Family Takaful fund at beginning of year		2,953,035	2,599,119
Mudharabah paid to participants during the year		(2,211)	(1,203)
Surplus transferred to the Income Statement		(41,014)	(10,587)
Transferred from Mayban Takaful Berhad	27	138,241	-
Family Takaful Fund at end of year	11	3,513,703	2,953,035

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

**ETIQA TAKAFUL BERHAD**  
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**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 RM'000	2007 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation and zakat		83,095	38,310
Adjustments for:			
Depreciation of property, plant and equipment		5,052	5,424
Amortisation of intangible assets		9,324	5,916
Loss on disposal of property, plant and equipment		-	186
Provision for doubtful debts		916	10,554
Net gain on disposal of investments		(37,357)	(35,676)
Investment income		(195,021)	(157,969)
Net write-back of diminution in value of investments		(10,966)	(11,579)
Increase in General Takaful Fund		16,025	31,310
Increase in Family Takaful Fund		449,792	218,327
Operating profit before working capital changes		<u>320,860</u>	<u>104,803</u>
Proceeds from disposal of investments		498,661	746,798
Purchase of investments		(792,530)	(896,726)
Increase in trade receivables		(20,794)	(38,362)
(Increase)/decrease in other receivables		(156,534)	94,115
Increase in trade payables		9,752	42,288
Increase in other payables		113,511	131,140
Decrease/(increase) in financing receivables		1,532	(8)
Increase in placements of Islamic investment accounts		(138,526)	(249,278)
Increase in provision for outstanding claims		47,651	20,464
		<u>(116,417)</u>	<u>(44,766)</u>
Investment income received		166,694	106,521
Transferred from MTB		3,394	-
Zakat paid		(3,500)	(3,144)
Taxation paid		(15,494)	(17,286)
Mudharabah paid to participants		(3,456)	(4,633)
Net cash generated from operating activities	22	<u>31,221</u>	<u>36,692</u>

**ETIQA TAKAFUL BERHAD**  
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**(Incorporated in Malaysia)**

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2008 (CONT'D)**

	Note	2008 RM'000	2007 RM'000
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of property, plant and equipment		-	390
Purchase of property and equipment		(608)	(5,436)
Net cash used in investing activities	22	<u>(608)</u>	<u>(5,046)</u>
<b>Net increase in cash and cash equivalents</b>	22	30,613	31,646
<b>Cash and cash equivalents at beginning of year</b>		<u>87,930</u>	<u>56,284</u>
<b>Cash and cash equivalents at end of year</b>		<u>118,543</u>	<u>87,930</u>
<b>Cash and cash equivalents comprise:</b>			
Cash and bank balances of:			
Shareholder's Fund		12,187	20,027
General Takaful Fund		41,355	20,389
Family Takaful Fund		65,001	47,514
		<u>118,543</u>	<u>87,930</u>

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

**ETIQA TAKAFUL BERHAD**  
**(formerly known as Takaful Nasional Sdn Berhad)**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2008**

**1. CORPORATE INFORMATION**

The Company is principally engaged in the managing of general and family takaful business.

On 1 December 2007, it also commenced the business of managing takaful investment-linked business upon the transfer of the takaful assets, liabilities and business of Mayban Takaful Berhad (now known as Sri MTB Berhad) to the Company, as described in Note 27.

Other than as stated above, there have been no significant changes in the nature of the activities of the Company during the financial year.

On 31 October 2007, the Company's status was changed from a private limited liability Company to a public Company. Accordingly, its name was changed from Takaful Nasional Sdn Bhd to Takaful Nasional Berhad.

On 15 November 2007, the Mayban Fortis Holdings Berhad ("MFHB") Group rebranded the organisation under a new name and identity that symbolises the Group's efforts to humanise takaful operational process. In conjunction with this new branding exercise, the Company changed its name to Etiqa Takaful Berhad on 12 November 2007.

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 19, Tower C, Dataran Maybank, No. 1, Jalan Maarof, 59000 Kuala Lumpur.

The holding and ultimate holding companies are Mayban Fortis Holdings Berhad ("MFHB") and Malayan Banking Berhad ("MBB") respectively, both of which are incorporated in Malaysia. MBB is a licensed commercial bank listed on the Main Board of the Bursa Malaysia Securities Berhad.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 12 August 2008.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation

The financial statements of the Company have been prepared under the historical cost convention, except for the valuation of the investments of the investment-linked funds at market value, and comply with applicable Financial Reporting Standards ("FRS") in Malaysia. The financial statements are modified to comply with the principles of Shariah and the provisions of the Companies Act, 1965, the Takaful Act, 1984 and the Guidelines and Circulars issued by Bank Negara Malaysia ("BNM").

At the beginning of the financial year, the Company had adopted new and revised FRSs as described fully in Note 2.3.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except where otherwise indicated.

### 2.2 Summary of Significant Accounting Policies

#### (a) General Takaful Fund

The General Takaful fund is maintained in accordance with the Takaful Act, 1984 and consists of unearned contribution reserves and surplus/deficit attributable to participants which represents the participants' share in the net surplus of the General Takaful revenue account. Any deficit in the General Takaful fund will be made good by the Shareholder's fund via a benevolent loan or Qardhul Hassan. Surplus is distributable in accordance with the terms and conditions prescribed by the Shariah Committee of the Company.

The General Takaful underwriting results are determined for each class of business after taking into account retakaful, unearned contributions reserves, claims incurred, Wakalah fees and management expenses.

#### (i) Contribution income

Contribution is recognised as soon as the amount of the contribution can be reliably measured in accordance with the principles of Shariah.

Inward treaty retakaful contributions are recognised on the basis of periodic advices received from ceding companies.

Outward retakaful contributions are recognised in the same financial period as the original certificate to which the retakaful relates.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (a) General Takaful Fund (Cont'd)

##### (ii) Unearned contribution reserves

###### Mudharabah

The short-term unearned contribution reserves ("UCR") represent the portion of net contribution income on takaful certificates written that relate to the unexpired periods of certificates at the end of the financial period.

In determining the UCR at the balance sheet date, the method that most accurately reflects the actual unearned contribution is used as follows:

- earned upon maturity method for bond business;
- 25% method for marine cargo and aviation cargo, transit business; and
- 1/365th method for all other classes of general business, reduced by the percentage of accounted gross direct business commissions to the corresponding contribution, not exceeding limits specified by BNM as follows:

Motor and bond	10%
Fire, engineering, aviation and marine hull	15%
Workmen compensation and employers' liability:	
- Foreign workers	10%
- Others	25%
Other classes	25%

Non-annual certificates are time-apportioned over the period of the risks.

The long term UCR represent the portion of net contribution income of long-term takaful certificates underwritten, that relate to the unexpired periods of the certificates at the end of the financial year. The contribution income is recognised on a time apportionment basis over the duration of the certificates.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (a) General Takaful Fund (Cont'd)

##### (ii) Unearned contribution reserves (Cont'd)

###### Wakalah

The UCR for Wakalah business is calculated on net contribution income with a further deduction for Wakalah fee expenses to reflect the Wakalah business principle. The method used to calculate UCR is the same as the Mudharabah business. No further deduction for commission expenses is made as commission expenses are borne by shareholders' fund.

In previous financial years, UCR was calculated on net contribution income without any deduction for Wakalah fees. This change in method of computing the UCR for Wakalah business is accounted for prospectively as a change in accounting estimate. Arising from this change, the UCR charge to the General Takaful revenue account for the current financial year decreased by RM23,266,000.

##### (iii) Provision for claims

A liability for outstanding claims is recognised in respect of both direct takaful and inward retakaful. The amount of outstanding claims is the best estimate of the expenditure required together with related expenses less retakaful recoveries to settle the present obligation at the balance sheet date.

Provision is also made for the cost of claims together with related expenses, incurred but not reported ("IBNR") at the balance sheet date, based on an actuarial valuation by a qualified actuary, using a mathematical method of estimation based on an actual claims development pattern.

##### (iv) Commission expenses/acquisition costs

Commission expenses net of income derived from retakaful, which are costs directly incurred in securing contributions on takaful certificates net of income derived from ceding retakaful contributions, are recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

Under the Mudharabah principle, commission expenses are borne by the General Takaful fund with the resulting underwriting surplus/deficit after expenses shared between the Company and the participants as advised by the Shariah Committee.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **2.2 Summary of Significant Accounting Policies (Cont'd)**

#### **(a) General Takaful Fund (Cont'd)**

##### **(iv) Commission expenses/acquisition costs (Cont'd.)**

Under the Wakalah principle, commission expenses are borne by the Shareholder's fund at an agreed percentage of the gross contributions. This is in accordance with the principles of Wakalah as approved by the Shariah Committee and agreed between the participants and the Company.

Commission expenses on long term certificates are recognised as incurred based on the time-apportionment method over the period of the takaful certificates.

Under the Mudharabah principle, commission expenses are borne by the General Takaful fund with the resulting underwriting surplus/deficit after expenses shared between the Company and the participants as advised by the Shariah Committee.

Under the Wakalah principle, commission expenses are borne by the Shareholder's fund at an agreed percentage of the gross contributions. This is in accordance with the principles of Wakalah as approved by the Shariah Committee and agreed between the participants and the Company.

Commission expenses on long term certificates are recognised as incurred based on the time-apportionment method over the period of the takaful certificates.

#### **(b) Family Takaful Fund**

The Family Takaful funds are maintained in accordance with the requirements of the Takaful Act, 1984 and include the amount attributable to participants.

The Family Takaful fund surplus/deficit is determined by an annual actuarial valuation of the Family Takaful funds. Surplus distributable to participants is determined after deducting retakaful, claims/benefits paid and payable, expenses, provisions and reserves and distributed in accordance with the terms and conditions prescribed by the Shariah Committee.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (b) Family Takaful Fund (Cont'd.)

##### (i) Contribution income

Contributions are recognised as soon as the amount of the contributions can be reliably measured in accordance with the principles of Shariah as advised by the Shariah Committee. Initial contribution is recognised from inception date and subsequent contributions are recognised on due dates.

At the end of the financial period, all due contributions are accounted for to the extent that they can be reliably measured.

Outward retakaful contributions are recognised in the same financial period as the original certificates to which the retakaful relates.

##### (ii) Provision for claims

Claims and settlement costs that are incurred during the financial period are recognised when a claimable event occurs and/or the Company is notified.

Recoveries on retakaful claims are accounted for in the same financial period as the original claims are recognised.

Claims and provisions for claims arising on Family Takaful certificates, including settlement costs, less retakaful recoveries, are accounted for using the case basis method and for this purpose, the benefits payable under a Family Takaful certificate are recognised as follows:

- maturity or other certificate benefit payments due on specified dates are treated as claims payable on the due dates; and
- death, surrender and other benefits without due dates are treated as claims payable, on the date of receipt of intimation of death of the assured or occurrence of contingency covered.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (b) Family Takaful Fund (Cont'd.)

##### (iii) Commission expenses/acquisition costs

Commission expenses, which are costs directly incurred in securing contributions on takaful certificates, net of income derived from ceding retakaful contributions, are recognised as incurred and properly allocated to the periods in which it is probable that they give rise to income.

Under the Mudharabah principle, commission expenses are borne by the Family Takaful fund with the resulting underwriting surplus/deficit after expenses shared between the Company and the participants as advised by the Shariah Committee.

#### (c) Other revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transactions will flow to the Company and the amount of the revenue can be measured reliably.

##### (i) Profit income

Profit income is recognised on a time proportion basis that reflects the effective yield on the asset except for profit on financing receivables which are considered non-performing, i.e. when repayments are in arrears for more than three months, in which case, recognition of such profit is suspended with retrospective adjustment made to the date of first default. Subsequent to suspension, profit is recognised on a receipt basis until all arrears have been paid.

##### (ii) Dividend income

Dividend income is recognised on a declared basis when the Company's right to receive payment is established.

##### (iii) Wakalah fees

Wakalah fees represent fees charged by the Shareholder's fund to manage takaful certificates issued by the General and Family Takaful funds under the principle of Wakalah and are recognised as soon as the contributions to which they relate, can be reliably measured in accordance with the principles of Shariah.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (d) Employee Benefits

##### (i) Short-term benefits

Wages, salaries, bonuses and social security contributions ("SOCSSO") are recognised as an expense in the period in which the associated services are rendered by employees of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

##### (ii) Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient funds to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the income statement/revenue account as incurred. As required by law, the Company makes such contributions to the Employees Provident Fund ("EPF").

##### (iii) Share-based Compensation

The holding company's share-based compensation scheme, Maybank Employee Share Options Scheme ("ESOS"), allows the Group's employees to acquire ordinary shares of the ultimate holding company.

The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase within equity as capital contribution from the ultimate holding company over the vesting period and taking into account the probability that the options will vest. The fair value of the share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in the assumptions about the number of options that are expected to become exercisable on vesting date.

Settlement with the ultimate holding company in respect of the arrangement of the scheme is by cash over the vesting period.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (e) Impairment of Assets

The carrying amount of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An impairment loss is recognised in the income statement and/or revenue account in the period in which it arises.

An impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised in the income statement and/or revenue account.

#### (f) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (f) Property, Plant and Equipment and Depreciation (Cont'd.)

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Work-in-progress are not depreciated as these assets are not available for use.

Depreciation on other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Furniture, fittings, equipment and renovations	10% - 20%
Computers and peripherals	20% - 25%
Motor vehicles	20% - 25%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the income statement/revenue account.

#### (g) Leases

##### (i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Company all the risk and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risk and rewards are classified as operating leases.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (g) Leases (Cont'd.)

##### (ii) Operating Leases - The Company as Lessee

Operating lease payments are recognised as expense on a straight-line basis over the term of the relevant lease.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payment made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payment made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

#### (h) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

Amortisation is charged to the income statement/revenue accounts.

Intangible assets with definite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (h) Intangible Assets (Cont'd.)

##### (i) Software development costs

Software development in progress are tested for impairment annually and represent development expenditure on software. Following the initial recognition or the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future use. During the period of which the assets is not yet in use it is tested for impairment annually.

##### (ii) Software

The useful lives of computer software and licenses are amortised using the straight line method over their estimated useful lives of 2-5 years. Impairment is assessed whenever there is indication of impairment and the amortisation period and method are also reviewed at least at each balance sheet date.

##### (i) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the income statement/revenue account for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in income statement/revenue account.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (i) Foreign Currency Transactions (Cont'd.)

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, where the monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in the income statement/revenue account for the period.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the income statement/revenue account for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

#### (j) Income Tax

Income tax on the income statement/revenue account for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit and surplus for the financial year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as an income or an expense and included in the income statement/revenue account for the period, except when it arises from a transaction which is recognised directly in equity.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **2.2 Summary of Significant Accounting Policies (Cont'd)**

#### **(k) Zakat**

This represents tithes payable by the Company to comply with the principles of Shariah.

#### **(l) Cash and Cash Equivalents**

For the purpose of the cash flow statements, cash and cash equivalents include cash and bank balances, but do not include Islamic Investment Accounts.

#### **(m) Financial Instruments**

Financial instruments are recognised in the balance sheet when the Company becomes a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangements. Profits, dividends, gains and losses relating to financial instruments classified as liabilities, are reported as expense or income.

Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Disclosure information for financial assets and liabilities that relate to rights and obligations arising under takaful certificates are excluded from the scope of FRS 132 - Financial Instruments : Disclosure and Presentation.

#### **(i) Malaysian Government Securities and other approved investments**

Malaysian Government Securities ("MGS") and other approved investments inclusive of Negotiable Certificate Deposits ("NCD") and Negotiable Islamic Certificate of Deposits ("NICD") as specified by BNM are stated at cost adjusted for the amortisation of premiums or accretion of discounts, calculated on an effective yield basis, from the date of purchase to maturity date.

Amortisation of premiums and accretion of discounts are charged to the income statement/revenue accounts.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.2 Summary of Significant Accounting Policies (Cont'd)****(m) Financial Instruments (Contd.)****(ii) Government guaranteed bonds and unquoted corporate bonds**

Government guaranteed bonds and unquoted corporate bonds which are secured or carry a minimum rating of “BBB” or “P3” are stated at cost adjusted for amortisation of premiums and accretion of discounts, where applicable, calculated on an effective yield basis, from the date of purchase to their respective maturity dates. Any corporate bond with a lower rating is stated at the lower of cost and net realisable value.

**(iii) Quoted investments**

Quoted investments are stated at the lower of cost and market value determined on an aggregate portfolio basis by category of investments except that if diminution of a particular investment is not regarded as temporary, provision is made against the value of that investment.

Cost is determined on a weighted average basis while market value is determined based on market prices as at balance sheet date.

In previous years, a further annual general provision for diminution in value of quoted investments was made in the Takaful Funds, computed on the basis of 8% of the surplus of the General and Family Takaful Funds attributable to participants and the Takaful operator, in accordance with BNM Guidelines. This annual general provision was charged to the revenue accounts of the respective Takaful Funds.

The practise of making general provisions for diminution in value ceased at the beginning of the previous financial year and the balance of provision remaining has been maintained in the balance sheets of the General and Family Takaful Funds, pending further instructions from BNM.

**(iv) Unquoted investments**

Unquoted investments are stated at cost less any accumulated impairment losses.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **2.2 Summary of Significant Accounting Policies (Cont'd)**

#### **(m) Financial Instruments (Contd.)**

##### **(v) Investments of Investment-linked funds**

All investments of the investment-linked funds are stated at closing market prices or indicative market prices as at balance sheet date.

Any increase or decrease in value of investments is taken into the investment-linked funds income statements.

Gain or loss arising from the disposal of the above investments is the difference between net disposal proceeds and its carrying amounts. Gain or loss on disposal of investment is recognised in the income statement/revenue account.

##### **(vi) Receivables**

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date. Specific provisions are made for any contributions including agents, brokers and reinsurers balances which remain outstanding for more than six months (except for motor contribution balances which remain outstanding for more than 30 days) from the date on which they become receivable.

##### **(vii) Payables**

Payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

##### **(viii) Equity instruments**

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised and accounted for in the statement of changes in equity in the period in which they are declared.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (Cont'd)

The accounting policies and methods of computation applied by the Company are consistent with those adopted in the previous years except for adoption of the following Financial Reporting Standards ("FRSs"), amendments to FRSs and Interpretations of the Issues Committee ("IC") issued by the Malaysian Accounting Standards Board, effective from the financial year of the Company beginning 1 July 2007 :

<b>Standard/Interpretation</b>	<b>Effective date of Standard/ Interpretation</b>
FRS 117 : Leases	1 October 2006
FRS 124 : Related Party Disclosures	1 October 2006
FRS 139 : Financial Instruments Recognition and Measurement	Deferred
FRS 6 : Exploration for and Evaluation of Mineral Resources	1 January 2007
Amendment to FRS 119 <sub>2004</sub> : Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
FRS 107 : Cash Flow Statements	1 July 2007
FRS 111 : Construction Contracts	1 July 2007
FRS 112 : Income Taxes	1 July 2007
FRS 118 : Revenue	1 July 2007
FRS 120 : Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 134 : Interim Financial Reporting	1 July 2007
FRS 137 : Provisions, Contingent Liabilities and Contingent Assets	
IC 1 : Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC 2 : Members' Shares in Co-operative Entities and Similar Instrume	1 July 2007
IC 5 : Rights to Interests from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC 6 : Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC 7 : Applying the Restatement Approach under FRS 129 <sub>2004</sub> - Financial Reporting in Hyperinflationary Economies	1 July 2007
IC 8 : Scope of FRS 2	1 July 2007

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (Cont'd)

The Company has not early adopted the deferred FRS 139 - Financial Instruments: Recognition and Measurement. FRS 6, Amendment to FRS 129<sub>2004</sub>, Amendment to FRS 121, FRS 111, FRS 120, IC 1, IC 5, IC 6 and IC 7 are not applicable to the Company. The adoption of FRS 107, FRS 112, FRS 117, FRS 118, FRS 134, FRS 137, IC 2 and IC 8 does not result in significant changes in accounting policies of the Company.

The adoption of FRS 124 affects the level and extent of required disclosures.

#### **Treatment and Presentation of Wakalah Fees, Management and Commission Expenses**

In prior years, management and commission expenses were borne by the General and Family Takaful funds in their respective revenue accounts at an agreed percentage for each certificate underwritten. Wakalah surplus/deficit was arrived at after deducting commission and management expenses against the Wakalah fees charged. Any surplus/deficit arising was then transferred to/borne by the shareholders' fund as Wakalah surplus/deficit. This treatment of Wakalah fees, management and commission expenses was applied for tax purposes as the tax laws relating to takaful operators carrying on the Wakalah business model had not been formulated.

With the recent announcement of tax laws relating to takaful operators in the Budget 2008, the Company has changed its treatment of Wakalah fees, management and commission expenses to be recognised/borne wholly by the shareholders' fund in its income statement and not based on transfer of Wakalah surplus/deficit from the General and Family Takaful funds.

This change has no significant impact on the results of the Company.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Significant Accounting Estimates and Judgements

#### (a) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

##### (i) Amortisation and impairment of other intangible assets

Intangible assets that can be separated and sold and have a finite useful life are amortised over their estimated useful lives.

The determination of the estimated useful life of these intangible assets requires management to analyse the circumstances, the industry and market practice and also to use judgement. At each balance sheet date, or more frequently when events or changes in circumstances dictate, intangible assets are assessed for indications of impairment. If indications are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the assets with its recoverable amount.

##### (ii) Deferred tax assets

The Company is subject to income taxes in many jurisdictions and significant judgement is required in estimating the provision for income taxes. There are many transactions and interpretations of tax law for which the final outcome will not be established until some time later. Liabilities for taxation are recognized based on estimates of whether additional taxes will be payable. The estimation process includes seeking expert advice where appropriate. Where the final liability for taxation is different from the amount that were initially recorded, the differences will affect the income tax and deferred tax provision in the period in which the estimate is revised or the final liability is established.

##### (iii) Uncertainty in accounting estimates for General Takaful business

Provision for incurred but not reported ("IBNR") claims for each class of business are estimated by reference to a variety of estimation techniques, generally based on a statistical analysis of historical experience which assumes an underlying pattern of claims development and payment. The final selected estimates are based on a judgemental consideration of results of each method and qualitative information, for example, the class of business, the maturity of the portfolio and expected term to settlement of the class. Projections are based on historical experience and external benchmarks where relevant.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Significant Accounting Estimates and Judgements (Cont'd.)

#### (a) Key Sources of Estimation Uncertainty (Cont'd.)

##### (iv) Uncertainty in accounting estimates for Family Takaful business

For Family Takaful certificates, estimates are made for future deaths, disabilities, maturities, investment returns, voluntary terminations and expenses in accordance with contractual and regulatory requirements. The Family Takaful Fund bases the estimate of expected number of deaths on statutory mortality tables, adjusted where appropriate to reflect the fund's unique risk exposures. The estimated number of deaths determines the value of possible future benefits to be paid out, which will be factored into ensuring sufficient cover by reserves, which in return is monitored against current and future contributions. For those certificates that cover risks related to disability, estimates are made based on recent past experience and emerging trends.

At each reporting date, these estimates are reassessed for adequacy and changes will be reflected as adjustments to the liability.

##### (v) Pipeline contributions

The General Takaful Fund has recognised pipeline contribution amounting to approximately RM2,515,056 (2007: RM8,511,803) at the end of the current financial year. Estimation made by management is based on expected and actual risks underwritten and as advised by the relevant agents or underwriters. Other factors taken into consideration include average monthly trends for turnaround time of certificate issuance.

##### (vi) Impairment of unquoted investments

Impairment of unquoted investments is made after considering several factors, including business viability of the investee, potential recovery of capital invested and present values of any future dividend or income streams thereon. The present values of future income streams are measured by applying an expected rate of return that reflects the risk profile of the investment.

These are compared against the carrying costs of investments and appropriate judgement and consideration is made by management to ascertain if the current carrying costs continue to be relevant.

This assessment is performed at each balance sheet date and is critically reviewed by management, taking into consideration specific industry and economic factors relevant to the investment concerned.

### 3. PROPERTY, PLANT AND EQUIPMENT

#### Shareholder's Fund

	<b>Furniture, fittings, office equipment &amp; renovations RM'000</b>	<b>Computers and peripherals RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Work in progress RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>					
At 1 July 2007	17,212	15,647	660	-	33,519
Additions	509	46	-	-	555
Disposals	(395)	(47)	(103)	-	(545)
Transferred from Mayban Takaful Berhad ("MTB")	260	94	102	-	456
At 30 June 2008	<u>17,586</u>	<u>15,740</u>	<u>659</u>	<u>-</u>	<u>33,985</u>
<b>Accumulated Depreciation</b>					
At 1 July 2007	11,848	11,991	550	-	24,389
Charge for the year	2,119	2,519	37	-	4,675
Disposals	(415)	(31)	(103)	-	(549)
Transferred from MTB	161	94	102	-	357
At 30 June 2008	<u>13,713</u>	<u>14,573</u>	<u>586</u>	<u>-</u>	<u>28,872</u>
<b>Net Book Value</b>					
At 30 June 2008	<u>3,873</u>	<u>1,167</u>	<u>73</u>	<u>-</u>	<u>5,113</u>
<b>Cost</b>					
At 1 July 2006	15,315	15,468	1,117	1,622	33,522
Additions	333	61	-	60	454
Disposals	-	-	(457)	-	(457)
Transfers	1,564	118	-	(1,682)	-
At 30 June 2007	<u>17,212</u>	<u>15,647</u>	<u>660</u>	<u>-</u>	<u>33,519</u>
<b>Accumulated Depreciation</b>					
At 1 July 2006	9,821	9,224	658	-	19,703
Charge for the year	2,027	2,767	60	-	4,854
Disposals	-	-	(168)	-	(168)
At 30 June 2007	<u>11,848</u>	<u>11,991</u>	<u>550</u>	<u>-</u>	<u>24,389</u>
<b>Net Book Value</b>					
At 30 June 2007	<u>5,364</u>	<u>3,656</u>	<u>110</u>	<u>-</u>	<u>9,130</u>

### 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### General Takaful Fund

	<b>Furniture, fittings, office equipment &amp; renovations RM'000</b>	<b>Computers and peripherals RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>			
At 1 July 2007	589	1,517	2,106
Additions	28	-	28
Disposals	(38)	(3)	(41)
At 30 June 2008	<u>579</u>	<u>1,514</u>	<u>2,093</u>
<b>Accumulated Depreciation</b>			
At 1 July 2007	564	1,308	1,872
Charge for the year	17	118	135
Disposals	(33)	(3)	(36)
At 30 June 2008	<u>548</u>	<u>1,423</u>	<u>1,971</u>
<b>Net Book Value</b>			
At 30 June 2008	<u>31</u>	<u>91</u>	<u>122</u>
<b>Cost</b>			
At 1 July 2006/30 June 2007	<u>589</u>	<u>1,517</u>	<u>2,106</u>
<b>Accumulated Depreciation</b>			
At 1 July 2006	546	1,125	1,671
Charge for the year	18	183	201
At 30 June 2007	<u>564</u>	<u>1,308</u>	<u>1,872</u>
<b>Net Book Value</b>			
At 30 June 2007	<u>25</u>	<u>209</u>	<u>234</u>

### 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### Family Takaful Fund

	Furniture, fittings, office equipment & renovations RM'000	Computers and peripherals RM'000	Motor vehicles RM'000	Total RM'000
<b>Cost</b>				
At 1 July 2007	1,862	1,867	102	3,831
Additions	25	-	-	25
Write-offs	(49)	(8)	-	(57)
At 30 June 2008	<u>1,838</u>	<u>1,859</u>	<u>102</u>	<u>3,799</u>
<b>Accumulated Depreciation</b>				
At 1 July 2007	1,553	1,814	102	3,469
Charge for the year	205	37	-	242
Write-offs	(49)	(8)	-	(57)
At 30 June 2008	<u>1,709</u>	<u>1,843</u>	<u>102</u>	<u>3,654</u>
<b>Net Book Value</b>				
At 30 June 2008	<u>129</u>	<u>16</u>	<u>-</u>	<u>145</u>
<b>Cost</b>				
At 1 July 2006	1,853	1,862	102	3,817
Additions	9	5	-	14
At 30 June 2007	<u>1,862</u>	<u>1,867</u>	<u>102</u>	<u>3,831</u>
<b>Accumulated Depreciation</b>				
At 1 July 2006	1,341	1,657	102	3,100
Charge for the year	212	157	-	369
At 30 June 2007	<u>1,553</u>	<u>1,814</u>	<u>102</u>	<u>3,469</u>
<b>Net Book Value</b>				
At 30 June 2007	<u>309</u>	<u>53</u>	<u>-</u>	<u>362</u>

### 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Included in property, plant and equipment of the Company are the costs of fully depreciated assets, which are still in use, as follows:

	<b>Shareholder's Fund RM'000</b>	<b>General Takaful Fund RM'000</b>	<b>Family Takaful Fund RM'000</b>
<b>2008</b>			
Furniture, fittings, office equipment and renovations	7,243	425	834
Computers and peripherals	6,446	1,223	1,808
Motor vehicles	479	-	102
	<u>14,168</u>	<u>1,648</u>	<u>2,744</u>
<b>2007</b>			
Furniture, fittings, office equipment and renovations	6,537	507	813
Computer equipments and peripherals	4,632	809	1,422
Motor vehicles	480	-	102
	<u>11,649</u>	<u>1,316</u>	<u>2,337</u>

### 4. INTANGIBLE ASSETS

#### Shareholder's Fund

	<b>Software development costs RM'000</b>	<b>Software RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>			
At 1 July 2007	2,797	8,002	10,799
Additions	1,250	2,446	3,696
Disposals	-	(6)	(6)
Transfers	(2,093)	2,093	-
At 30 June 2008	<u>1,954</u>	<u>12,535</u>	<u>14,489</u>
<b>Accumulated Amortisation and Impairment</b>			
At 1 July 2007	-	6,405	6,405
Amortisation charge for the year	-	1,590	1,590
At 30 June 2008	<u>-</u>	<u>7,995</u>	<u>7,995</u>
<b>Net Book Value</b>			
At 30 June 2008	<u>1,954</u>	<u>4,540</u>	<u>6,494</u>

#### 4. INTANGIBLE ASSETS (CONT'D)

##### Shareholder's Fund (Cont'd)

	<b>Software development costs RM'000</b>	<b>Software RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>			
At 1 July 2006	2,686	6,952	9,638
Additions	1,161	-	1,161
Transfers	(1,050)	1,050	-
At 30 June 2007	<u>2,797</u>	<u>8,002</u>	<u>10,799</u>
<b>Accumulated Amortisation and Impairment</b>			
At 1 July 2006	-	3,596	3,596
Amortisation charge for the year	-	2,809	2,809
At 30 June 2007	<u>-</u>	<u>6,405</u>	<u>6,405</u>
<b>Net Book Value</b>			
At 30 June 2007	<u>2,797</u>	<u>1,597</u>	<u>4,394</u>

##### General Takaful Fund

	<b>Software development costs RM'000</b>	<b>Software RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>			
At 1 July 2007	-	11,097	11,097
Additions	5,376	77	5,453
Disposals	-	(1)	(1)
At 30 June 2008	<u>5,376</u>	<u>11,173</u>	<u>16,549</u>
<b>Accumulated Amortisation and Impairment</b>			
At 1 July 2007	-	3,877	3,877
Amortisation charge for the year	-	5,860	5,860
At 30 June 2008	<u>-</u>	<u>9,737</u>	<u>9,737</u>
<b>Net Book Value</b>			
At 30 June 2008	<u>5,376</u>	<u>1,436</u>	<u>6,812</u>

#### 4. INTANGIBLE ASSETS (CONT'D)

##### General Takaful Fund (Cont'd)

	<b>Software development costs RM'000</b>	<b>Software RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>			
At 1 July 2006	6,721	1,332	8,053
Additions	2,299	1,032	3,331
Disposals	(287)	-	(287)
Transfers	(8,733)	8,733	-
At 30 June 2007	<u>-</u>	<u>11,097</u>	<u>11,097</u>
<b>Accumulated Amortisation and Impairment</b>			
At 1 July 2006	-	843	843
Amortisation charge for the year	-	3,034	3,034
At 30 June 2007	<u>-</u>	<u>3,877</u>	<u>3,877</u>
<b>Net Book Value</b>			
At 30 June 2007	<u>-</u>	<u>7,220</u>	<u>7,220</u>

##### Family Takaful Fund

	<b>Software development costs RM'000</b>	<b>Software RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>			
At 1 July 2007	1,224	6,012	7,236
Additions	330	2,217	2,547
Disposals	-	-	-
Transfers	(64)	64	-
At 30 June 2008	<u>1,490</u>	<u>8,293</u>	<u>9,783</u>
<b>Accumulated Amortisation and Impairment</b>			
At 1 July 2007	-	4,543	4,543
Amortisation charge for the year	-	1,874	1,874
At 30 June 2008	<u>-</u>	<u>6,417</u>	<u>6,417</u>
<b>Net Book Value</b>			
At 30 June 2008	<u>1,490</u>	<u>1,876</u>	<u>3,366</u>

#### 4. INTANGIBLE ASSETS (CONT'D)

##### Family Takaful Fund (Cont'd)

	<b>Software development costs RM'000</b>	<b>Software RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>			
At 1 July 2006	947	5,813	6,760
Additions	476	-	476
Transfers	(199)	199	-
At 30 June 2007	<u>1,224</u>	<u>6,012</u>	<u>7,236</u>
<b>Accumulated Amortisation and Impairment</b>			
At 1 July 2006	-	4,470	4,470
Amortisation charge for the year	-	73	73
At 30 June 2007	<u>-</u>	<u>4,543</u>	<u>4,543</u>
<b>Net Book Value</b>			
At 30 June 2007	<u>1,224</u>	<u>1,469</u>	<u>2,693</u>

#### 5. INVESTMENTS

##### Shareholder's Fund

	<b>2008</b>		<b>2007</b>	
	<b>Cost</b>	<b>Market/ indicative value</b>	<b>Cost</b>	<b>Market/ indicative value</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Securities of corporations, quoted in Malaysia	<u>20,183</u>	<u>23,543</u>	<u>13,751</u>	<u>20,514</u>
Islamic institutional trusts	<u>104</u>	<u>106</u>	<u>104</u>	<u>111</u>

## 5. INVESTMENTS (CONT'D)

## Shareholder's Fund (Cont'd)

	2008		2007	
	Cost RM'000	Market/ indicative value RM'000	Cost RM'000	Market/ indicative value RM'000
Corporate bonds	52,074		23,964	
Net amortisations of premiums	(394)		(418)	
	<u>51,680</u>	<u>50,974</u>	<u>23,546</u>	<u>27,231</u>
Unquoted shares of corporations	<u>230</u>		<u>1,230</u>	
Malaysian Government guaranteed bonds	19,649		19,649	
Net amortisation of premiums	(515)		(49)	
	<u>19,134</u>	<u>17,535</u>	<u>19,600</u>	<u>19,101</u>
Islamic Investment Accounts with :				
Licensed banks	19,350		54,151	
Other financial institutions	12,789		36,343	
	<u>32,139</u>		<u>90,494</u>	
Total investments	<u>123,470</u>		<u>148,725</u>	

(i) Maturity structure of investments of the Shareholder's fund, at cost (excluding securities of corporations and institutional trusts) are as follows:

2008	< 1 year RM'000	1 to	3 to	> 5 years RM'000	Total RM'000
		< 3 years RM'000	5 years RM'000		
Corporate bonds	-	6,254	-	45,820	52,074
Malaysian Government guaranteed bonds	-	-	-	19,649	19,649
Islamic Investment Accounts	<u>32,139</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,139</u>
2007					
Corporate bonds	-	6,254	-	17,710	23,964
Malaysian Government guaranteed bonds	-	-	-	19,649	19,649
Islamic Investment Accounts	<u>90,494</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,494</u>

## 5. INVESTMENTS (CONT'D)

### Shareholder's Fund (Cont'd)

(ii) The weighted average profit rates of profit-bearing investments of the Shareholder's fund at the balance sheet date were as follows:

	2008 %	2007 %
	per annum	per annum
Corporate bonds	6.69	7.33
Malaysian Government guaranteed bonds	3.57	3.57
Islamic Investment Accounts	3.53	3.26

### General Takaful Fund

	2008	Market/ indicative value	2007	Market/ indicative value
	Cost RM'000	RM'000	Cost RM'000	RM'000
Securities of corporations, quoted in Malaysia	42,285		37,512	
General provision for diminution in value (Note 2.2 (m) (iii))	(8,672)		(8,672)	
	<u>33,613</u>	54,816	<u>28,840</u>	55,095
Islamic institutional trusts	666	852	525	665
Government Investment Issues	24,360		18,561	
Net accretion of discounts	3,321		2,301	
	<u>27,681</u>	27,714	<u>20,862</u>	21,623
Corporate bonds	220,365		131,057	
Net accretion of discounts	239		1,295	
Provision for diminution in value	-		(1,118)	
	<u>220,604</u>	213,832	<u>131,234</u>	135,548
Unquoted shares of a corporation	-		5,001	
Malaysian Government guaranteed bonds	40,409		33,996	
Net amortisation of premiums	(2,404)		(1,449)	
	<u>38,005</u>	30,394	<u>32,547</u>	33,108
Khazanah bonds	16,509		16,509	
Net accretion of discounts	2,873		2,105	
	<u>19,382</u>	19,398	<u>18,614</u>	18,814

## 5. INVESTMENTS (CONT'D)

## General Takaful Fund (Cont'd)

	2008		2007	
	Cost RM'000	Market/ indicative value RM'000	Cost RM'000	Market/ indicative value RM'000
Negotiable Islamic Certificate				
Deposits	25,531		40,400	
Net accretion of discounts	1,765		1,314	
	<u>27,296</u>	<u>26,788</u>	<u>41,714</u>	<u>41,714</u>
Islamic investment Accounts with:				
Licensed banks	104,251		99,573	
Other financial institutions	35,074		22,047	
	<u>139,325</u>		<u>121,620</u>	
Total investments	<u>506,572</u>		<u>359,243</u>	

(i) Maturity structure of investments of the General Takaful fund, at cost (excluding securities of corporations and institutional trusts) is as follows:

2008	> 1 years RM'000	1 to	3 to	> 5 years RM'000	Total RM'000
		< 3 years RM'000	5 years RM'000		
Government Investment					
Issues	-	-	19,305	5,055	24,360
Corporate bonds	10,508	39,356	74,854	95,647	220,365
Malaysian Government					
guaranteed bonds	-	-	-	40,409	40,409
Khazanah bonds	8,399	8,110	-	-	16,509
Negotiable Islamic					
Certificate Deposits	-	7,187	11,721	6,623	25,531
Islamic Investment					
Accounts	<u>81,676</u>	<u>-</u>	<u>57,649</u>	<u>-</u>	<u>139,325</u>
<b>2007</b>					
Government Investment					
Issues	-	-	18,561	-	18,561
Corporate bonds	5,143	31,714	35,472	58,728	131,057
Malaysian Government					
guaranteed bonds	-	-	-	33,996	33,996
Khazanah bonds	-	16,509	-	-	16,509
Negotiable Islamic					
Certificate Deposits	-	-	-	-	-
Islamic Investment					
Accounts	<u>76,470</u>	<u>-</u>	<u>45,150</u>	<u>-</u>	<u>121,620</u>

## 5. INVESTMENTS (CONT'D)

### General Takaful Fund (Cont'd)

(ii) The weighted average profit rates of profit-bearing investments of the General Takaful Fund at the balance sheet date were as follows:

	<b>2008</b>	<b>2007</b>
	<b>%</b>	<b>%</b>
	<b>per annum</b>	<b>per annum</b>
Government Investment Issues	4.30	4.30
Corporate bonds	5.26	5.43
Malaysian Government guaranteed bonds	4.16	4.21
Khazanah bonds	4.16	4.07
Negotiable Islamic Certificate Deposits	4.93	4.65
Islamic investment Accounts	4.30	4.00

### Family Takaful Fund

	<b>2008</b>		<b>2007</b>	
	<b>Cost</b>	<b>Market/ indicative value</b>	<b>Cost</b>	<b>Market/ indicative value</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Securities of corporations quoted in Malaysia	282,721		284,399	
Provision for diminution in value in value (Note 2.2 (m) (iii))	(45,750)		(45,750)	
	<u>236,971</u>	<u>374,490</u>	<u>238,649</u>	<u>418,993</u>
Islamic institutional trusts	48,760	49,473	44,753	46,590
Government Investment Issues	67,632		113,716	
Net accretion of discounts	9,356		12,895	
	<u>76,988</u>	<u>77,313</u>	<u>126,611</u>	<u>129,695</u>
Unquoted shares of a corporation	-		17,000	
Malaysian Government guaranteed bonds	318,523		203,993	
Net amortisation of premiums	(10,502)		(5,776)	
	<u>308,021</u>	<u>312,568</u>	<u>198,217</u>	<u>183,370</u>
Corporate bonds	1,564,694		1,255,752	
Net accretion of discounts	7,192		17,363	
Provision for diminution in value	-		(20,158)	
	<u>1,571,886</u>	<u>1,516,219</u>	<u>1,252,957</u>	<u>1,310,916</u>

## 5. INVESTMENTS (CONT'D)

## Family Takaful Fund (Cont'd)

	2008		2007	
	Cost	Market/ indicative value	Cost	Market/ indicative value
	RM'000	RM'000	RM'000	RM'000
Khazanah bonds	155,545		125,556	
Net accretion of discounts	10,534		13,060	
	<u>166,079</u>	<u>146,550</u>	<u>138,616</u>	<u>183,370</u>
Negotiable Islamic Certificate				
Deposits	138,789		40,400	
Net accretion of discounts	7,045		1,314	
	<u>145,834</u>	<u>166,493</u>	<u>41,714</u>	<u>41,714</u>
Islamic investment accounts with:				
Licensed banks	719,632		769,253	
Other financial institutions	249,563		150,682	
	<u>969,195</u>		<u>919,935</u>	
Total investments	<u>3,523,734</u>		<u>2,978,452</u>	

(i) Maturity structure of investments of the Family Takaful fund, at cost (excluding securities of corporations and institutional trusts) is as follows:

2008	< 1 year RM'000	1 to < 3 years RM'000	3 to 5 years RM'000	> 5 years RM'000	Total RM'000
Government Investment					
Issues	-	-	57,917	9,715	67,632
Malaysian Government					
guaranteed bonds	-	-	-	318,523	318,523
Corporate bonds	43,282	186,767	255,147	1,079,498	1,564,694
Khazanah bonds	41,289	-	-	114,256	155,545
Negotiable Islamic					
Certificate Deposits	3,906	27,146	24,792	82,945	138,789
Islamic investment					
accounts	<u>403,829</u>	<u>-</u>	<u>565,366</u>	<u>-</u>	<u>969,195</u>

**5. INVESTMENTS (CONT'D)****Family Takaful Fund (Cont'd)**

<b>2007</b>	<b>&lt; 1 year RM'000</b>	<b>&lt; 3 years RM'000</b>	<b>5 years RM'000</b>	<b>&gt; 5 years RM'000</b>	<b>Total RM'000</b>
Government Investment					
Issues	51,296	-	52,705	9,715	113,716
Malaysian Government					
guaranteed bonds	-	-	-	203,993	203,993
Corporate bonds	-	101,866	160,957	992,929	1,255,752
Khazanah bonds	50,947	74,609	-	-	125,556
Negotiable Islamic					
Certificate Deposits	-	-	40,400	-	40,400
Islamic investment					
accounts	565,058	-	354,877	-	919,935

(ii) The weighted average profit rates of profit-bearing investments of the Family Takaful Fund at the balance sheet date were as follows:

	<b>2008 % per annum</b>	<b>2007 % per annum</b>
Government Investment Issues	4.31	4.18
Malaysian Government guaranteed bonds	4.43	4.80
Corporate bonds	8.10	5.83
Khazanah bonds	4.43	4.08
Negotiable Islamic Certificate Deposits	4.87	4.25
Islamic investment accounts	4.31	4.29

**6. FINANCING RECEIVABLES**

	<b>Shareholder's Fund</b>	
	<b>2008 RM'000</b>	<b>2007 RM'000</b>
Secured staff loans	13,846	14,865
Less: Provision for doubtful debts	(177)	(177)
	<u>13,669</u>	<u>14,688</u>
Receivable after 12 months	<u>13,616</u>	<u>14,115</u>

**6. FINANCING RECEIVABLES (CONT'D)**

	<b>General Takaful Fund</b>		<b>Family Takaful Fund</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Secured ABBA loans	5,671	5,772	66,772	67,244
Less: Provision for doubtful debts	(3,841)	(3,901)	(25,800)	(25,800)
	<u>1,830</u>	<u>1,871</u>	<u>40,972</u>	<u>41,444</u>
Receivable after 12 months	<u>1,059</u>	<u>1,020</u>	<u>12,713</u>	<u>12,591</u>

The weighted average profit rate of financing receivables at the balance sheet date was 4.6% (2007: 4.6%).

**7. DEFERRED TAX (LIABILITIES)/ASSETS**

	<b>Shareholder's Fund</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of year	(1,051)	(1,312)
Recognised in the income statement (Note 19)	(219)	261
At end of year	<u>(1,270)</u>	<u>(1,051)</u>

  

	<b>General Takaful Fund</b>		<b>Family Takaful Fund</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At beginning of year	153	897	465	1,328
Transferred from MTB	(238)	-	(395)	-
Recognised in the revenue accounts (Note 19)	-	95	-	(239)
Recognised in reserve for diminution in value of investments	-	(839)	-	(624)
At end of year	<u>(85)</u>	<u>153</u>	<u>70</u>	<u>465</u>

**7. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The net deferred tax assets and liabilities shown in the balance sheet have been determined after appropriate offsetting as follows:

	<b>Shareholder's Fund</b>			
	<b>2008</b>		<b>2007</b>	
	<b>RM'000</b>		<b>RM'000</b>	
Presented after appropriate offsetting as follows:				
Deferred tax assets		228		122
Deferred tax liabilities		(1,498)		(1,173)
		<u>(1,270)</u>		<u>(1,051)</u>
	<b>General Takaful Fund</b>		<b>Family Takaful Fund</b>	
	<b>2008</b>		<b>2007</b>	
	<b>RM'000</b>		<b>RM'000</b>	
Presented after appropriate offsetting as follows:				
Deferred tax assets	1,923	2,161	3,281	3,676
Deferred tax liabilities	(2,008)	(2,008)	(3,211)	(3,211)
	<u>(85)</u>	<u>153</u>	<u>70</u>	<u>465</u>

The components and movements of deferred tax liabilities and assets during the year/period prior to offsetting are as follows:

**Shareholder's Fund**

<b>2008</b>	<b>Accelerated capital</b>		<b>Others</b>	<b>Total</b>
	<b>Investments</b>	<b>allowances</b>		
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July 2007	122	(1,173)	-	(1,051)
Recognised in the income statement	106	(325)	-	(219)
At 30 June 2008	<u>228</u>	<u>(1,498)</u>	<u>-</u>	<u>(1,270)</u>
<b>2007</b>				
At 1 July 2006	833	(2,235)	90	(1,312)
Recognised in the income statement	(711)	1,062	(90)	261
At 30 June 2007	<u>122</u>	<u>(1,173)</u>	<u>-</u>	<u>(1,051)</u>

**7. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)****General Takaful Fund**

<b>2008</b>	<b>Accelerated capital</b>			<b>Total RM'000</b>
	<b>Investments RM'000</b>	<b>allowances RM'000</b>	<b>Others RM'000</b>	
At 1 July 2007	(1,107)	(901)	2,161	153
Transferred from MTB	-	-	(238)	(238)
At 30 June 2008	<u>(1,107)</u>	<u>(901)</u>	<u>1,923</u>	<u>(85)</u>

<b>2007</b>	<b>Accelerated capital</b>			<b>Total RM'000</b>
	<b>Investments RM'000</b>	<b>allowances RM'000</b>	<b>Others RM'000</b>	
At 1 July 2006	(132)	(214)	1,243	897
Recognised in the revenue account	(136)	(687)	918	95
Recognised in reserve for diminution in value of investments	(839)	-	-	(839)
At 30 June 2007	<u>(1,107)</u>	<u>(901)</u>	<u>2,161</u>	<u>153</u>

**Family Takaful Fund**

<b>2008</b>	<b>Accelerated capital</b>			<b>Total RM'000</b>
	<b>Investments RM'000</b>	<b>allowances RM'000</b>	<b>Others RM'000</b>	
At 1 July 2007	(3,107)	(104)	3,676	465
Transferred from MTB	-	-	(422)	(422)
Recognised in the revenue account	-	-	27	27
At 30 June 2008	<u>(3,107)</u>	<u>-</u>	<u>3,281</u>	<u>70</u>

<b>2007</b>				
At 1 July 2006	(620)	(115)	2,063	1,328
Recognised in the revenue account	(1,863)	11	1,613	(239)
Recognised in reserve for diminution in value of investments	(624)	-	-	(624)
At 30 June 2007	<u>(3,107)</u>	<u>(104)</u>	<u>3,676</u>	<u>465</u>

**8. RECEIVABLES**

	<b>Shareholder's Fund</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Amounts due from: *		
General Takaful Fund	65,544	20,348
Family Takaful Fund	83,871	24,435
Investment-linked fund	845	-
Ultimate holding company	-	6
Investment income due and accrued	-	1,673
Sundry receivables, deposits and prepayments	8,847	4,222
<b>Total receivables</b>	<b>159,107</b>	<b>50,684</b>

\* The amounts due from the General, Family and Investment-linked Takaful Funds and ultimate holding company in the Shareholder's Fund are unsecured, not subject to any profit elements and have no fixed terms of repayment.

	<b>General Takaful Fund</b>		<b>Family Takaful Fund</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Trade receivables:				
Outstanding contributions	69,351	61,720	18,597	17,591
Due from retakaful operators	21,083	8,977	-	-
Provision for doubtful debts	(23,256)	(22,087)	-	(1,220)
	<u>67,178</u>	<u>48,610</u>	<u>18,597</u>	<u>16,371</u>
Amount due from General Takaful Fund *	-	-	4,577	-
Amount due from Family Takaful Fund *	-	1,366	-	-
Amount due from Investment-linked Fund *	-	-	31,545	-
Other receivables:				
Investment income due and accrued	6,247	3,126	43,242	31,849
Due from stockbrokers	-	-	193	2,103
Tax deducted at source	2,733	2,079	21,846	17,971
Sundry receivables	800	1,888	(1,149)	1,540
	<u>9,780</u>	<u>8,459</u>	<u>100,253</u>	<u>53,463</u>
<b>Total receivables</b>	<b>76,958</b>	<b>57,069</b>	<b>118,851</b>	<b>69,834</b>

\* The amounts due from General, Family and Investment-linked Takaful Funds in the Family and General Takaful Funds, respectively, are unsecured, not subject to any profit elements and have no fixed terms of repayment.

## 9. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2008 '000	2007 '000	2008 RM'000	2007 RM'000
<b>Authorised:</b>				
At beginning/end of year	100,000	100,000	100,000	100,000
<b>Issued and fully paid:</b>				
At beginning/end of year	100,000	100,000	100,000	100,000

## 10. GENERAL TAKAFUL FUND

2008	Fire RM'000	Motor RM'000	Marine, Aviation & Transit RM'000	Misc. RM'000	Total RM'000
<b>Unearned contribution reserves</b>					
Short-term portion:					
At 1 July 2007	13,479	38,685	143	7,921	60,228
Transferred from MTB (Note 27)	1,679	23,392	-	618	25,689
(Decrease)/increase in reserve	(2,536)	5,295	(19)	(753)	1,987
At 30 June 2008	12,622	67,372	124	7,786	87,904
Long-term portion:					
At 1 July 2007	163,409	-	-	2,608	166,017
(Decrease)/increase in reserve	11,191	-	-	2,847	14,038
At 30 June 2008	174,600	-	-	5,455	180,055
<b>Total</b>	187,222	67,372	124	13,241	267,959
<b>Revenue account accumulated (deficit)/surplus:</b>					
At 1 July 2007					(7,394)
Surplus transferred from General Takaful Fund revenue account					33,879
At 30 June 2008					26,485
<b>General Takaful Fund at 30 June 2008</b>					294,444

**10. GENERAL TAKAFUL FUND (CONT'D)**

<b>2007</b>	<b>Fire RM'000</b>	<b>Motor RM'000</b>	<b>Marine, Aviation &amp; Transit RM'000</b>	<b>Misc. RM'000</b>	<b>Total RM'000</b>
<b>Unearned contribution reserves</b>					
Short-term portion:					
At 1 July 2006	7,966	42,365	598	8,406	59,335
Increase/(decrease) in reserve	5,513	(3,680)	(455)	(485)	893
At 30 June 2007	<u>13,479</u>	<u>38,685</u>	<u>143</u>	<u>7,921</u>	<u>60,228</u>
Long-term portion:					
At 1 July 2006	135,600	-	-	-	135,600
Increase in reserve	27,809	-	-	2,608	30,417
At 30 June 2007	<u>163,409</u>	<u>-</u>	<u>-</u>	<u>2,608</u>	<u>166,017</u>
Total	<u>176,888</u>	<u>38,685</u>	<u>143</u>	<u>10,529</u>	<u>226,245</u>
<b>Revenue account accumulated (deficit):</b>					
At 1 July 2006					(680)
Deficit transferred from General Takaful Fund revenue account					(6,714)
At 30 June 2007					<u>(7,394)</u>
<b>General Takaful Fund at 30 June 2007</b>					<u>218,851</u>

**11. FAMILY TAKAFUL FUND**

Based on the actuarial valuation of the Family Takaful Fund made up to 30 June 2008, the appointed actuary was satisfied that the assets available in the Family Takaful Fund are sufficient to meet its long term liabilities to the participants.

	<b>2008 RM'000</b>	<b>2007 RM'000</b>
At beginning of year	2,953,035	2,599,119
Surplus during the year	560,668	353,916
At end of year	<u>3,513,703</u>	<u>2,953,035</u>
Family Takaful Fund as at 30 June	3,513,703	2,953,035
Liability to certificate holders as established by actuarial valuation as at 30 June	3,469,837	2,725,821
Unallocated surplus	<u>43,866</u>	<u>227,214</u>

**11. FAMILY TAKAFUL FUND (CONT'D)**

	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Surplus for the year	465,652	368,191
Taxation for the year	-	(2,485)
Surplus arising during the year	<u>465,652</u>	<u>365,706</u>
Transfer to Income Statement	<u>(41,014)</u>	<u>(10,587)</u>
	424,638	355,119
Increase in certificate reserves	<u>(744,016)</u>	<u>(308,625)</u>
	(319,378)	46,494
Unallocated surplus brought forward	<u>227,214</u>	<u>181,923</u>
	(92,164)	228,417
Profit allocated to participants	(2,211)	(1,203)
Transferred from Mayban Takaful Bhd	138,241	-
Unallocated surplus carried forward	<u>43,866</u>	<u>227,214</u>
Family Takaful fund at end of the year:		
Actuarial liabilities	3,469,837	2,725,821
Unallocated surplus	43,866	227,214
	<u>3,513,703</u>	<u>2,953,035</u>

**12. PROVISION FOR OUTSTANDING CLAIMS**

	<b>General Takaful Fund</b>		<b>Family Takaful Fund</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Provision for outstanding claims	221,248	161,247	39,725	42,349
Retakaful recoveries	<u>(48,494)</u>	<u>(37,554)</u>	-	(1,219)
Net outstanding claims	<u>172,754</u>	<u>123,693</u>	<u>39,725</u>	<u>41,130</u>

**13. PAYABLES**

	<b>Shareholder's Fund</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Short-term accumulating compensated absences	-	1,114
Provision for zakat	3,414	3,506
Amount due to holding company *	-	2,695
Amount due to related companies *	2,985	1,975
Sundry payables and accrued liabilities	<u>25,797</u>	<u>17,800</u>
	<u>32,196</u>	<u>27,090</u>

\* The amounts due to the holding company and related companies are unsecured, not subject to any profit elements and have no fixed terms of repayment.

**13. PAYABLES (CONT'D)**

	<b>General Takaful Fund</b>		<b>Family Takaful Fund</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Trade payables:				
Commission payable	4,641	3,275	30,354	22,900
Amount due to agents, brokers, co-insurers and participants	409	994	24,488	25,386
Amount due to retakaful operators	37,991	36,186	1,566	955
	<u>43,041</u>	<u>40,455</u>	<u>56,408</u>	<u>49,241</u>
Other payables:				
Contribution deposits	13	-	3,495	2,665
Advance contributions	1,368	14,411	14,570	17,451
Amounts due to Shareholder's Fund	65,544	20,348	83,871	24,435
Amount due to General Takaful Fund *	-	-	-	1,366
Amount due to Family Takaful Fund *	4,577	-	-	-
Sundry payables and accrued liabilities	35,312	12,561	(551)	10,903
	<u>106,814</u>	<u>47,320</u>	<u>101,385</u>	<u>56,820</u>
Total payables	<u>149,854</u>	<u>87,775</u>	<u>157,793</u>	<u>106,061</u>

\* The amounts due to the Shareholder's Fund in the General and Family Takaful Funds, and the amounts due to the General and Family Takaful Funds in the Family and General Takaful Funds, respectively, are unsecured, not subject to any profit elements and have no fixed terms of repayment.

**14. OPERATING REVENUE**

	<b>Shareholder's Fund</b>	<b>General Takaful Fund</b>	<b>Family Takaful Fund</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2008</b>				
Wakalah fees	63,932	-	-	63,932
Gross contributions	-	240,331	658,422	898,754
Investment income (Note 16)	6,369	21,481	166,433	194,283
	<u>70,301</u>	<u>261,812</u>	<u>824,855</u>	<u>1,156,969</u>

**14. OPERATING REVENUE (CONT'D.)**

	<b>Shareholder's Fund RM'000</b>	<b>General Takaful Fund RM'000</b>	<b>Family Takaful Fund RM'000</b>	<b>Total RM'000</b>
<b>2007</b>				
Wakalah fees	22,174	-	-	22,174
Gross contributions	-	215,295	516,141	731,436
Investment income (Note 16)	5,950	15,788	135,791	157,529
	<u>28,124</u>	<u>231,083</u>	<u>651,932</u>	<u>911,139</u>

**15. NET CLAIMS INCURRED****General Takaful Fund****2008**

	<b>Fire RM'000</b>	<b>Motor RM'000</b>	<b>Marine Aviation &amp; Transit RM'000</b>	<b>Misc. RM'000</b>	<b>Total RM'000</b>
Gross claims paid	9,919	62,819	487	12,875	86,100
Retakaful recoveries	(5,554)	(4,797)	(242)	(4,700)	(15,293)
Net claims paid	4,365	58,022	245	8,175	70,807
Outstanding claims:					
At end of year	9,613	130,576	1,281	31,284	172,754
Transferred from MTB (Note 27)	(517)	(25,644)	-	(9,322)	(35,483)
At beginning of year	(8,687)	(82,222)	(1,766)	(31,018)	(123,693)
Net claims incurred/ (recovered)	<u>4,774</u>	<u>80,732</u>	<u>(240)</u>	<u>(881)</u>	<u>84,385</u>

**2007**

Gross claims paid	24,059	47,402	706	11,233	83,400
Retakaful recoveries	(15,184)	(97)	(565)	(3,087)	(18,933)
Net claims paid	8,875	47,305	141	8,146	64,467
Outstanding claims:					
At end of period	8,687	82,222	1,766	31,018	123,693
At beginning of period	(9,056)	(71,906)	(1,379)	(25,559)	(107,900)
Net claims incurred	<u>8,506</u>	<u>57,621</u>	<u>528</u>	<u>13,605</u>	<u>80,260</u>

**16. INVESTMENT INCOME**

	<b>Shareholder's Fund</b>			
	<b>2008</b>		<b>2007</b>	
	<b>RM'000</b>		<b>RM'000</b>	
Profits from:				
Corporate bonds			3,554	1,954
Islamic investment accounts			2,000	2,687
Staff loans			270	323
Other loans			-	25
Net amortisation of premiums			(442)	(146)
Gross dividend income			1,043	1,123
Investment expenses			(56)	(16)
			<u>6,369</u>	<u>5,950</u>

  

	<b>General Takaful Fund</b>		<b>Family Takaful Fund</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profits from:				
Government Investment Issues	-	-	14,737	442
Corporate bonds	11,733	7,171	77,490	69,159
Islamic investment accounts	5,764	4,586	41,103	32,657
ABBA loans	54	-	651	502
Net accretion of discounts	1,366	1,545	13,031	12,070
Gross dividend income	2,657	2,504	20,038	21,367
Investment expenses	(93)	(18)	(617)	(406)
	<u>21,481</u>	<u>15,788</u>	<u>166,433</u>	<u>135,791</u>

**17. MANAGEMENT EXPENSES****(a) Shareholder's Fund**

	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Staff costs (Note i):		
Basic salary	8,921	3,497
EPF	1,851	696
SOCSO	97	36
Bonus, allowances and other staff related costs	6,465	2,458
	<u>17,334</u>	<u>6,687</u>

**17. MANAGEMENT EXPENSES (CONT'D.)****(a) Shareholder's Fund (Cont'd.)**

	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Non-executive directors' remuneration :		
Fee	16	12
Other emoluments	26	2
Auditors' remuneration	96	14
Rental of equipment	118	25
Rental of premises	3,308	646
Depreciation of property, plant and equipment	4,675	4,854
Amortisation of intangible assets	1,590	2,809
Amortisation charge from/(to) Takaful Funds		
- General Takaful Fund (Note 17(b))	4,672	(2,333)
- Family Takaful Fund (Note 17(b))	1,500	(3,499)
Management expenses to holding company	-	-
Promotional and marketing cost	6,278	1,589
Professional fees	2,744	575
EDP Expenses	4,786	2,054
Utilities, assessment and maintenance	403	559
Printing and stationery	1,490	344
Postage and stamp duties	1,208	174
ESOS expenses	76	-
Other expenses	1,543	447
	<u>34,529</u>	<u>8,271</u>
	<u>51,863</u>	<u>14,958</u>

(i) Included in staff costs are chief executive officers' remuneration as follows:

	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Basic salaries	280	21
Bonuses	154	9
EPF	74	5
Other emoluments	106	2
	<u>614</u>	<u>37</u>

**17. MANAGEMENT EXPENSES (CONT'D.)****(b) Takaful Funds**

	<b>General Takaful Fund</b>		<b>Family Takaful Fund</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Staff costs (Note (i)):				
Basic salary	1,970	7,177	17,723	14,236
EPF	394	1,552	3,547	3,007
SOCSO	22	78	192	151
Other staff related costs	936	4,773	11,023	9,966
	<u>3,322</u>	<u>13,580</u>	<u>32,485</u>	<u>27,360</u>
Non-executive directors' remuneration:				
Fees	37	31	102	95
Other emoluments	-	5	-	16
Auditors' remuneration	9	39	106	117
Rental of equipment	23	77	194	131
Rental of premises	216	1,382	2,769	3,440
Depreciation of property, plant and equipment	135	201	242	369
Amortisation of intangible assets	5,860	3,034	1,874	73
Amortisation charged to Shareholder's Fund (Note 17(a))	(4,672)	2,333	(1,500)	3,499
Provision for doubtful debts on ABBA loans	-	-	1,393	-
Promotional and marketing costs	659	1,836	7,756	2,143
Utilities, assessment and maintenance	29	2,874	1,769	5,991
Printing and stationery	87	594	2,745	1,740
Postage and stamp duties	85	363	980	1,462
Other expenses	1,879	2,354	26,197	14,529
	<u>4,347</u>	<u>15,123</u>	<u>44,627</u>	<u>33,605</u>
	<u>7,669</u>	<u>28,703</u>	<u>77,112</u>	<u>60,965</u>

**17. MANAGEMENT EXPENSES (CONT'D)****(b) Takaful Funds**

(i) Included in staff costs are chief executive officers' remuneration :

	<b>General Takaful Fund</b>		<b>Family Takaful Fund</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Basic salaries	-	71	-	180
Bonuses	-	30	-	74
EPF	-	17	-	43
Other emoluments	-	6	-	15
	<u>-</u>	<u>124</u>	<u>-</u>	<u>312</u>

CEO remuneration for the current financial year has been allocated entirely to the Shareholder's Fund.

**18. OTHER INCOME, (NET)**

	<b>Shareholder's Fund</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Other income:		
Write-back of specific provision for diminution in value of investments	-	1,134
Write-back of general provision for diminution in value of investments	-	1,839
Processing fees	14,973	15,074
Sundry income	820	-
	<u>15,793</u>	<u>18,047</u>
Other expenditure:		
Net loss on disposal of investments	1,196	(52)
Sundry expenditure	-	(286)
	<u>1,196</u>	<u>(338)</u>
	<u>16,989</u>	<u>17,709</u>

**18. OTHER INCOME, (NET) (CONT'D)**

	<b>General Takaful Fund</b>		<b>Family Takaful Fund</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Other income:				
Net gain on disposal of investments	3,248	1,580	32,913	34,148
Write-back of specific provision for diminution in value of investment	1,118	1,632	9,848	9,115
Sundry income	2,598	54	485	190
	<u>6,964</u>	<u>3,266</u>	<u>43,246</u>	<u>43,453</u>
Other expenditure:				
Specific provision for diminution in value of investments	-	(200)	(1,099)	(1,941)
	<u>6,964</u>	<u>3,066</u>	<u>42,147</u>	<u>41,512</u>

**19. TAXATION**

The domestic income tax for Shareholder's fund and General Takaful fund are generally calculated based on the corporate tax rate of 26% (2007: 27%) of the estimated assessable profit for the financial year.

The income tax for the Family Takaful fund is calculated based on statutory rate of 8% (2007: 8%) of the estimated assessable profit / surplus for the financial year.

The corporate income tax rate for the year of assessment 2009 (for financial year ending 30 June 2009) and subsequent years of assessment will be reduced to 25% as gazetted in the Finance Act 2007. No changes have been proposed to the income tax rate for Family Takaful funds, which is currently at 8%.

In view of this, the Company has computed the deferred tax for the Shareholder's fund and General Takaful fund based on the reduced corporate tax rate of 25%.

**19. TAXATION (CONT'D.)****(a) Shareholder's and General Takaful Funds**

	<b>Shareholder's Fund</b>		<b>General Takaful Fund</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income tax:				
Current year's provision	19,171	10,791	-	978
Deferred taxation:				
Relating to origination and reversal of temporary differences (Note 7)	219	(261)	-	(95)
Tax expense for the year	<u>19,390</u>	<u>10,530</u>	<u>-</u>	<u>883</u>

A reconciliation of income tax expense applicable to profit/surplus before taxation of the Shareholder's Fund and General Takaful fund at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	<b>Shareholder's Fund</b>		<b>General Takaful Fund</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit/surplus before taxation	<u>83,095</u>	<u>38,310</u>	<u>65,074</u>	<u>3,354</u>
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	21,605	10,344	16,919	905
Income not subject to tax	(2,901)	(1,824)	(16,919)	(3,422)
Expenses not deductible for tax purposes	467	2,870	-	3,494
Deferred tax underprovided/ (overprovided) in prior years	219	(861)	-	(94)
Tax expense for the year	<u>19,390</u>	<u>10,530</u>	<u>-</u>	<u>883</u>

**(b) Family Takaful Fund**

	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Income tax:		
Current year's provision	-	2,246
Deferred taxation:		
Relating to origination and reversal of temporary differences (Note 7)	-	239
Tax expense for the year	<u>-</u>	<u>2,485</u>

**19. TAXATION (CONT'D)****(b) Family Takaful Fund (Cont'd)**

The taxation charge of the Family Takaful Fund is based on the method prescribed under the Income Tax Act, 1967 for life insurance business.

A reconciliation of income tax expense applicable to surplus before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Family Takaful Fund is as follows:

	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Surplus before taxation	465,652	368,191
Taxation at Malaysian statutory tax rate of 8% (2007: 8%)	37,252	29,455
Income not subject to tax	(37,252)	(33,300)
Expenses not deductible for tax purposes	-	6,620
Deferred tax overprovided in prior years	-	(310)
Under provision of tax in prior years	-	20
Tax expense for the year	-	2,485

In the past, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance as at 30 June 2008 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 30 June 2008, the Company has sufficient credit in the Section 108 balance to pay franked dividends amounting to RM101,268,702 (2007: RM101,268,702) out of its retained earnings. If the balance of the retained earnings of RM1,466,963 were to be distributed as dividends, the Company may distribute such dividends under the single tier system.

**20. INVESTMENT-LINKED FUNDS****A. BALANCE SHEETS AS AT 30 JUNE 2008**

	<b>2008</b>
	<b>RM'000</b>
<b>ASSETS</b>	
Investments (Note C)	325,801
Sundry receivables	1,134
Deferred tax assets **	259
Cash and bank balances	296
<b>Investment-linked fund assets</b>	<u>327,490</u>
<b>LIABILITIES</b>	
Amount due to Shareholder's funds *	845
Amount due to Family Takaful fund *	31,545
Sundry payables	48
Trade payables	-
Tax payable	751
Claims payable	-
Deferred tax liabilities **	866
<b>Investment-linked fund liabilities</b>	<u>34,055</u>
<b>Unitholders' investment-linked funds</b>	<u>293,435</u>
<b>REPRESENTED BY:</b>	
<b>Unitholders' accounts</b>	<u>293,435</u>

\* The amounts due to Shareholder's fund and Family Takaful fund are unsecured, not subject to any profit elements and have no fixed terms of repayments.

\*\* Current year deferred tax liabilities relate to a reduction in the tax effects arising from net investment fluctuation loss of RM11,016,967 and foreign exchange fluctuation of RM1,265,251. As at the business transfer date (30 Nov 2007) the fund had a deferred tax asset of RM1,590,125.

**20. INVESTMENT-LINKED FUNDS (CONT'D)****B. INCOME STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008**

	<b>1.12.07 to 30.06.08 RM'000</b>
Units created (net)	97,121
Profit from investments	2,933
Other income (Note D)	1,235
Other outgo (Note E)	(41,804)
Surplus before taxation	<u>59,485</u>
Taxation (Note F)	<u>659</u>
Surplus for the financial year after taxation	60,144
Investment-linked fund at beginning of financial year	-
Transferred from MTB (Note 27)	<u>233,291</u>
Investment-linked fund at end of financial year	<u><u>293,435</u></u>

**C. INVESTMENTS**

	<b>2008 RM'000</b>
NICD, at cost	117,515
Investment fluctuation	<u>8,403</u>
At market value <sup>1</sup>	<u><u>125,918</u></u>
Unquoted corporate bonds, at cost	125,645
Investment fluctuation	<u>(4,275)</u>
At market value <sup>1</sup>	<u><u>121,370</u></u>
Government Investment Issues	9,613
Investment fluctuation	<u>890</u>
At market value <sup>1</sup>	<u><u>10,503</u></u>
Islamic Investment accounts with :	
Licensed commercial banks	7,872
Other financial institutions	-
	<u><u>7,872</u></u>

**20. INVESTMENT-LINKED FUNDS (CONT'D)**

<b>C. INVESTMENTS (Cont'd.)</b>	<b>2008 RM'000</b>
Foreign notes, at cost	53,959
Investment fluctuation	6,179
At market value <sup>2</sup>	<u>60,138</u>
Total investments	<u>325,801</u>

<sup>1</sup> Indicative values are obtained from the secondary market.

<sup>2</sup> Market values determined by reference to stock exchange quoted market bid prices at the close of business on the balance sheet date.

(i) Maturity structure of investments of the Investment-linked fund, at cost as follows:

<b>2008</b>	<b>&lt; 1 year RM'000</b>	<b>1 to &lt; 3 years RM'000</b>	<b>3 to 5 years RM'000</b>	<b>&gt; 5 years RM'000</b>	<b>Total RM'000</b>
Unquoted corporate bonds	4,316	7,135	114,194	-	125,645
NICD	-	73,375	44,140	-	117,515
GII	-	9,613	-	-	9,613
Islamic investment accounts	7,872	-	-	-	7,872

The weighted average profit rates of profit-bearing investments of the Investment-linked fund at 30 June 2008 were as follows:

	<b>2008 % per annum</b>
GII	3.69
Unquoted corporate bonds	4.10
NICD	4.27
Islamic investment accounts	3.30

**D. OTHER INCOME**

	<b>1.12.07 to 30.06.08 RM'000</b>
Gain on disposal of investments	1,164
Others	71
	<u>1,235</u>

**20. INVESTMENT-LINKED FUNDS (CONT'D)****E. OTHER OUTGO**

	<b>1.12.07</b>
	<b>to</b>
	<b>30.06.08</b>
	<b>RM'000</b>
Benefits paid and payable:	
Death	159
Surrender	27,661
Investment fluctuations	11,017
Unrealised foreign exchange loss	1,265
Auditors' remuneration	-
Custodian fees	40
Wakalah fees	1,652
Others	10
	<u>41,804</u>

**F. TAXATION**

	<b>1.12.07</b>
	<b>to</b>
	<b>30.06.08</b>
	<b>RM'000</b>
Income tax	
Current year's provision	406
Over provision of taxation in prior years	(82)
Deferred tax:	
Relating to origination and reversal of temporary differences	<u>(983)</u>
Tax expense for the year	<u>(659)</u>

The Malaysian tax charge on the investment-linked business is based on the method prescribed under the Income Tax Act, 1967 for Life insurance business.

**G. COMPARATIVES**

There are no comparatives provided for the Investment-linked fund as the Company commenced the managing of takaful Investment-linked business on 1 December 2007 upon the transfer of the takaful Investment-linked assets, liabilities and business of MTB to the Company as disclosed in Note 27.

**21. EARNINGS PER SHARE**

The earnings per share has been calculated based on the net profit for the year of RM60,303,000 (2007: RM23,172,000) divided by the number of ordinary shares in issue during the year of RM100,000,000 (2007: 100,000,000).

**22. SEGMENT INFORMATION ON CASH FLOW****2008**

	<b>Shareholder's Fund RM'000</b>	<b>General Takaful Fund RM'000</b>	<b>Family Takaful Fund RM'000</b>	<b>Total RM'000</b>
Net cash flow generated from/(used in):				
Operating activities	7,111	7,239	16,870	31,221
Investing activities	(555)	(28)	(25)	(608)
	<u>3,142</u>	<u>10,636</u>	<u>16,728</u>	<u>30,613</u>
Net (decrease)/increase in cash and cash equivalents:				
At beginning of year	20,027	20,389	47,514	87,930
At end of year	12,187	41,355	65,001	118,543
	<u>(7,840)</u>	<u>20,966</u>	<u>17,487</u>	<u>30,613</u>

**2007**

	<b>Shareholder's Fund RM'000</b>	<b>General Takaful Fund RM'000</b>	<b>Family Takaful Fund RM'000</b>	<b>Total RM'000</b>
Net cash flow generated from/(used in):				
Operating activities	12,225	5,304	19,163	36,692
Investing activities	(1,225)	(3,331)	(490)	(5,046)
	<u>11,000</u>	<u>1,973</u>	<u>18,673</u>	<u>31,646</u>
Net increase in cash and cash equivalents:				
At beginning of year	9,027	18,416	28,841	56,284
At end of year	20,027	20,389	47,514	87,930
	<u>11,000</u>	<u>1,973</u>	<u>18,673</u>	<u>31,646</u>

**23. CAPITAL COMMITMENTS**

	<b>Shareholder's Fund</b>			
	<b>2008</b>	<b>2007</b>		
	<b>RM'000</b>	<b>RM'000</b>		
Intangible assets:				
Approved and contracted for	203	1,024		
	<u>203</u>	<u>1,024</u>		
	<b>General Takaful Fund</b>		<b>Family Takaful Fund</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Intangible assets:				
Approved and contracted for	936	9,700	3,039	-
	<u>936</u>	<u>9,700</u>	<u>3,039</u>	<u>-</u>

**24. CONTINGENT LIABILITIES**

- (a) In 2004, the Company commenced a civil suit against a third party ("the First Defendant") and all the guarantors for failure to pay two monthly instalments amounting to RM805,288. The First Defendant counter claimed for loss and damage amounting to RM283,621,000 as a result of the Company's alleged failure to release the balance of the facility of RM7.5 million. It is alleged that the First Defendant was unable to carry on with its project and therefore has suffered loss and damage.

The Company's solicitors are of the opinion that the First Defendant bears the burden of proving all allegations against the Company which are contained in the statement of defence and counterclaim. In addition, the First Defendant is obliged to prove, on balance of probabilities, the loss and damage purportedly suffered as a result of the Company's actions at the material time. The Directors and solicitors are of the opinion that the Company would have a fairly good chance of succeeding in the action and in securing a dismissal of the First Defendant's counterclaim. The case is now fixed for decision/clarification of Company's Application for Summary Judgment and Application to set aside the counter claim at the Kuala Lumpur High Court on 20 August 2008.

**24. CONTINGENT LIABILITIES (CONTD.)**

- (b) In March 2006, the Company was served two writs of summons from a third party ("the Plaintiff"), seeking recoveries amounting to RM12,152,098 including interests and other costs thereon. It is alleged that these recoveries are in respect of certificate benefits payable to members of the Plaintiff for the period from 1 May 2002 to 30 April 2003 and 1 May 2003 to 30 April 2004 under the Group Hospitalization and Surgery certificate underwritten by the Company. The Plaintiff has served the summons on the ground that the relevant documentation in respect of said certificate benefits payable has been submitted to the broker and failure to honour these payments was wrongly and invalid. The Company maintains that it has failed to receive the said documentation and, thus, cannot honour the certificate benefit payments.

The Company's Directors are of the opinion that the certificate benefits payable would be honoured should sufficient documentation be received. Further, the Directors are of the opinion that certificate benefits alleged as payable by the Plaintiff are erroneous. In this respect, in May 2007, the Company's and the Plaintiff's solicitors have agreed to appoint an external party to verify the alleged amount of benefits owed to the Plaintiff. The solicitors are of the view that the Company has a good chance of defending this case successfully. A new date for case management has been fixed on 23 September 2008.

**25. SIGNIFICANT RELATED PARTY DISCLOSURES**

Significant transactions of the Company with related parties during the financial year were as follows:

<b>(a) Shareholder's Funds</b>	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Transactions with the ultimate holding company (MBB):		
Profit income	-	778
Rental income		
Other expenses	(52)	-
	<hr/>	<hr/>
Transactions with the holding company (MFHB):		
Rental expense	-	(155)
Administrative fee income	-	148
Management fee	(1,593)	(83)
	<hr/>	<hr/>
Transactions with fellow subsidiaries within MFHB Group:		
Rental (expense)/income	(3,308)	117
	<hr/>	<hr/>
Transactions with other related companies within the MBB Group:		
Profit income	-	490
	<hr/>	<hr/>

**25. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)**

<b>(b) General Takaful fund</b>	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Transactions with the ultimate holding company (MBB):		
Profit income	<u>15,287</u>	<u>1,660</u>
Transactions with the holding company (MFHB):		
Contribution income	-	516
Retakaful ceded	-	(1,775)
Claims paid	-	(14)
Claims recoveries	-	34
Management fees	(124)	(522)
Rental of premises	<u>-</u>	<u>(15)</u>
Transactions with fellow subsidiaries within MFHB Group:		
Contribution income	-	9
Rental income/(expenses)	<u>216</u>	<u>(467)</u>
Transactions with other related companies within the MBB Group:		
Profit income	<u>-</u>	<u>766</u>
<b>(c) Family takaful funds</b>		
Transactions with the ultimate holding company (MBB):		
Profit income	<u>144,002</u>	<u>13,649</u>
Transactions with the holding company (MFHB):		
Management fee	(2,885)	(130)
Rental of premises	<u>-</u>	<u>(1,256)</u>
Transactions with fellow subsidiaries within MFHB Group:		
Gross takaful contribution income	-	48
Rental income/(expenses)	<u>2,769</u>	<u>(789)</u>
Transactions with other related companies within the MBB Group:		
Profit income	<u>-</u>	<u>1,913</u>
Transactions with other related parties:		
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Shareholder's Funds</b>		
Transactions with an affiliated company:		
Fees paid to Computer Recovery Centre Sdn. Bhd., an associated company of MBB	<u>(4,787)</u>	<u>-</u>

**25. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)**

Included in the balance sheet of the Company are amounts due from/(to) related companies represented by the following:

<b>(a) Shareholder's Funds</b>	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Holding company:		
Islamic Investment Accounts	4,145	25,500
Income and profits due and accrued	10,000	34
Other receivables	-	6
Other payables	-	(2,695)
	<u>14,145</u>	<u>22,845</u>
Subsidiaries:		
Other receivables	5,657	-
Other payable	(8,642)	(1,694)
	<u>(2,985)</u>	<u>(1,694)</u>
Other related companies within the MBB Group:		
Bank balances		
Islamic Investment Accounts	7,397	30,897
Income and profits due and accrued	-	9
Other receivables	-	11
	<u>7,397</u>	<u>30,917</u>
<b>(b) General Takaful fund</b>	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Ultimate holding company:		
Islamic Investment Accounts	6,489	47,750
Profit due and accrued	-	1,615
Sundry receivables	-	264
	<u>6,489</u>	<u>49,629</u>
Amount due from holding company:		
Sundry receivables	-	298
Amount due from fellow subsidiaries:		
Sundry receivables	-	1

**25. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)****(b) General Takaful fund (Cont'd.)**

	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Amount due from other related companies within the MBB group:		
Fixed and call deposits	14,050	12,040
Profit due and accrued	-	2
	<u>14,050</u>	<u>12,042</u>
Amount due from ultimate holding company:		
Fixed and call deposits	-	396,068
Profit due and accrued	-	12,748
	<u>-</u>	<u>408,816</u>
Amount due from other related companies within the MBB group:		
Fixed and call deposits	-	64,113
Profit due and accrued	-	13
	<u>-</u>	<u>64,126</u>

**(c) Key management personnel compensation**

Key management personnel are defined as persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any director of the Company. The remuneration of directors and other members of key management during the year was as follows:

	<b>Shareholder's Fund</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Short-term employee benefits</b>		
- Salaries, allowances and bonuses	464	30
- Contribution to Employees Provident Fund (EPF)	74	5
- Other staff benefits	-	2
<b>Share-based payment</b>		
- ESOS expense	76	-
	<u>614</u>	<u>37</u>
	<b>Shareholder's Fund</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Non-executive directors' remuneration: (Note 17 (a))		
Fees	16	12
Other emoluments	26	2
	<u>42</u>	<u>14</u>

**25. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)****(c) Key management personnel compensation (Cont'd.)**

	<b>General Takaful Fund</b>		<b>Family Takaful Fund</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Non-executive directors' remuneration: (Note 17(b))				
Fees	37	31	102	95
Other emoluments	-	5	-	26
	<u>37</u>	<u>36</u>	<u>102</u>	<u>121</u>

The movement in share options of key management personnel is as follows:

	<b>Shareholder's Fund</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 July 2007	69	25
Granted	76	63
Exercised	<u>44</u>	<u>19</u>
At 30 June 2008	<u>101</u>	<u>69</u>

Other related companies within MFHB group consist of Mayban General Assurance Berhad, Mayban Life Assurance Berhad and Etiqa Insurance Berhad.

Other related companies within the MBB group include Maybank International (L) Ltd., Mayban Discount Berhad, Aseambankers (M) Berhad, Aseam Credit Sdn. Bhd., Aseamlease Berhad, Mayban Trustees Berhad, Mayban Unit Trust Bhd, Mayban Property Trust Management Berhad, Mayban International Trust (Labuan) Berhad, Mayban Ventures Sdn. Bhd., Mayban Investment Management Sdn. Bhd., Mayban Futures Sdn. Bhd. and Mayban Securities Sdn Berhad.

**26. FINANCIAL INSTRUMENTS**

Etiqa Takaful Berhad's risk management policies seek to ensure that adequate financial resources are available for the development of the Company's businesses whilst managing its various risks. The overall objective is to safeguard the interests of all its stakeholders. Risk management at MFHB is therefore organised both centrally and on a business/functional unit basis. As the first line defence, Etiqa Takaful Berhad is responsible for the day-to-day management of risks inherent in their business activities. The Risk Management Division of MHFB acts as a risk control and coordinating unit whose responsibility includes the setting up of a risk management framework, the formulation and implementation of risk management guidelines and the control and pricing of risks. As such, it becomes the second line of defence.

## **26. FINANCIAL INSTRUMENTS (CONT'D.)**

The internal auditors of Maybank Group, acting as the third line of defence, provide independent assurance of the effectiveness of the risk management approach. These three-pronged strategies are in line with that of Maybank Group's risk management approach.

### **A. Types of Risk**

Risks can arise in all operational areas, functions, processes, and also from external events. Assessing the risk situation of MHFB Group therefore requires a holistic approach. The scope of risk management approach at the MFHB Group are in accordance to the three risk management pillars. The pillars are Underwriting Risk, Financial Risk and Operational Risk.

#### **(i) Underwriting risk**

In the case of Takaful business, the concept of Takaful is based on solidarity, responsibility and brotherhood among participants who have agreed to contribute to a common fund, on the basis of Tabarru', for the purpose of mutual assistance according to the terms of the Takaful contract.

Special attention is also given to the adequacy of the actuarial reserves or the claims reserve risk. The appointed actuaries will assess the reserving methodology on a regular basis in accordance with the BNM's guidelines. Retakaful risk arises from underwriting direct business or retakaful business in relation to reinsurers, cedants and brokers.

#### **(ii) Financial risk**

Financial risks comprise market risks and credit risks. Market risk involves potential losses in the value of invested capital as a result of changes in market prices, i.e., due to fluctuations in rates of return, share prices or exchange rates and perhaps to a certain extent property prices. Market risk is more prevalent in the Family Takaful business. Credit risk arises when a borrower or counterparty is no longer able to pay their debt. Such risks from default on receivables may arise from profiles of liabilities supported by mismatch of assets. Attention is also given to the counterparty risk on the bond portfolio.

#### **(iii) Operational risk**

Operational risk is defined as the risk of direct loss resulting from inadequate or failed internal processes, people and systems or from external events. The methodology used to assess, mitigate and control the risks identified are in accordance to the Maybank Group operational risk framework.

## 26. FINANCIAL INSTRUMENTS (CONT'D.)

### B. Monitoring and Controlling Risks

Having classified all the different types of risks, it is important that these risks are monitored and controlled regularly. The development of consistent methodology for use throughout the entire MFHB Group has become the focal point of interests to the management and Boards of Mayban Fortis Group of companies. In essence, these could be described as follows:

#### (i) Underwriting risk

Underwriting guidelines and limits have been well established to clearly regulate responsibility and accountability for the whole process of conducting takaful and retakaful contracts. There it spells out who may accept what risks and up to what amounts. They are regularly monitored for compliance and updated to reflect current requirements. To further control the underwriting risks, the actuarial department will regularly assess the adequacy of the insurance charges and technical provisions.

The General Takaful business uses retakaful as a form of risk transfer. The risk of default by retakaful operators were further reduced by selecting only those retakaful operators with reputable securities or those that have been awarded with at least an "A" rating by internationally recognised rating agencies and those approved by the Shariah Supervisory Council. Additionally, provisions for known and unknown liabilities arising from our commitments are calculated for takaful businesses using prudent actuarial methods.

#### (ii) Financial Risk

In order to manage financial risks, the Asset-Liability Committee ("ALCO") has been established. The ALCO is responsible for advising the Investment Committee ("IC"), Risk Management Committee ("RMC") and the Board of Directors ("Board") on financial risk management. It is responsible for preparing global investment management guidelines on counterparty and concentration risks in fixed income investments, equity and property investments taking into account BNM's regulations and market trends.

Moreover, Asset-Liability Management ("ALM") studies, based on stress tests of the impact of alternative investment strategies on solvency and revenue, are performed for every investment portfolio separately, taking into account the characteristics of the liabilities and translated into a specific Investment Management Mandate. The global investment management guidelines and the portfolio-specific mandates are submitted to the IC, RMC and the Board for review and approvals. ALCO will then monitor the compliance to the approved mandate. Investments will only be made in Shariah approved counters/instruments.

In managing credit risk, credit limits are imposed where ALCO sets forth the maximum credit exposures the Group is willing to assume over specified periods. They relate to products, conditions of the exposure and other factors.

## 26. FINANCIAL INSTRUMENTS (CONT'D.)

### B. Monitoring and Controlling Risks (Cont'd.)

#### (iii) Operational Risk

An on-going process of implementing a comprehensive framework for monitoring and controlling operational risks has been put in place. In the process, operational loss data is being collected using an approach similar to the requirements of Bank for International Settlement Accord II ("Basel II") and in line with Maybank Group operational risk framework. Key risk indicators are also compiled for deliberation at the RMC meeting.

In addition, the risk control self assessment scorecards have been developed to ensure risk-taking units have identified and manage its operational risks. A risk communication programme is being carried out with the objective to create risk awareness among all staff of the Mayban Fortis Group of possible risks and to inculcate an appropriate risk culture to avoid the common fallacy to equate risk-awareness with being risk-averse.

### C. Fair Values

The aggregate net fair values of financial assets on the balance sheet of the Company as at the end of financial year are represented as follows:

Shareholder's Fund	2008		2007	
	Carrying value RM'000	Fair value RM'000	Carrying value RM'000	Fair value RM'000
Securities of corporations quoted in Malaysia	20,183	23,543	13,751	20,514
Islamic institutional trusts	104	106	104	111
Corporate bonds	51,680	50,974	23,546	27,231
Unquoted shares of corporations	230	-	1,230	-
Malaysian government guaranteed bonds	19,134	17,535	19,600	19,101

## 26. FINANCIAL INSTRUMENTS (CONT'D.)

## C. Fair Values (Cont'd.)

General Takaful Fund	2008		2007	
	Carrying value RM'000	Fair value RM'000	Carrying value RM'000	Fair value RM'000
Securities of corporations quoted in Malaysia	33,613	54,816	28,840	55,095
Islamic institutional trusts	666	852	525	665
Government Investment Issues	27,681	27,714	20,862	21,623
Corporate bonds	220,604	213,832	131,234	135,548
Unquoted shares of a corporation	-	-	5,001	-
Malaysian Government guaranteed bonds	38,005	30,394	32,547	33,108
Khazanah bonds	19,382	19,398	18,614	18,814
Negotiable Instruments of Deposit	27,296	26,788	41,714	41,714
<b>Family Takaful Fund</b>				
Securities of corporations quoted in Malaysia	236,971	374,490	238,649	418,993
Islamic institutional trusts	48,760	49,473	44,753	46,590
Government Investment Issues	76,988	77,313	126,611	129,695
Unquoted shares of a corporation	-	-	17,000	-
Malaysian Government guaranteed bonds	308,021	312,568	198,217	183,370
Corporate bonds	1,571,886	1,516,219	1,252,957	1,310,916
Khazanah bonds	166,079	146,550	138,616	183,370
Negotiable Instruments of Deposit	145,834	166,493	41,714	41,714

## **26. FINANCIAL INSTRUMENTS (CONT'D.)**

### **C. Fair Values (Cont'd.)**

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

#### **(i) Cash and Cash Equivalents and Other Receivables/Payables**

The carrying amounts approximate fair values due to the relatively short-term maturity of these financial instruments.

#### **(ii) Investments**

The fair values of quoted investments are determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

#### **(iii) Investments in subsidiary and unquoted shares**

It is not practical to estimate the fair values of the above investments because of the lack of quoted market prices and the inability to estimate fair values without incurring excessive costs.

## **27. SIGNIFICANT EVENT - TRANSFER OF MTB's TAKAFUL ASSETS, LIABILITIES AND BUSINESS TO THE COMPANY**

During the financial year, the MFHB Group had consolidated its takaful business as part of its internal restructuring exercise. Mayban Takaful Berhad ("MTB" now known as Sri MTB Berhad) transferred its takaful assets, liabilities and business to the Company under a scheme pursuant to Section 51 of the Takaful Act, 1984 at a purchase consideration equivalent to the net tangible assets of the takaful funds at the date of transfer, based on valuation carried out by the Appointed Actuary. The transfer of the takaful business of MTB was completed on 1 December 2007. Upon completion of the transfer of the takaful business of MTB to the Company, BNM subsequently cancelled the registration of MTB under section 11(1) (C) of the Takaful Act, 1984 and effective 3 March 2008.

**27. SIGNIFICANT EVENT - TRANSFER OF GENERAL TAKAFUL AND FAMILY TAKAFUL FUND (CONT'D)**

The transfer of the takaful assets, liabilities and business of MTB to the Company had the following effects on the financial position of the Company as at 30 November 2007.

	Note	Family Takaful Fund RM'000	General Takaful Fund RM'000
Investments		127,301	66,810
Receivables		13,981	2,180
Cash and bank balances		379	596
		<u>141,661</u>	<u>69,586</u>
Investment-linked fund assets	20B	233,291	-
<b>Total Assets</b>		<u><b>374,952</b></u>	<u><b>69,586</b></u>
Provision for outstanding claims	15	1,436	35,483
Payables		1,984	4,040
Takaful Funds :			
- Unearned Contribution Reserves	10	-	25,689
- Unallocated surplus		-	4,374
- Family Takaful Funds		138,241	-
		<u>141,661</u>	<u>69,586</u>
Investment-linked fund liabilities	20B	233,291	-
<b>Total Liabilities, Reserves and Takaful funds</b>		<u><b>374,952</b></u>	<u><b>69,586</b></u>

In addition to the above, property, plant & equipment of the Shareholder's fund of MTB as of 30 November 2007 with a total Net Book Value of RM99,000 was also transferred to the Company as disclosed in Note 3.