

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

Directors' Report and Abridged Audited
Financial Statements
30 June 2011

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ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the abridged financial statements of the Company for the financial year ended 30 June 2011.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the managing of general takaful, family takaful and takaful investment-linked business.

There has been no significant change in the nature of these activities during the financial year.

RESULTS

	RM'000
Net profit for the year	<u>71,804</u>

There were no material transfers to or from reserves or provisions during the financial year.

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:

Dato' Mohd Salleh Haji Harun (Chairman)	
Damis Jacobus Ziengs (Vice Chairman)	
Datuk Dr. Syed Othman bin Syed Hussin Alhabshi	
Dato' Johan bin Ariffin	
Zainal Abidin Jamal	
Mohamed Nor Abdul Hamid	(appointed on 3 September 2010)
Loh Lee Soon	(appointed on 23 December 2010)
Gary Lee Crist	(appointed on 24 January 2011)
Hans J. J. De Cuyper	(appointed on 2 August 2011)
Dato' Aminuddin bin Md. Desa	(resigned on 30 November 2010)

SHARIAH COMMITTEE

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

- Y Bhg. Tan Sri Dato' Seri (Dr) Haji Harussani Bin Haji Zakaria (Chairman)
- Y Bhg. Dr. Ismail Bin Mohd @ Abu Hassan (Member)
- Y Bhg. Dr. Mohammad Deen Bin Mohd Napiah (Member)
- Y Bhg. Dr. Ahcene Lahsasna (Member)
- Y Bhg. Encik Sarip Bin Adul (Member)

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 Maybank Group Employee Share Option Scheme ("ESOS") of the ultimate holding company.

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 disclosed in Notes 24 and 32 to the statutory 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 in the ultimate holding company, Malayan Banking Berhad ("MBB"), during the financial year were as follows:

Direct Interest:	Number of ordinary shares of RM1 each		
	1 July 2010	Bought	30 June 2011
Dato' Mohd Salleh Haji Harun	287,781	18,200	305,981
Dato' Johan bin Ariffin	70,000	52,805	122,805

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 statements of financial position and income statements 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 render:
- (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the statutory 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 statutory financial statements of the Company which would render any amount stated in the statutory financial statements misleading.

OTHER STATUTORY INFORMATION (CONT'D.)

- (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.
- (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)(ii) and (f)(i), 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 statements of financial position and income statements of the Company were made out, the directors took reasonable steps to ascertain that there was adequate provision for takaful certificate liabilities, 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 BNM/RH/GL/004-1: *Guidelines on Directorship for Takaful Operators*. They also have to comply with the tenets of corporate governance by adopting its best practices as stipulated under BNM/RH/GL/003-2: *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.)**(a) Board Responsibilities (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:

Name	Number of Board meetings Attended	%
Dato' Mohd Salleh Haji Harun (Chairman)	6/6	100
Damis Jacobus Ziengs (Vice Chairman)	5/6	83
Datuk Dr. Syed Othman bin Syed Hussin Alhabshi	6/6	100
Dato' Johan bin Ariffin	5/6	83
Zainal Abidin Jamal	6/6	100
Mohamed Nor Abdul Hamid (appointed on 3 September 2010)	3/3	100
Loh Lee Soon (appointed on 23 December 2010)	3/3	100
Gary Lee Crist (appointed on 24 January 2011)	3/3	100
Dato' Aminuddin bin Md. Desa (resigned on 30 November 2011)	1/1	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 32 to the statutory 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:

Loh Lee Soon (Chairman) (appointed on 7 February 2011)
Independent, non-executive director

Damis Jacobus Ziengs
Non-Independent, non-executive director

Datuk Dr. Syed Othman bin Syed Hussin Alhabshi
Independent, non-executive director

Sulaiman bin Salleh (resigned as Chairman and
Independent, non-executive director Member on 6 February 2011)

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

Name	Number of Board meetings Attended	%
Loh Lee Soon (appointed on 23 December 2010)	4/4	100
Damis Jacobus Ziengs	5/6	83
Datuk Dr. Syed Othman bin Syed Hussin Alhabshi	5/6	83
Sulaiman bin Salleh	2/2	100

CORPORATE GOVERNANCE (CONT'D.)

(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.

The SC, set up in compliance with the Takaful Act, 1984, will oversee the operations of the Company to ensure that they 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 is premised 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 SC. 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:

Mohamed Nor Abdul Hamid (Chairman) Non-independent, non-executive director	(appointed on 7 February 2011)
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Damis Jacobus Ziengs Non-independent, non-executive director	
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Datuk R Karunakaran Independent, non-executive director	(appointed on 7 February 2011)
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Dato' Johan bin Ariffin Non-independent, non-executive director	(resigned as Chairman and Member on 6 February 2011)
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Sulaiman bin Salleh Independent, non-executive director	(resigned on 6 February 2011)
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The RMC met 6 times during the year.

CORPORATE GOVERNANCE (CONT'D.)

(f) Nomination and Remuneration Committee

The Company will continue to leverage the existing Nomination and Remuneration Committee of the Board ("NRC") which had taken effect as a merged committee of the ultimate holding company, Malayan Banking Berhad ("MBB"), on 27 May 2010 as part of its governance structure.

The primary objective of the NRC 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.

Further, the NRC is also 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 NRC is as follows:

Dato' Mohd Salleh Hj Harun (Chairman) (appointed on 1 July 2011)
Independent, non-executive director

Tan Sri Dr Hadenan bin A. Jalil
Independent, non-executive director

Dato' Dr Tan Tat Wai
Independent, non-executive director

Zainal Abidin bin Jamal
Non-independent, non-executive director

Alister Maitland
Independent, non-executive director

Dato' Seri Ismail bin Shahudin (resigned as Chairman and
Independent, non-executive director Member on 1 July 2011)

During the financial year, the Nomination and Remuneration Committee met 11 times.

CORPORATE GOVERNANCE (CONT'D.)

(g) Investment Committee

The Investment Committee ("IC") was previously set up at Mayban Life Assurance Berhad (now known as Sri MLAB Berhad) ("Sri MLAB"). However, its membership, roles and responsibilities transcended beyond Mayban Life Assurance Berhad to cover other operating companies under Mayban Ageas Holdings Berhad ("MAHB") (formerly known as Mayban Fortis Holdings Berhad), which include Etiqa Insurance Berhad ("EIB") and Etiqa Takaful Berhad ("ETB").

Following the transfer of Mayban Life Assurance's business to EIB on 1 November 2011, the IC is now established at EIB.

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 a tactical investment policy on the basis of the proposals made 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, and to evaluate and approve the operational policy conducted by the investment manager. It also evaluates, reviews and maintains the Investment Management Guidelines ("IMG"), based on ALCO advice and negotiates conditions with, appoints or dismiss external fund managers, custodians, banks and other financial intermediaries.

The IC reports to the Board of all the operating companies under MAHB.

The composition of the IC is as follows:

Dato' Sri Abdul Wahid bin Omar (Chairman)
Independent, non-executive director

Datuk Dr. Syed Othman bin Syed Hussin Al-Habshi
Independent, non-executive director

Mohd Din bin Merican
Chief Executive Officer, EIB

Ahmad Shahril Azuar Jimin
Chief Executive Officer, ETB

Hans J. J. De Cuyper (appointed as CEO of MAHB
Chief Executive Officer, MAHB on 2 August 2011)

Datuk R Karunakaran (appointed on 7 February 2011)
Independent, non-executive director

Dato' Aminuddin bin Md. Desa (resigned as CEO of MAHB
Chief Executive Officer, MAHB on 30 November 2010)

Sulaiman bin Salleh (resigned on 6 February 2011)
Independent, non-executive director

The IC met 2 times during the year.

CORPORATE GOVERNANCE (CONT'D.)

(h) Public Accountability

As a 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.

SUBSEQUENT EVENT

On 23 June 2011, the Board of Directors of the ultimate holding company, Malayan Banking Berhad ("MBB") had approved the change in financial year end from 30 June to 31 December.

The change of financial year end will apply to the Company in order to coincide with the financial year end of the ultimate holding company, MBB. On 11 August 2011, the Board of Directors of the Company had approved the change in the financial year end from 30 June to 31 December, which would be implemented after the financial year ended 30 June 2011. The new financial year will run from 1 July 2011 to 31 December 2011, covering a period of six (6) months. Thereafter, the financial year shall revert to twelve (12) months ending 31 December, of each subsequent year.

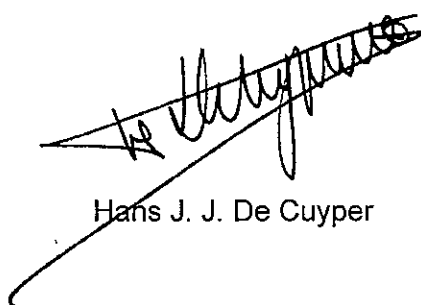
AUDITORS

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

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



Dato' Mohd Salleh Haji Harun



Hans J. J. De Cuyper

Kuala Lumpur, Malaysia
11 August 2011

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ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

REPORT OF THE SHARIAH COMMITTEE

We, Y Bhg. Tan Sri Dato' Seri (Dr) Haji Harussani bin Haji Zakaria and Y Bhg. Dr. Mohammad Deen bin Mohd Napiah, being members of the Shariah Committee of Etiqa Takaful Berhad, do hereby report on behalf of the Committee that to the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the activities of the Company's business for the financial year ended 30 June 2011 have been conducted in conformity with the requirements of Shariah.

Signed on behalf of the Committee.



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



Y Bhg. Dr. Mohammad Deen bin
Mohd Napiah

Kuala Lumpur, Malaysia
11 August 2011

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**Independent auditors' report on the abridged financial statements
to the members of Etiqa Takaful Berhad
(Incorporated in Malaysia)**

Report on the financial statements

We have audited the financial statements of Etiqa Takaful Berhad ("the Company") for the year ended 30 June 2011, from which the abridged financial statements were derived, in accordance with Approved Standards on Auditing in Malaysia. The financial statements were drawn up in accordance with Financial Reporting Standards, as modified by Bank Negara Malaysia ("BNM") Guidelines and the Companies Act, 1965 in Malaysia. In our report dated 11 August 2011, we expressed an unqualified opinion on the financial statements from which the abridged financial statements were derived.

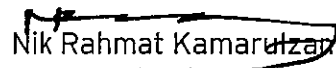
In our opinion, the accompanying abridged financial statements are consistent, in all material respects, with the financial statements from which they were derived and are prepared in accordance with the publication requirement in Part III of BNM/RH/GL 004-06 on "Guidelines on Financial Reporting for Takaful Operators".

For a better understanding of the Company's financial position as at 30 June 2011, and of its financial performance and cash flows for the year then ended and of the scope of our audit, the abridged financial statements should be read in conjunction with the financial statements from which the abridged financial statements were derived and our audit report thereon.



Ernst & Young
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
11 August 2011



Nik Rahmat Kamaruzzaman bin Nik Ab. Rahman
No.1759/02/12(J)
Chartered Accountant

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Note	2011 RM'000	2010 RM'000 (Restated)	01.07.2009 RM'000 (Restated)
ASSETS				
Property, plant and equipment		4,678	3,486	3,179
Intangible assets		12,395	15,854	5,180
Investments	1	-	240,170	210,978
Available-for-sale ("AFS") financial assets	2	180,079	-	-
Loans and receivables	3	154,094	-	-
Financing receivables		22,192	21,532	14,088
Other receivables		187,027	214,494	180,445
Deferred tax assets		145	120	-
Cash and bank balances		1,166	5,404	3,626
Total shareholder's fund assets		<u>561,776</u>	<u>501,060</u>	<u>417,496</u>
Total general takaful fund assets (page 17)		1,414,097	1,023,694	813,063
Total family takaful fund assets		<u>6,600,859</u>	<u>5,784,750</u>	<u>4,772,803</u>
Total assets		<u>8,576,732</u>	<u>7,309,504</u>	<u>6,003,362</u>
EQUITY AND LIABILITIES				
Equity				
Share capital		100,000	100,000	100,000
Retained profits		382,261	311,976	253,338
AFS reserves		10,983	-	-
Total shareholder's equity		<u>493,244</u>	<u>411,976</u>	<u>353,338</u>
Liabilities				
Deferred tax liabilities		7,917	2,625	1,262
Other payables		58,997	53,281	45,841
Current tax liabilities		1,618	33,178	17,055
Total shareholder's fund liabilities		<u>68,532</u>	<u>89,084</u>	<u>64,158</u>
Total general takaful fund liabilities and participants' fund (page 17)		1,414,097	1,023,694	813,063
Total family takaful fund liabilities and participants' fund		<u>6,600,859</u>	<u>5,784,750</u>	<u>4,772,803</u>
Total liabilities		<u>8,083,488</u>	<u>6,897,528</u>	<u>5,650,024</u>
Total liabilities, participants' fund and shareholder's equity		<u>8,576,732</u>	<u>7,309,504</u>	<u>6,003,362</u>

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

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	2011 RM'000	2010 RM'000 (Restated)
Operating revenue	<u>221,634</u>	<u>165,540</u>
Fee and commission income	207,919	155,320
Investment income	12,497	10,219
Realised gains and losses	5,696	1,326
Other operating revenue	<u>11,733</u>	<u>13,261</u>
Other revenue	<u>237,845</u>	<u>180,126</u>
Management expenses	(124,982)	(81,145)
Fee and commission expenses	<u>(90,695)</u>	<u>(67,311)</u>
Other expenses	<u>(215,677)</u>	<u>(148,456)</u>
Transfer from takaful income statement:		
General takaful fund (page 18)	32,765	45,375
Family takaful fund (page 21)	52,614	28,781
Profit before taxation and zakat	<u>107,547</u>	<u>105,826</u>
Taxation	(29,050)	(43,439)
Zakat	<u>(6,693)</u>	<u>(3,749)</u>
Net profit for the year	<u>71,804</u>	<u>58,638</u>
Basic earnings per share (sen)	<u>71.8</u>	<u>58.6</u>

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

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ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	2011 RM'000	2010 RM'000 (Restated)
Net profit for the year	71,804	58,638
Other comprehensive income:		
Net gains on AFS financial assets:		
Gains on fair value changes	10,196	-
Realised gain transferred to income statement	(4,770)	-
Tax effects relating to components of other comprehensive income	(1,357)	-
Other comprehensive income for the year, net of tax	<u>4,069</u>	<u>-</u>
Total comprehensive income for the year	<u><u>75,873</u></u>	<u><u>58,638</u></u>

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

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ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	Attributable to Equity Holder of the Company			Total Equity RM'000
	Non-Distributable	Distributable		
	Share Capital RM'000	Available-for-sale Reserve RM'000	Retained Profits RM'000	
At 1 July 2010	100,000	-	311,651	411,651
Effects of adoption of FRS 4 and FRS 139:				
Fair value changes on AFS investments	-	9,218	(2,299)	6,919
Deferred tax on fair value changes	-	(2,304)	780	(1,524)
Impairment losses on takaful receivables and retakaful assets	-	-	325	325
At 1 July 2010 (restated)	100,000	6,914	310,457	417,371
Total comprehensive income for the year	-	4,069	71,804	75,873
At 30 June 2011	100,000	10,983	382,261	493,244
At 1 July 2009	100,000	-	253,338	353,338
Total comprehensive income for the year, as previously stated	-	-	58,313	58,313
At 30 June 2010	100,000	-	311,651	411,651
Effects of adoption of FRS 4:				
Impairment losses on takaful receivables and retakaful assets	-	-	325	325
At 30 June 2010 (restated)	100,000	-	311,976	411,976

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

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

GENERAL TAKAFUL FUND
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Note	2011 RM'000	2010 RM'000 (Restated)	01.07.2009 RM'000 (Restated)
ASSETS				
Property, plant and equipment		8	13	48
Intangible assets		568	102	7,777
Investments	1	-	772,999	627,795
AFS financial assets	2	784,418	-	-
Loans and receivables	3	181,873	-	-
Financing receivables		1,621	1,696	1,774
Retakaful assets		300,064	123,280	68,113
Takaful receivables		105,849	81,236	66,451
Other receivables		10,634	7,258	8,309
Cash and bank balances		29,062	37,110	32,796
Total general takaful fund assets		1,414,097	1,023,694	813,063
PARTICIPANTS' FUND AND LIABILITIES				
Participants' Fund				
General takaful fund	4	93,863	60,407	31,037
Liabilities				
Takaful payables		64,691	68,509	45,087
Other payables		211,107	145,031	130,626
Takaful certificate liabilities	6	1,040,066	732,331	592,529
Current tax liabilities		4,370	17,416	13,784
Total general takaful fund liabilities		1,320,234	963,287	782,026
Total general takaful fund liabilities and participants' fund		1,414,097	1,023,694	813,063

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

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

GENERAL TAKAFUL FUND
INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	2011 RM'000	2010 RM'000 (Restated)
Operating revenue	670,008	518,977
Gross earned contributions	525,480	436,470
Earned contributions ceded to retakaful	(65,927)	(81,655)
Net earned contributions	459,553	354,815
Fee and commission income	16,095	19,964
Investment income	33,767	29,461
Realised gains and losses	15,488	4,990
Other revenue	65,350	54,415
Gross benefits and claims paid	(265,859)	(158,598)
Claims ceded to retakaful	28,590	11,196
Gross change to certificate liabilities	(196,974)	(86,756)
Change in certificate liabilities ceded to retakaful	140,938	40,473
Net benefits and claims	(293,305)	(193,685)
Management expenses	(520)	(813)
Fee and commission expenses	(160,774)	(118,659)
Other operating expenses	(4,772)	(5,323)
Other expenses	(166,066)	(124,795)
Profit before taxation	65,532	90,750
Surplus attributable to the Company and transferred to shareholder's fund	(32,765)	(45,375)
Taxation	9,835	-
Net profit for the year	42,602	45,375

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

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

GENERAL TAKAFUL FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	2011 RM'000	2010 RM'000 (Restated)
Net profit for the year	42,602	45,375
Other comprehensive income:		
Net gains on AFS financial assets:		
Gains on fair value changes	27,911	-
Realised gain transferred to income statement	<u>(13,484)</u>	<u>-</u>
Other comprehensive income for the year, net of tax	<u>14,427</u>	<u>-</u>
Total comprehensive income for the year	<u><u>57,029</u></u>	<u><u>45,375</u></u>

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

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

FAMILY TAKAFUL FUND
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Note	2011 RM'000	2010 RM'000 (Restated)	01.07.2009 RM'000 (Restated)
ASSETS				
Property, plant and equipment		9	17	25
Intangible assets		1,235	2,275	2,881
Investments	1	-	5,123,265	4,186,341
AFS financial assets	2	5,185,874	-	-
Loans and receivables	3	1,050,071	-	-
Financing receivables		53,486	57,374	54,349
Retakaful assets		40,937	68,848	-
Takaful receivables		80,272	152,941	69,730
Other receivables		84,708	67,410	76,355
Cash and bank balances		20,042	26,244	39,771
Investment-linked business assets	7	120,909	323,060	401,035
Total family takaful fund assets		6,637,543	5,821,434	4,830,487
PARTICIPANTS' FUND AND LIABILITIES				
Participants' Fund				
Family takaful fund	5	1,071,311	651,289	549,502
Takaful investment-linked fund	7	116,880	314,994	390,849
Total family takaful participants' fund		1,188,191	966,283	940,351
Liabilities				
Takaful payables		96,535	77,149	62,812
Other payables		160,296	152,993	28,577
Takaful certificate liabilities	6	5,147,078	4,567,279	3,769,508
Current tax liabilities		41,414	49,664	19,053
Investment-linked business liabilities	7	4,029	8,066	10,186
Total family takaful fund liabilities		5,449,352	4,855,151	3,890,136
Total family takaful fund liabilities and participants' fund		6,637,543	5,821,434	4,830,487

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

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

FAMILY TAKAFUL FUND
INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	2011 RM'000	2010 RM'000 (Restated)
Operating revenue	<u>1,704,495</u>	<u>1,685,303</u>
Gross earned contributions	1,446,925	1,466,304
Earned contributions ceded to retakaful	(20,236)	(24,136)
Net earned contributions	<u>1,426,689</u>	<u>1,442,168</u>
Fee and commission income	2,331	2,097
Investment income	257,571	218,999
Realised gains and losses	63,778	32,053
Other revenue	<u>323,680</u>	<u>253,149</u>
Gross benefits and claims paid	(609,357)	(384,372)
Claims ceded to retakaful	3,949	2,298
Gross change to certificate liabilities	(597,252)	(843,640)
Change in certificate liabilities ceded to retakaful	(27,911)	68,848
Net benefits and claims	<u>(1,230,571)</u>	<u>(1,156,866)</u>
Management expenses	(78,068)	(91,704)
Fee and commission expenses	(246,859)	(242,163)
Other operating expenses	(12,508)	(2,407)
Other expenses	<u>(337,435)</u>	<u>(336,274)</u>
Profit before taxation	182,363	202,177
Surplus attributable to the Company and transferred to shareholder's fund	(52,614)	(28,781)
Taxation	28,686	-
Net profit for the financial year	<u>158,435</u>	<u>173,396</u>

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

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

FAMILY TAKAFUL FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	2011	2010
	RM'000	RM'000
		(Restated)
Net profit for the year	158,435	173,396
Other comprehensive income:		
Net gains on AFS financial assets:		
Gains on fair value changes	195,526	-
Realised gain transferred to income statement	<u>(54,574)</u>	<u>-</u>
Other comprehensive income for the year, net of tax	<u>140,952</u>	<u>-</u>
Total comprehensive income for the year	<u><u>299,387</u></u>	<u><u>173,396</u></u>

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

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	2011 RM'000	2010 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	107,547	105,826
Adjustments for:		
Depreciation of property, plant and equipment	1,239	1,557
Amortisation of intangible assets	6,343	4,364
Write off of fixed assets	-	90
Allowance for impairment of takaful receivables	10,409	8,190
Recovery from agent	-	(1,002)
Net gain on disposal of investments	(91,808)	(61,471)
Investment income	(303,834)	(258,679)
Net reversal of impairment on investment	(2,028)	-
Net provision for diminution in value of investments	-	194
Increase in unearned contribution reserves	74,915	38,352
Increase in general takaful fund	42,892	90,750
Increase in family takaful fund	727,478	886,233
Operating profit before working capital changes	<u>573,153</u>	<u>814,404</u>
Proceeds from disposal of investments	1,173,005	658,150
Purchase of investments	(2,001,214)	(1,698,881)
Increase in placements of Islamic investment accounts	(145,040)	(11,885)
Decrease/(increase) in financing receivables	3,345	(6,445)
Decrease/(increase) in takaful receivables	37,649	(106,200)
Decrease/(increase) in other receivables	711	(37,820)
Increase in takaful payables	15,561	-
Increase in other payables	69,793	109,763
Decrease in AFS reserves	(3,661)	-
Increase in claims liabilities	73,489	92,151
	<u>(203,209)</u>	<u>(186,763)</u>
Investment income received	297,850	257,168
Zakat paid	(4,544)	(3,823)
Taxation paid	(59,121)	(19,785)
Taxation refund	499	-
Mudharabah paid to participants	(44,715)	(45,616)
Net cash (used in)/generated from operating activities	<u>(13,240)</u>	<u>1,181</u>

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONT'D.)

	2011	2010
	RM'000	RM'000
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of intangible assets	(2,718)	(4,798)
Purchase of property, plant and equipment	(2,530)	(4,068)
Proceeds from disposal of property and equipment	-	250
Net cash used in investing activities	<u>(5,248)</u>	<u>(8,616)</u>
Net decrease in cash and cash equivalents	(18,488)	(7,435)
Cash and cash equivalents at beginning of year	68,758	76,193
Cash and cash equivalents at end of year	<u>50,270</u>	<u>68,758</u>
Cash and cash equivalents comprise:		
Cash and bank balances of:		
Shareholder's fund	1,166	5,404
General takaful fund	29,062	37,110
Family takaful fund	20,042	26,244
	<u>50,270</u>	<u>68,758</u>

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

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1. INVESTMENTS

	Shareholder's fund RM'000	General takaful fund RM'000	Family takaful fund RM'000
2010			
<u>At cost:</u>			
Other investments:			
Malaysian government papers	17,135	12,031	331,404
Unquoted debt securities in Malaysia	131,612	435,682	3,394,804
Equity securities:			
Quoted in Malaysia	17,393	73,586	307,791
Less: General provision for diminution in value	-	(8,672)	(45,750)
Unquoted in Malaysia	230	-	-
Quoted unit and property trust funds in Malaysia	657	2,781	53,606
Negotiable Islamic certificate of deposits	-	25,959	145,186
	<u>167,027</u>	<u>541,367</u>	<u>4,187,041</u>
 Deposits and placements with financial institutions			
Islamic investment accounts with:			
Licensed banks	67,467	141,871	738,344
Other financial institutions	5,676	89,761	197,880
	<u>73,143</u>	<u>231,632</u>	<u>936,224</u>
	<u>240,170</u>	<u>772,999</u>	<u>5,123,265</u>

In accordance with the adoption of FRS 139 *Financial Instruments: Recognition and Measurement* on 1 July 2010, the investments of the Company and the takaful funds as at 30 June 2011 are now classified AFS financial assets or as loans and receivables and these are as disclosed in Notes 2 and 3 respectively.

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

2. AFS FINANCIAL ASSETS

	Shareholder's fund RM'000	General takaful fund RM'000	Family takaful fund RM'000
2011			
<u>At fair value:</u>			
Malaysian government papers	12,023	174,695	995,733
Unquoted debt securities in Malaysia	132,097	443,636	3,448,855
Equity securities:			
Quoted in Malaysia	35,314	149,121	633,150
Less: General provision for diminution in value*	-	(8,672)	(45,750)
Unquoted in Malaysia	230	-	-
Quoted unit and property trust funds:			
in Malaysia	415	2,503	18,190
Negotiable Islamic certificate of deposits	-	23,135	135,696
	<u>180,079</u>	<u>784,418</u>	<u>5,185,874</u>

The investments in unquoted shares are measured at cost and their fair value are not disclosed as they cannot be measured reliably based on available information.

The following table provides information of fair values of AFS financial assets analysed by the different fair value measurement bases (excluding the 8% general provisions for diminution prescribed by Bank Negara Malaysia ("BNM")) as follows:

	Shareholder's fund RM'000	General takaful fund RM'000	Family takaful fund RM'000
Quoted market price	35,729	151,624	651,340
Valuation techniques : market observable			
inputs	144,120	641,466	4,580,284
At cost	230	-	-
	<u>180,079</u>	<u>793,090</u>	<u>5,231,624</u>

* 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 practice of making general provisions for diminution in value has ceased.

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

2. AFS FINANCIAL ASSETS (CONT'D.)

- * In accordance with FRS 139 and FRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, the general provision for diminution in value does not meet the definition of either impairment losses, that is, the amount by which the carrying amount of an asset exceeds its fair value, or a liability, that is, a present obligation of the Company arising from past events, the settlement of which is expected to result in an outflow of economic benefits. In accordance with the requirements of the Guideline issued by BNM, the Company has continued to maintain the general provision for diminution in value.

These are modifications to the FRS which had been approved by BNM under para 5.2 of BNM/RH/GL 004-6: *Guidelines on Financial Reporting for Takaful Operators*. Had the Company applied the requirements of the Standards, the investment of the general and family takaful funds would have been higher by RM8,672,000 and RM45,750,000 respectively; consequently, the participants' fund of the general and family takaful funds would have been higher by RM8,672,000 and RM45,750,000 respectively.

3. LOAN AND RECEIVABLES

	Shareholder's fund RM'000	General takaful fund RM'000	Family takaful fund RM'000
2011			
Deposits and placements with financial institutions			
Islamic investment accounts with:			
Licensed banks	126,735	122,197	708,942
Other financial institutions	27,359	59,676	341,129
	<u>154,094</u>	<u>181,873</u>	<u>1,050,071</u>

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

4. GENERAL TAKAFUL FUND

	2011	2010
	RM'000	RM'000
Accumulated surplus (Note (i))	59,678	60,407
AFS reserves (Note (ii))	34,185	-
	<u>93,863</u>	<u>60,407</u>

(i) Accumulated surplus

	2011	2010
	RM'000	RM'000
At 1 July, as previously stated	60,082	31,037
Effects of adopting FRS 4 (<i>Insurance Contract</i>)	325	-
Effects of adopting FRS 139	(631)	-
At 1 July, as restated	<u>59,776</u>	<u>31,037</u>
Surplus arising during the year	42,602	45,050
Effects of adopting FRS 4	-	325
Surplus arising during the year, as restated	<u>42,602</u>	<u>45,375</u>
Hibah paid to participants during the year	(42,700)	(16,005)
At 30 June, as restated	<u>59,678</u>	<u>60,407</u>

(ii) AFS reserves

	2011	2010
	RM'000	RM'000
At 1 July, as previously stated	-	-
Effects of adopting FRS 139	19,758	-
At 1 July, as restated	<u>19,758</u>	-
Net gain on fair value changes	27,911	-
Realised gain transferred to income statement	(13,484)	-
At 30 June	<u>34,185</u>	-

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

5. FAMILY TAKAFUL FUND

	2011	2010
	RM'000	RM'000
Accumulated surplus (Note (i))	748,138	614,605
Qardhul Hasan * (Note (ii))	36,684	36,684
AFS reserves (Note (iii))	286,489	-
	<u>1,071,311</u>	<u>651,289</u>

* The Qard of RM36,684,000 (2010: RM36,684,000) above has been set-off against Islamic investment accounts of the family takaful fund of RM1,050,071,000 (2010: RM936,224,000) in arriving at the total Family takaful fund assets and liabilities and participants' fund of RM6,600,859,000 (2010: RM5,784,750,000) on the Company's statement of financial position.

(i) Accumulated surplus

	2011	2010
	RM'000	RM'000
At 1 July, as previously stated	610,561	491,817
Effects of adopting FRS 4	4,044	-
Effects of adopting FRS 139	(4,659)	-
At 1 July, as restated	<u>609,946</u>	<u>491,817</u>
Surplus arising during the year	<u>158,435</u>	<u>169,351</u>
Effects of adopting FRS 4	-	4,044
Surplus arising during the year, as restated	158,435	173,395
Repayment of Qardhul Hasan	-	(21,000)
Hibah paid to participants during the year	(20,243)	(29,607)
At 30 June, as restated	<u>748,138</u>	<u>614,605</u>

(ii) Qardhul Hasan

	2011	2010
	RM'000	RM'000
At 1 July	36,684	57,684
Decrease in Qardhul Hasan	-	(21,000)
At 30 June	<u>36,684</u>	<u>36,684</u>

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

5. FAMILY TAKAFUL FUND (CONT'D.)

(iii) AFS reserves

	2011 RM'000	2010 RM'000
At 1 July, as previously stated	-	-
Effect of adopting FRS 139	145,537	-
At 1 July, as restated	<u>145,537</u>	-
Net gain on fair value changes	195,526	-
Realised gain transferred to income statement	<u>(54,574)</u>	-
At 30 June	<u>286,489</u>	<u>-</u>

Qardhul Hasan is a benevolent loan provided by the shareholder's fund to make good the actuarial valuation deficit experienced by the group family takaful fund. It does not have any profit elements, is unsecured and is repayable out of future surpluses of the group family takaful fund.

6. TAKAFUL CERTIFICATE LIABILITIES

(a) Family takaful fund

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

	Gross RM'000	Retakaful RM'000	Net RM'000
2011			
Provision for outstanding claims	104,725	-	104,725
Actuarial liabilities	5,042,353	(40,937)	5,001,416
	<u>5,147,078</u>	<u>(40,937)</u>	<u>5,106,141</u>
2010			
Provision for outstanding claims	87,272	-	87,272
Actuarial liabilities	4,480,007	(68,848)	4,411,159
	<u>4,567,279</u>	<u>(68,848)</u>	<u>4,498,431</u>
2009			
Provision for outstanding claims	41,403	-	41,403
Actuarial liabilities	3,728,105	-	3,728,105
	<u>3,769,508</u>	<u>-</u>	<u>3,769,508</u>

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ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

6. TAKAFUL CERTIFICATE LIABILITIES (CONT'D.)

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

(ii) Movements of family takaful certificate liabilities

	Provision for outstanding claims RM'000	Actuarial liabilities RM'000	Gross liabilities RM'000	Retakaful assets RM'000	Net liabilities RM'000
2011					
As at 1 July 2010	87,272	4,480,007	4,567,279	(68,848)	4,498,431
Net earned contribution	-	-	-	(20,236)	(20,236)
Experience/benefit variation	17,453	(17,453)	-	16,287	16,287
Claims intimated during the year	609,357	(626,810)	(17,453)	-	(17,453)
Claims paid during the year	(609,357)	-	(609,357)	3,949	(605,408)
Increase in certificate reserves	-	1,206,609	1,206,609	27,911	1,234,520
As at 30 June 2011	<u>104,725</u>	<u>5,042,353</u>	<u>5,147,078</u>	<u>(40,937)</u>	<u>5,106,141</u>
2010					
As at 1 July 2009, as restated	41,403	3,728,105	3,769,508	-	3,769,508
Net earned contributions	-	-	-	(24,136)	(24,136)
Experience/benefit variation	45,869	(45,869)	-	21,838	21,838
Claims intimated during the year	384,372	(430,241)	(45,869)	-	(45,869)
Claims paid during the year	(384,372)	-	(384,372)	2,298	(382,074)
Increase in certificate reserves	-	1,228,012	1,228,012	(68,848)	1,159,164
As at 30 June 2010	<u>87,272</u>	<u>4,480,007</u>	<u>4,567,279</u>	<u>(68,848)</u>	<u>4,498,431</u>

ETIQA TAKAFUL BERHAD
(Incorporated in Malaysia)

6. TAKAFUL CERTIFICATE LIABILITIES (CONT'D.)

(b) General takaful fund

	Gross RM'000	Retakaful RM'000	Net RM'000
2011			
Claims liabilities (Note (i))	550,022	(234,780)	315,242
Contribution liabilities (Note (ii))	490,044	(65,284)	424,760
	<u>1,040,066</u>	<u>(300,064)</u>	<u>740,002</u>
2010			
Claims liabilities (Note (i))	353,048	(93,842)	259,206
Contribution liabilities (Note (ii))	379,283	(29,438)	349,845
	<u>732,331</u>	<u>(123,280)</u>	<u>609,051</u>
2009			
Claims liabilities (Note (i))	266,292	(53,369)	212,923
Contribution liabilities (Note (ii))	326,237	(14,744)	311,493
	<u>592,529</u>	<u>(68,113)</u>	<u>524,416</u>

(i) Claims liabilities

	Gross RM'000	Retakaful RM'000	Net RM'000
2011			
At 1 July	353,048	(93,842)	259,206
Claims incurred in the current accident year	442,564	(161,865)	280,699
Movement in claims incurred in prior accident years	20,269	(7,663)	12,606
Claims paid during the year	(265,859)	28,590	(237,269)
At 30 June	<u>550,022</u>	<u>(234,780)</u>	<u>315,242</u>
2010			
At 1 July	266,292	(53,369)	212,923
Claims incurred in the current accident year	241,083	(40,719)	200,364
Movement in claims incurred in prior accident years	4,271	(10,950)	(6,679)
Claims paid during the year	(158,598)	11,196	(147,402)
At 30 June	<u>353,048</u>	<u>(93,842)</u>	<u>259,206</u>

ETIQA TAKAFUL BERHAD
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6. TAKAFUL CERTIFICATE LIABILITIES (CONT'D.)

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

(ii) Contribution liabilities

	Gross RM'000	Retakaful RM'000	Total RM'000
2011			
At 1 July	379,283	(29,438)	349,845
Contributions written in the year	636,241	(101,773)	534,468
Contributions earned during the year	(525,480)	65,927	(459,553)
At 30 June	<u>490,044</u>	<u>(65,284)</u>	<u>424,760</u>
2010			
At 1 July	326,237	(14,744)	311,493
Contributions written in the year	489,516	(96,349)	393,167
Contributions earned during the year	(436,470)	81,655	(354,815)
At 30 June	<u>379,283</u>	<u>(29,438)</u>	<u>349,845</u>

7. INVESTMENT-LINKED FUND

(a) Statement of financial position

	2011 RM'000	2010 RM'000 (Restated)	01.07.2009 RM'000 (Restated)
Assets			
Investments (Note (c))	-	321,522	397,805
Financial assets at FVTPL (Note (d))	116,002	-	-
Loans and receivables (Note (e))	4,244	-	-
Other receivables	526	1,066	2,061
Deferred tax assets	124	463	454
Cash and bank balances	13	9	715
Total investment-linked business assets	<u>120,909</u>	<u>323,060</u>	<u>401,035</u>
Liabilities			
Deferred tax liabilities	795	1,674	1,492
Other payables	2,164	4,585	7,154
Current tax liabilities	1,070	1,807	1,540
Total investment-linked business liabilities	<u>4,029</u>	<u>8,066</u>	<u>10,186</u>
Net asset value ("NAV") of funds	<u>116,880</u>	<u>314,994</u>	<u>390,849</u>
Equity unitholders' accounts	<u>116,880</u>	<u>314,994</u>	<u>390,849</u>

ETIQA TAKAFUL BERHAD
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7. INVESTMENT-LINKED FUND (CONT'D.)

(b) Income Statement

	2011	2010
	RM'000	RM'000
		(Restated)
Units creation	1,219	-
Investment income	3,900	10,772
Realised gains and losses	13,593	2,847
Fair value gains and losses	(6,372)	2,017
Other operating (expenses)/revenue	(1,633)	(1,005)
Other revenue	9,488	14,631
Gross benefits paid	(206,258)	(86,113)
Net benefits and claims	(206,258)	(86,113)
Management expenses	(14)	(12)
Fee and commission expenses	(1,900)	(3,184)
Other expenses	(1,914)	(3,196)
Profit before taxation	(197,465)	(74,678)
Taxation	(649)	(1,177)
Net profit for the year	(198,114)	(75,855)
NAV at beginning of the year	314,994	390,849
NAV at end of the year	116,880	314,994

(c) Investment

	2011	2010
	RM'000	RM'000
<u>At market value:</u>		
Other investments:		
Negotiable Islamic certificate of deposits	-	123,267
Unquoted Debt securities in Malaysia	-	81,898
Foreign notes	-	21,037
Islamic investment accounts	-	95,320
	-	321,522

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7. INVESTMENT-LINKED FUND (CONT'D.)

(d) Financial assets at FVTPL

	2011 RM'000	2010 RM'000
<u>At fair value:</u>		
Negotiable Islamic certificate of deposits	50,129	-
Unquoted Debt securities in Malaysia	54,735	-
Foreign notes	11,138	-
	<u>116,002</u>	<u>-</u>

(e) Loan and receivables

	2011 RM'000	2010 RM'000
Islamic investment accounts with licensed banks	<u>4,244</u>	<u>-</u>

8. CAPITAL COMMITMENTS

	2011 RM'000	2010 RM'000
Approved and contracted for: Intangible assets	<u>17,379</u>	<u>-</u>

9. CONTINGENT LIABILITIES

In 2004, the Company commenced a civil suit against a third party ("the First Defendant") and all the guarantors for the 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 the balance of probabilities, the loss and damage purportedly suffered as a result of the Company's actions at the material time. The Company's application for Summary Judgment was heard on 14 May 2009 and allowed by the Court. In addition, the Court ordered that the First Defendant's counter claim against the Company be dismissed.

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9. CONTINGENT LIABILITIES (CONT'D.)

The First Defendant then filed a Notice of Motion to the Court of Appeal for stay of execution and to appeal against the decision of the Kuala Lumpur High Court ("High Court") dated 14 May 2009. During the hearing of the application for a stay of execution on 28 October 2009, the Court had dismissed the application with cost.

The First Defendant's appeal against the decision of the High Court dated 14 May 2009 was heard by the Court of Appeal on 4 March 2010. The Court had allowed the First Defendant's appeal with cost. Thus, the Summary Judgment granted by the High Court on 14 May 2009 was set aside and the striking out of the Defendants' counter-claim was overturned. The Court of Appeal had directed the matter to be set down for full trial.

The full trial concluded on 29 June 2011 and the matter is now fixed for clarification/decision on 21 September 2011.

10. OPERATING LEASE COMMITMENTS

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

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

	2011	2010
	RM'000	RM'000
Within 1 year	7,996	7,887
After 1 year but not more than 5 years	30,228	30,453
	<u>38,224</u>	<u>38,340</u>