

PRUDENTIAL BSN

TAKAFUL

Prudential BSN Takaful Berhad

(Company No. 740651-H)
(Incorporated in Malaysia)

**Unaudited Condensed Interim
Financial Statements
For The Half-Year Ended
30 June 2013
(in Ringgit Malaysia)**

Prudential BSN Takaful Berhad

(Company No. 740651-H)

(Incorporated in Malaysia)

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Prudential BSN Takaful Berhad

(Company No. 740651-H)

(Incorporated in Malaysia)

Unaudited Condensed Statements of Financial Position as at 30 June 2013

	←	As at 30.6.2013				→	←	As at 31.12.2012			→
		Takaful Operator	Family Takaful Fund	General Takaful Fund	Company			Takaful Operator	Family Takaful Fund	General Takaful Fund	
Note		RM'000	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000	RM'000	
Assets											
Property and equipment		15,330	-	-	15,330		14,081	-	-	14,081	
Investments	2	130,854	974,575	15,721	1,106,228		134,111	818,416	11,541	949,488	
Deferred tax assets		9,569	-	-	9,569		9,569	-	-	9,569	
Retakaful assets	3	-	17,545	1,152	18,697		-	13,514	1,038	14,552	
Takaful receivables		-	-	257	257		-	-	320	320	
Trade and other receivables		61,159	6,112	142	9,878		50,309	4,610	127	7,581	
Qard receivables		-	-	-	-		-	-	-	-	
Tax recoverable		-	-	-	-		-	-	-	-	
Cash and bank balances		37,542	33,805	809	72,156		37,088	14,254	2,197	53,539	
Total assets		254,454	1,032,037	18,081	1,232,115		245,158	850,794	15,223	1,049,130	
Equity											
Share capital		58,824	-	-	58,824		58,824	-	-	58,824	
Reserves		100,646	-	-	100,646		86,220	-	-	86,220	
Total equity		159,470	-	-	159,470		145,044	-	-	145,044	

Prudential BSN Takaful Berhad

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Unaudited Condensed Statements of Financial Position as at 30 June 2013

(continued)

	Note	← As at 30.6.2013 →				← As at 31.12.2012 →			
		Takaful Operator RM'000	Family Takaful Fund RM'000	General Takaful Fund RM'000	Company RM'000	Takaful Operator RM'000	Family Takaful Fund RM'000	General Takaful Fund RM'000	Company RM'000
Liabilities									
Participants' fund	4	-	923,704	4,877	913,659	-	764,381	4,307	754,108
Takaful contract liabilities	5	-	34,899	4,926	39,825	-	25,031	4,253	29,284
Provision for wakalah fees		23,186	-	-	23,186	23,056	-	-	23,056
Takaful payables		-	8,283	2,185	10,468	-	6,490	1,719	8,209
Trade and other payables		68,870	57,953	5,947	75,235	74,270	49,541	4,754	81,100
Taxation		2,928	1,507	146	4,581	2,788	199	190	3,177
Deferred tax liabilities		-	5,691	-	5,691	-	5,152	-	5,152
Qard payables		-	-	-	-	-	-	-	-
Total liabilities		94,984	1,032,037	18,081	1,072,645	100,114	850,794	15,223	904,086
Total equity and liabilities		254,454	1,032,037	18,081	1,232,115	245,158	850,794	15,223	1,049,130

The accompanying notes on pages 8 to 23 form an integral part of the financial statements.

Prudential BSN Takaful Berhad

(Company No. 740651-H)
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Unaudited Condensed Statements of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2013

	← 30.6.2013 →				← 30.06.2012 →			
	Takaful Operator RM'000	Family Takaful Fund RM'000	General Takaful Fund RM'000	Company RM'000	Takaful Operator RM'000	Family Takaful Fund RM'000 Restated	General Takaful Fund RM'000	Company RM'000
Operating revenue	155,348	443,721	3,462	461,545	131,486	332,665	2,903	337,507
Takaful operator income	152,748	-	-	-	129,547	-	-	-
Gross contributions	-	426,378	3,214	441,354	-	322,683	2,733	341,975
Contributions ceded to retakaful	-	(6,651)	(630)	(7,281)	-	(6,236)	(525)	(6,761)
Increase in unearned contribution reserves	-	-	(596)	(596)	-	-	42	42
Net earned contributions	-	419,727	1,988	433,477	-	316,447	2,250	335,256
Investment income	1,600	17,065	248	18,913	1,939	9,982	170	12,091
Realised gains and losses	82	6,566	-	6,648	476	8,082	-	8,558
Fair value gains and losses	(14)	10,647	(35)	10,256	(681)	8,140	(10)	7,449
Other operating income	33,108	-	6	(5,794)	38,393	183	-	3,997
Other income	34,776	34,278	219	30,023	40,127	26,387	160	32,095
Gross benefits and claims paid	-	(107,474)	(363)	(107,837)	-	(85,976)	88	(85,888)
Claims ceded to retakaful	-	3,550	80	3,630	-	7,057	7	7,064
Gross change to contract liabilities	-	(9,868)	-	(9,868)	-	(3,614)	-	(3,614)
Change in contract liabilities ceded to retakaful	-	(273)	-	(273)	-	(1,669)	-	(1,669)
Net benefits and claims	-	(114,065)	(283)	(114,348)	-	(84,202)	95	(84,107)

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Unaudited Condensed Statements of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2013

(continued)

	← 30.6.2013 →				← 30.06.2012 →			
	Takaful Operator RM'000	Family Takaful Fund RM'000	General Takaful Fund RM'000	Company RM'000	Takaful Operator RM'000	Family Takaful Fund RM'000 Restated	General Takaful Fund RM'000	Company RM'000
Wakalah fee expense	-	(151,573)	(1,175)	-	-	(128,496)	(1,051)	-
Management expenses	(70,623)	-	-	(70,623)	(58,866)	-	-	(58,866)
Commission paid	(95,934)	-	-	(95,934)	(84,150)	-	(412)	(84,562)
Risk management charge expense	-	(27,229)	(8)	-	-	(18,020)	-	-
Increase in provision for wakalah fees	(132)	-	-	(132)	(1,538)	-	-	(1,538)
Other operating expenses	(2)	(4,158)	-	(4,245)	(10,594)	(7,894)	(480)	(18,968)
Other expenses	(166,691)	(182,960)	(1,183)	(170,934)	(155,148)	(154,410)	(1,943)	(163,934)
Surplus attributable to participants before taxation	-	156,980	741	-	-	104,222	562	-
Tax expense attributable to participants	-	(1,909)	(170)	(2,079)	-	(2,337)	(318)	(2,655)
Profit Attributable to Takaful Operator	1,000	(1,000)	-	-	-	-	-	-
Net surplus attributable to participants	-	(154,071)	(571)	(154,300)	-	(100,683)	(244)	(116,655)
Profit before zakat and taxation	21,833	-	-	21,833	14,526	1,202	-	15,728
Zakat	(335)	-	-	(335)	(141)	-	-	(141)
Tax expense	(7,072)	-	-	(7,072)	(8,557)	-	-	(8,557)
Net profit/(loss) and total comprehensive income for the year	14,426	-	-	14,426	5,828	1,202	-	7,030

The accompanying notes on pages 8 to 23 form an integral part of the financial statements.

Prudential BSN Takaful Berhad

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Unaudited Condensed Statement of Changes In Equity for the year ended 30 June 2013

	← <i>Non-distributable</i> →		← <i>Distributable</i> →				Total equity RM'000
	Share capital RM'000	Share premium RM'000	Retained earnings/(Accumulated losses)			Company RM'000	
	Share capital RM'000	Share premium RM'000	Takaful Operator RM'000	Family Takaful Fund RM'000	General Takaful Fund RM'000	Company RM'000	Total equity RM'000
At 1 January 2012	58,824	41,176	23,573	(1,202)	-	22,371	122,371
Total comprehensive income for the year	-	-	21,471	1,202	-	22,673	22,673
At 31 December 2012/1 January 2013	58,824	41,176	45,044	-	-	45,044	145,044
Total comprehensive income for the period	-	-	14,426	-	-	14,426	14,426
At 30 June 2013	58,824	41,176	59,470	-	-	59,470	159,470

The accompanying notes on pages 8 to 23 form an integral part of the financial statements.

Prudential BSN Takaful Berhad

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Unaudited Condensed Statement of cash flows for the year ended 30 June 2013

	30.6.2013 RM'000	31.12.2012 RM'000
Cash flows from operating activities		
Profit before zakat and taxation	21,833	32,775
Adjustments for:		
Depreciation	1,070	2,483
Investment income	(19,913)	(18,128)
Gain on disposal of investments	(6,648)	(16,247)
Fair value gains on investments	(10,256)	(21,669)
Property and equipment written off	-	18
Increase in provision for wakalah fees	130	1,342
	<hr/>	<hr/>
Loss from operations before changes in operating assets and liabilities	(13,784)	(19,426)
Tax paid	(7,208)	(15,429)
Increase in General Takaful Fund	570	1,793
Increase in Family Takaful Fund	156,268	269,793
Decrease/(Increase) in retakaful assets	12,803	(3,653)
Decrease in takaful receivables	63	6,446
(Increase)/Decrease in trade and other receivables	(553)	3,766
Increase in takaful contract liabilities	10,427	2,242
Increase/(Decrease) in takaful payables	2,259	(2,035)
(Decrease)/Increase in trade and other payables	(5,865)	13,699
	<hr/>	<hr/>
Net cash generated from operating activities	154,980	257,196
	-----	-----
Cash flows from investing activities		
Investment income	19,913	16,155
Purchase of property and equipment	(2,319)	(4,439)
Proceeds from disposal of investments	79,051	253,739
Purchase of investments	(233,008)	(502,660)
	<hr/>	<hr/>
Net cash used in investing activities	(136,363)	(237,205)
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Unaudited Condensed Statement of cash flows for the year ended 30 June 2013

(continued)

	30.6.2013 RM'000	31.12.2012 RM'000
Net increase in cash and cash equivalents	18,617	19,991
Cash and cash equivalents at the beginning of year	53,539	33,548
	-----	-----
Cash and cash equivalents at the end of year	72,156	53,539
	=====	=====
Cash and cash equivalents comprise:		
Cash and bank balances		
- Takaful Operator	37,542	37,088
- Family Takaful Fund	33,805	14,254
- General Takaful Fund	809	2,197
	-----	-----
	72,156	53,539
	=====	=====

The accompanying notes on pages 8 to 23 form an integral part of the financial statements.

Prudential BSN Takaful Berhad

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Notes to the financial statements

1. Basis of preparation

Statement of compliance

The unaudited interim financial statements have been prepared in accordance with MFRS 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB"), IAS 34 *Interim Financial Reporting* issued by International Accounting Standards Board and Guidelines/Circulars issued by Bank Negara Malaysia ("BNM").

A Takaful operator is required to present consolidated financial statements for itself and the participants' funds it controls in accordance to MFRS 127: *Consolidated and Separate Financial Statements*. The financial statements include Takaful funds established in accordance with Islamic Financial Services Act 2013, which are managed and controlled by the Company as operator of the fund.

The unaudited financial statements have been prepared using historical cost basis except for certain financial assets and financial liabilities that are stated at fair value.

The statements of financial position and the statements of comprehensive income of the Operator, Family Fund and General Fund are supplementary financial information presented in accordance with the requirements of Bank Negara Malaysia. In accordance with Islamic Financial Services Act 2013, the Company is required to segregate assets, liabilities, income and expenses of Takaful funds from its own. The statements of financial position and comprehensive income of the Operator include only the assets, liabilities, income and expenses of the Company excluding the Takaful funds manage by it. The statements of financial position and comprehensive income of the Family Fund include only the assets, liabilities, income and expenses of the family solidarity fund that is set up, managed and controlled by the Company. The statements of financial position and comprehensive income of the General Fund include only the assets, liabilities, income and expenses of Takaful fund other than the family solidarity fund that is set up, managed and controlled by the Company.

The unaudited interim financial statements should be read in conjunction with the audited annual financial statements of the Company for the financial year ended 31 December 2012. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the year ended 31 December 2012.

Prudential BSN Takaful Berhad

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2. Investments

	Takaful Operator RM'000	Family Takaful Fund RM'000	General Takaful Fund RM'000	Company RM'000
30.6.2013				
Malaysian government securities	6,417	175,360	3,831	185,608
Islamic debts securities	69,491	362,724	-	432,215
Equity securities	-	341,839	-	341,839
Unit and property trust funds	-	10,312	-	10,312
Deposits with financial institutions	40,024	84,340	11,890	136,254
Investment in Investment-linked Funds	14,922	-	-	-
	<u>130,854</u>	<u>974,575</u>	<u>15,721</u>	<u>1,106,228</u>
	=====	=====	=====	=====
31.12.2012				
Malaysian government securities	6,507	158,940	2,871	168,318
Islamic debts securities	70,206	267,994	-	338,200
Equity securities	-	282,308	-	282,308
Unit and property trust funds	-	8,774	-	8,774
Deposits with financial institutions	42,818	100,400	8,670	151,888
Investment in Investment-linked Funds	14,580	-	-	-
	<u>134,111</u>	<u>818,416</u>	<u>11,541</u>	<u>949,488</u>
	=====	=====	=====	=====

(a) The Company's financial investments are summarised by categories as follows:

	Takaful Operator RM'000	Family Takaful Fund RM'000	General Takaful Fund RM'000	Company RM'000
30.6.2013				
Loans and receivables ("L&R")				
- Deposits with financial institutions	40,024	84,340	11,890	136,254
	=====	=====	=====	=====
Fair value through profit or loss ("FVTPL")				
- Held-for-trading				
Malaysian government securities	6,417	175,360	3,831	185,608
Islamic debts securities	69,491	362,724	-	432,215
Equity securities	-	341,839	-	341,839
Unit and property trust funds	-	10,312	-	10,312
Investment in Investment-linked Funds	14,922	-	-	-
	<u>90,830</u>	<u>890,235</u>	<u>3,831</u>	<u>969,974</u>
	-----	-----	-----	-----
	<u>130,854</u>	<u>974,575</u>	<u>15,721</u>	<u>1,106,228</u>
	=====	=====	=====	=====

Prudential BSN Takaful Berhad

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2. Investments (continued)

- (a) The Company's financial investments are summarised by categories as follows (continued):

	Takaful Operator RM'000	Family Takaful Fund RM'000	General Takaful Fund RM'000	Company RM'000
31.12.2012				
Loans and receivables ("L&R")				
- Deposits with financial institutions	42,818	100,400	8,670	151,888
	=====	=====	=====	=====
Fair value through profit or loss ("FVTPL")				
- Held-for-trading				
Malaysian government securities	6,507	158,940	2,871	168,318
Islamic debts securities	70,206	267,994	-	338,200
Equity securities	-	282,308	-	282,308
Unit and property trust funds	-	8,774	-	8,774
Investment in Investment-linked Funds	14,580	-	-	-
	91,293	718,016	2,871	797,600
	-----	-----	-----	-----
	134,111	818,416	11,541	949,488
	=====	=====	=====	=====

- (b) Carrying values of financial investments

Company	L&R RM'000	FVTPL RM'000	Total RM'000
At 1 January 2012	85,100	575,578	660,678
Purchases	66,788	435,872	502,660
Disposals	-	(235,519)	(235,519)
Fair value gains recorded in profit or loss	-	21,669	21,669
	-----	-----	-----
At 31 December 2012/1 January 2013	151,888	797,600	949,488
Purchases	-	233,007	233,007
Maturities	(15,634)	-	(15,634)
Disposals	-	(70,889)	(70,889)
Fair value gains recorded in profit or loss	-	10,256	10,256
	-----	-----	-----
At 30 June 2013	136,254	969,974	1,106,228
	=====	=====	=====

Prudential BSN Takaful Berhad

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2. Investments (continued)

(c) Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

Takaful Operator

	30.6.2013		31.12.2012	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
FVTPL				
Malaysian government securities	6,417	6,417	6,507	6,507
Islamic debt securities	69,491	69,491	70,206	70,206
Investment in Investment-linked Funds	14,922	14,922	14,580	14,580
	90,830	90,830	91,293	91,293
	=====	=====	=====	=====

L&R

Deposits with financial institutions	40,024	40,024	42,818	42,818
	=====	=====	=====	=====

Family Takaful Fund

FVTPL

Malaysian government securities	175,360	175,360	158,940	158,940
Islamic debt securities	362,724	362,724	267,994	267,994
Equity securities	341,839	341,839	282,308	282,308
Unit and property trust funds	10,312	10,312	8,774	8,774
	890,235	890,235	718,016	718,016
	=====	=====	=====	=====

L&R

Deposits with financial institutions	84,340	84,340	100,400	100,400
	=====	=====	=====	=====

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2. Investments (continued)

(c) Fair value of financial instruments (continued)

General Takaful Fund

	30.6.2013		31.12.2012	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
FVTPL				
Malaysian government securities	3,831	3,831	2,871	2,871
	=====	=====	=====	=====
L&R				
Deposits with financial institutions	11,890	11,890	8,670	8,670
	=====	=====	=====	=====

Company

	30.6.2013		31.12.2012	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
FVTPL				
Malaysian government securities	185,608	185,608	168,318	168,318
Islamic debt securities	432,215	432,215	338,200	338,200
Equity securities	341,839	341,839	282,308	282,308
Unit and property trust funds	10,312	10,312	8,774	8,774
	-----	-----	-----	-----
	969,974	969,974	797,600	797,600
	=====	=====	=====	=====
L&R				
Deposits with financial institutions	136,254	136,254	151,888	151,888
	=====	=====	=====	=====

The following summarises the methods used in determining the fair value of financial instruments reflected in the above table:

Investments in equity and debt securities

The fair values of financial assets that are quoted in an active market are determined by reference to their quoted closing price at the end of the reporting period.

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2. Investments (continued)

(d) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

Takaful Operator

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30.6.2013				
FVTPL				
Malaysian government securities	-	6,417	-	6,417
Islamic debt securities	-	69,491	-	69,491
Investment in Investment-linked Funds	14,922	-	-	14,922
	<u>14,922</u>	<u>75,908</u>	<u>-</u>	<u>90,830</u>
	=====	=====	=====	=====
31.12.2012				
FVTPL				
Malaysian government securities	-	6,507	-	6,507
Islamic debt securities	-	70,206	-	70,206
Investment in Investment-linked Funds	14,580	-	-	14,580
	<u>14,580</u>	<u>76,713</u>	<u>-</u>	<u>91,293</u>
	=====	=====	=====	=====

Family Takaful Fund

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30.6.2013				
FVTPL				
Malaysian government securities	-	175,360	-	175,360
Islamic debt securities	-	362,724	-	362,724
Equity securities	341,839	-	-	341,839
Unit and property trust funds	10,312	-	-	10,312
	<u>352,151</u>	<u>538,084</u>	<u>-</u>	<u>890,235</u>
	=====	=====	=====	=====

2. Investments (continued)

(d) Fair value hierarchy (continued)

Family Takaful Fund

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31.12.2012				
FVTPL				
Malaysian government securities	-	158,940	-	158,940
Islamic debt securities	-	267,994	-	267,994
Equity securities	282,308	-	-	282,308
Unit and property trust funds	8,774	-	-	8,774
	<hr/>	<hr/>	<hr/>	<hr/>
	291,082	426,934	-	718,016
	=====	=====	=====	=====

General Takaful Fund

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30.6.2013				
FVTPL				
Malaysian government securities	-	3,831	-	3,831
	=====	=====	=====	=====
31.12.2012				
FVTPL				
Malaysian government securities	-	2,871	-	2,871
	=====	=====	=====	=====

Company

30.6.2013

FVTPL				
Malaysian government securities	-	185,608	-	185,608
Islamic debt securities	-	432,215	-	432,215
Equity securities	341,839	-	-	341,839
Unit and property trust funds	10,312	-	-	10,312
	<hr/>	<hr/>	<hr/>	<hr/>
	352,151	617,823	-	969,974
	=====	=====	=====	=====

31.12.2012

FVTPL				
Malaysian government securities	-	168,318	-	168,318
Islamic debt securities	-	338,200	-	338,200
Equity securities	282,308	-	-	282,308
Unit and property trust funds	8,774	-	-	8,774
	<hr/>	<hr/>	<hr/>	<hr/>
	291,082	506,518	-	797,600
	=====	=====	=====	=====

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4. Participants' fund (continued)

(i) Family Takaful Fund (continued)

The family takaful contract liabilities and its movements are analysed as follows:

	30.6.2013			31.12.2012		
	Gross RM'000	Retakaful RM'000	Net RM'000	Gross RM'000	Retakaful RM'000	Net RM'000
Total Participants' fund						
At 1 January	764,381	(12,530)	751,851	493,787	(7,647)	486,140
Contribution received	426,656	(6,651)	420,005	756,703	(15,904)	740,799
Liabilities paid for death, maturities, surrenders, benefits and claims	(117,342)	3,277	(114,065)	(177,807)	6,856	(170,951)
Benefits and claims experience variation	(8,035)	(930)	(8,965)	(15,048)	4,165	(10,883)
Fees deducted	(183,238)	-	(183,238)	(345,480)	-	(345,480)
Credit of interest or change in unit-prices 50,954	34,278	-	34,278	50,954	-	
Changes in assumptions (a)	-	-	-	(6,532)	-	(6,532)
Certificate movement	2,686	-	2,686	10,645	-	10,645
Other movements	2,409	-	2,409	3,076	-	3,076
Taxation	1,909	-	1,909	(4,715)	-	(4,715)
Repayment of Qard to Takaful Operator	-	-	-	(1,202)	-	(1,202)
At 30 June/31 December	923,704	(16,834)	906,870	764,381	(12,530)	751,851

- (a) Changes in assumptions include change in assumption for mortality, morbidity, persistency and discount rate to comply with the latest guidelines on valuation basis.
- (b) Following the transition to MFRSs, deficit arising from participants' fund has been adjusted out to reserves and recorded in profit or loss.

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4. Participants' fund (continued)

(i) Family Takaful Fund (continued)

Valuation of family takaful contract liabilities

The liability for family takaful contracts is based on current assumptions, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflect best current estimate of future cash flows.

The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates. The mortality and morbidity assumptions are based on retakaful operators' tables which reflect historical experiences, adjusted when appropriate to reflect the unique risk exposure, product characteristics, target markets, own claims severity and frequency experiences.

Estimates are also made as to future investment income arising from the assets backing family takaful contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

Assumptions on future expenses are based on current expense levels, adjusted for expected expense inflation adjustments, if appropriate. Expenses are borne by the Takaful Operator and do not affect the Family Takaful Fund.

Lapse rate is based on the historical experience of lapses. Discount rate for liabilities accord a level of guarantee no less certain than that accorded by a Government Islamic Issue.

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4. Participants' fund (continued)

(ii) General Takaful Fund

Participants' fund at end of the year comprises the following:

	Gross	30.6.2013 Retakaful (Note 3)	Net	Gross	31.12.2012 Retakaful (Note 3)	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Participants account	4,877	-	4,877	4,307	-	4,307
	=====		=====	=====		=====

(iii) Company

Participants' fund at end of the year comprises the following:

	Gross	30.6.2013 Retakaful (Note 3)	Net	Gross	31.12.2012 Retakaful (Note 3)	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Actuarial liabilities	59,187	(16,834)	42,353	49,788	(12,530)	37,258
Participants account	854,472	-	854,472	704,320	-	704,320
	-----		-----	-----		-----
	913,659	(16,834)	896,825	754,108	(12,530)	741,578
	=====		=====	=====		=====

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5. Takaful contract liabilities

(a) Family Takaful Fund

	30.6.2013			31.12.2012		
	Gross	Retakaful	Net	Gross	Retakaful	Net
	RM'000	(Note 3) RM'000	RM'000	RM'000	(Note 3) RM'000	RM'000
Provision for claims reported by participants	30,653	(711)	29,942	20,229	(984)	19,245
Provisions for IBNR	4,246	-	4,246	4,802	-	4,802
Provisions for outstanding claims	34,899	(711)	34,188	25,031	(984)	24,047
At 1 January	25,031	(984)	24,047	22,715	(2,362)	20,353
Claims incurred during the year	117,898	(3,277)	114,621	180,120	(5,478)	174,642
Claims paid during the year	(107,474)	3,550	(103,924)	(177,807)	6,856	(170,951)
Increase/(decrease) in IBNR	(556)	-	(556)	3	-	3
At 30 June/31 December	34,899	(711)	34,188	25,031	(984)	24,047

(b) General Takaful Fund

Provision for claims reported by participants	1,020	(441)	579	1,019	(451)	568
Provisions for IBNR	954	(390)	564	958	(346)	612
Provisions for outstanding claims	1,974	(831)	1,143	1,977	(797)	1,180
Provisions for unearned contributions	2,952	(321)	2,631	2,276	(241)	2,035
	4,926	(1,152)	3,774	4,253	(1,038)	3,215

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5. Takaful contract liabilities (continued)

(b) General Takaful Fund (continued)

(i) Provision for outstanding claims

	30.6.2013			31.12.2012		
	Gross RM'000	Retakaful RM'000	Net RM'000	Gross RM'000	Retakaful RM'000	Net RM'000
At 1 January	1,977	(797)	1,180	2,451	(848)	1,603
Claims incurred in the current accident year	515	(131)	384	903	(186)	717
Adjustment to claims incurred in prior accident years due to changes in assumptions	(117)	17	(100)	(982)	210	(772)
Claims paid during the year	(401)	80	(321)	(395)	27	(368)
At 30 June/31 December	1,974	(831)	1,143	1,977	(797)	1,180

(ii) Provision for unearned contributions

At 1 January	2,276	(241)	2,035	1,876	(42)	1,834
Contributions written in the year	3,214	(630)	2,584	5,678	(1,355)	4,323
Contributions earned during the year	(2,538)	550	(1,988)	(5,278)	1,156	(4,122)
At 30 June/31 December	2,952	(321)	2,631	2,276	(241)	2,035

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5. Takaful contract liabilities (continued)

(b) General Takaful Fund (continued)

(iii) Valuation of General takaful contract liabilities

For general takaful contracts, estimates have to be made for both the expected ultimate cost of claims reported at the statement of financial position date and for the expected ultimate cost of claims incurred but not yet reported ("IBNR") at the reporting date.

It can take a significant period of time before the ultimate claims costs can be established with certainty and for some type of policies, IBNR claims form the majority of the statement of financial position's liability. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder, Bornheutter-Ferguson and Ultimate Loss Ratio methods.

The main assumption underlying these techniques is that past claims development experience can be used to project future claims development and hence, ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years as well as by significant business lines and claims type. Large claims are usually separately addressed, either by being reserved at the face value of loss adjustor estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.

Additional qualitative judgements are used to assess the extent to which past trends may not apply in future, for example, isolated occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, certificate features and claims handling procedures.

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5. Takaful contract liabilities (continued)

(c) Company

	Gross	30.6.2013	Net	Gross	31.12.2012	Net
	RM'000	Retakaful	RM'000	RM'000	Retakaful	RM'000
		(Note 3)			(Note 3)	
		RM'000	RM'000		RM'000	RM'000
Provision for claims reported by participants	31,673	(1,152)	30,521	21,248	(1,435)	19,813
Provisions for IBNR	5,200	(390)	4,810	5,760	(346)	5,414
	<hr/>			<hr/>		
Provisions for outstanding claims	36,873	(1,542)	35,331	27,008	(1,781)	25,227
Provisions for unearned contributions	2,952	(321)	2,631	2,276	(241)	2,035
	<hr/>			<hr/>		
	39,825	(1,863)	37,962	29,284	(2,022)	27,262
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6. Investment-linked business

Interim statements of financial position as at 30 June 2013

	30.6.2013 RM'000	31.12.2012 RM'000
Assets		
Investments	434,732	367,714
Income due and accrued	1,086	551
Tax recoverable	-	92
Amount due from Family Takaful Fund	4,633	6,695
Amount due from Takaful Operator	-	-
Cash and bank balances	94	175
	<hr/>	<hr/>
Total investment-linked business assets	440,545	375,227
	=====	=====
Liabilities		
Other payables	3,909	4,651
Taxation	404	-
Amount due to Family Takaful Fund	-	-
Amount due to Takaful Operator	4,755	8,554
Deferred tax liabilities	4,765	4,224
	<hr/>	<hr/>
Total investment-linked business liabilities	13,833	17,429
	=====	=====
Net asset value of funds	426,712	357,798
	=====	=====
Represented by:		
Unitholders' account	426,712	357,798
	=====	=====

Interim statements of profit or loss and other comprehensive income for the year ended 30 June 2013

	30.6.2013 RM'000	30.6.2012 RM'000
Investment income	6,926	3,045
Realised gains and losses	6,294	6,815
Fair value gains and losses	13,018	7,466
Investment management fees	(2,562)	-
Other operating expenses	1	(556)
	<hr/>	<hr/>
Investment and other income before taxation	23,677	16,770
Tax expense	(1,096)	(975)
	<hr/>	<hr/>
Investment and other income after taxation	22,581	15,795
	=====	=====