

**HSBC Amanah Takaful (Malaysia)
Sdn. Bhd.**

(Company No. 731530-M)
(Incorporated in Malaysia)

**Unaudited Interim Financial statements
for the six months period ended 30 June 2013**

HSBC AMANAH TAKAFUL (MALAYSIA) SDN. BHD.
UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION

Note	<-----As at 30.06.2013----->				<-----As at 31.12.2012----->			
	Shareholders' fund RM '000	General Fund RM '000	Family Fund RM '000	Total RM '000	Shareholders' fund RM '000	General Fund RM '000	Family Fund RM '000	Total RM '000
ASSETS								
Property and equipment	854	-	-	854	1,035	-	-	1,035
Intangible assets	11,594	-	-	11,594	13,642	-	-	13,642
Investment assets	105,804	20,251	727,652	853,707	75,908	31,987	690,955	798,850
Retakaful assets	-	31,985	22,583	54,568	-	18,663	18,185	36,848
Current tax assets	4,828	-	-	4,828	5,893	-	-	5,893
Loans and receivables, excluding takaful receivables	42,063	255	11,959	48,558	74,041	530	7,159	30,986
Takaful receivables	-	14,162	9,550	23,712	-	7,082	4,338	11,420
Deferred tax assets	-	-	-	-	-	-	-	-
Cash and cash equivalents	12,610	18,282	73,933	104,825	444	14,440	56,924	71,808
TOTAL ASSETS	177,753	84,935	845,677	1,102,646	170,963	72,702	777,561	970,482
EQUITY AND LIABILITIES								
Share capital	100,000	-	-	100,000	100,000	-	-	100,000
Accumulated losses	(4,694)	-	-	(4,694)	(8,619)	-	-	(8,619)
Available-for-sale assets fair value reserves	182	-	-	182	368	-	-	368
TOTAL SHAREHOLDERS' EQUITY	95,488	-	-	95,488	91,749	-	-	91,749
LIABILITIES								
Takaful contract liabilities	-	76,695	791,804	868,499	-	57,391	718,422	775,813
Expense reserves	34,141	-	-	34,141	19,940	-	-	19,940
Takaful payables	1,786	3,963	15,115	20,864	3,729	1,919	8,776	14,424
Other payables	22,890	4,262	36,228	57,661	32,992	13,367	48,717	44,332
Current tax liabilities	-	-	1,872	1,872	-	-	1,224	1,224
Deferred tax liabilities	3,448	15	658	4,121	2,553	25	422	3,000
Amount due to shareholders	20,000	-	-	20,000	20,000	-	-	20,000
TOTAL LIABILITIES	82,265	84,935	845,677	1,007,158	79,214	72,702	777,561	878,733
TOTAL TAKAFUL FUNDS, SHAREHOLDERS' EQUITY AND LIABILITIES	177,753	84,935	845,677	1,102,646	170,963	72,702	777,561	970,482

The notes on pages 5 to 17 are an integral part of these condensed interim financial statements.

HSBC AMANAH TAKAFUL (MALAYSIA) SDN. BHD.
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2013

Note	←-----Current Period ended 30.06.2013-----→					←-----Preceding corresponding period ended 30.06.2012-----→						
	Shareholders' fund RM '000	General Fund RM '000	Family Fund RM '000	Consolidated Total RM '000	Shareholders' fund RM '000	General Fund RM '000	Family Fund RM '000	Consolidated Total RM '000	Shareholders' fund RM '000	General Fund RM '000	Family Fund RM '000	Consolidated Total RM '000
17	45,705	38,253	110,912	150,933	53,036	42,390	183,894	227,405	-	-	-	-
18	49,656	-	-	-	81,531	-	-	-	-	-	-	-
	-	37,723	104,059	141,782	-	41,752	176,870	218,622	-	-	-	-
	-	(4,195)	(10,997)	(15,192)	-	(3,837)	(9,418)	(13,255)	-	-	-	-
	-	458	-	458	-	-	-	-	-	-	-	-
	-	-	-	-	-	(728)	-	(728)	-	-	-	-
	-	33,986	93,062	127,048	-	37,187	167,452	204,639	-	-	-	-
	-	(8,265)	(17,545)	(25,810)	-	(2,848)	(13,228)	(16,076)	-	-	-	-
	-	5,002	5,534	10,536	-	161	5,741	5,902	-	-	-	-
	-	(23,544)	(20,906)	(44,450)	-	(6,120)	41,839	35,719	-	-	-	-
	-	17,563	4,398	21,961	-	(1,166)	(39,340)	(40,506)	-	-	-	-
20	-	(9,244)	(28,519)	(37,763)	-	(9,973)	(4,988)	(14,961)	-	-	-	-
19	1,768	530	6,853	9,151	1,121	638	7,024	8,783	-	-	-	-
	1,778	-	5,175	5,175	845	1,001	3,179	3,179	-	-	-	-
	(82)	(186)	18	(168)	-	1,303	429	1,846	-	-	-	-
	3,464	344	12,046	15,854	1,964	3,142	10,632	15,738	-	-	-	-
	(9,195)	(19,816)	(24,121)	(43,132)	-	(19,168)	(32,747)	(51,905)	-	-	-	-
	(14,194)	-	-	(14,194)	(19,086)	-	-	(38,280)	-	-	-	-
	(18,491)	-	5,151	(13,340)	(3,561)	-	(974)	(4,535)	-	-	-	-
	(208)	(3)	987	(18,491)	(29,625)	-	(1,145)	(30,770)	-	-	-	-
	(42,088)	(19,819)	(17,983)	(79,890)	(50,979)	(21,084)	(34,866)	(114,765)	-	-	-	-
	11,032	5,267	58,606	69,186	32,516	9,272	138,230	150,402	-	-	-	-
	-	(2,897)	(4,093)	(6,990)	-	(3,554)	(10,936)	(14,490)	-	-	-	-
	-	(2,370)	(3,349)	(5,719)	-	(5,718)	(23,898)	(29,617)	-	-	-	-
	-	-	(50,147)	(50,147)	-	-	(102,724)	(152,871)	-	-	-	-
21	11,032	-	1,017	11,032	32,516	-	672	32,516	-	-	-	-
	(129)	-	-	(129)	-	-	-	(129)	-	-	-	-
	(6,977)	-	(1,017)	(8,994)	(9,125)	-	(672)	(9,125)	-	-	-	-
	3,926	-	-	3,926	23,391	-	-	23,391	-	-	-	-
	(248)	(40)	(1,644)	(2,532)	(58)	(80)	2,843	2,705	-	-	-	-
	62	10	131	203	14	20	(227)	(193)	-	-	-	-
	-	30	1,513	1,543	-	60	(2,616)	(2,556)	-	-	-	-
	(186)	-	-	(186)	(44)	-	-	(44)	-	-	-	-
	3,740	-	-	3,740	23,347	-	-	23,347	-	-	-	-

The notes on pages 5 to 17 are an integral part of these condensed interim financial statements.

HSBC AMANAH TAKAFUL (MALAYSIA) SDN. BHD.
UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2013

<-----Non-distributable----->				
Note	Share capital RM '000	Available- for-sale assets ("AFS") fair value reserves RM '000	Accumulated losses RM '000	Total RM '000
At 1 January 2012	100,000	195	(40,935)	59,260
Fair value of available-for-sale financial assets	-	173	-	173
Total other comprehensive income for the year	-	173	-	173
Profit for the year	-	-	32,316	32,316
Total comprehensive income for the year	-	173	32,316	32,489
At 31 December 2012/ At 1 January 2013	100,000	368	(8,619)	91,749
Fair value of available-for-sale financial assets	-	(186)	-	(186)
Total other comprehensive income for the period	-	(186)	-	(186)
Profit for the period	-	-	3,925	3,925
Total comprehensive income for the period	-	(186)	3,925	3,739
At 30 June 2013	100,000	182	(4,694)	95,488

The notes on pages 5 to 17 are an integral part of these condensed interim financial statements.

HSBC AMANAH TAKAFUL (MALAYSIA) SDN. BHD.
UNAUDITED CONDENSED STATEMENT OF CASHFLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Note	Current Period Ended 30.06.2013 RM '000	Year Ended 31.12.2012 RM '000
Operating Activities			
Cash generated from operating activities	22	76,254	201,143
Income tax paid		(4,955)	(14,000)
Net cash flows from operating activities		71,299	187,143
Investing Activities			
Purchase of property and equipment		-	(20)
Purchase of intangible assets		(206)	(5,992)
Purchase of investments		(362,098)	(548,057)
Proceeds from disposal of investments		285,149	283,476
Proceeds from maturities of investments		25,236	33,567
Profit from deposits placed with financial institutions		2,881	2,232
Profit from Government Guaranteed bonds		1,827	5,064
Profit from Government Investment Issues		6,459	3,323
Profit from corporate debt securities		832	13,591
Dividend received from quoted equity securities		1,638	3,805
Net cash used in investing activities		(38,282)	(209,011)
Increase/(decrease) in cash and cash equivalents		33,017	(21,868)
Cash and cash equivalents as at 1 January		71,808	93,676
Cash and cash equivalents as at 30 June/31 December		104,825	71,808

Cash and cash equivalents included in the statement of cash flows comprise of the following statement of financial position amounts:

Deposits with financial institutions	30,946	44,959
Cash and bank balances	73,879	26,849
	104,825	71,808

The notes on pages 5 to 17 are an integral part of these condensed interim financial statements.

HSBC AMANAH TAKAFUL (MALAYSIA) SDN. BHD.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2013

1. **Basis Of Preparation**

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

The unaudited interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting by the Malaysian Accounting Standards ("MASB"), Islamic Financial Services Act 2013 ("IFSA"), Takaful Guidelines/Circulars issued by Bank Negara Malaysia ("BNM") as well as Shariah rulings and precepts.

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 BNM. In accordance with IFSA the Company is required to segregate assets, liabilities, income and expenses of the Takaful funds from its own. The statements of financial position and comprehensive income of the Operator include only the assets, liabilities, income and expenses of the Company excluding the Takaful funds managed by it. The statements of financial position and comprehensive income of the Family Fund include only the assets, liabilities, income and expenses of the family solidarity fund that is set up, 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 the Takaful funds 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.

2. **Auditors' Report**

The auditors' report on the audited financial statements of the preceding year ended 31 December 2012 did not contain any qualification.

3. **Seasonality of operations**

The Group's operations are not materially affected by seasonal or cyclical factors for the period under review.

4. **Unusual items**

Save as disclosed in note 11 there were no unusual items affecting assets, liabilities, equity, net income or cash flows in the current period ended 30 June 2013.

HSBC AMANAH TAKAFUL (MALAYSIA) SDN. BHD.**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
AT 30 JUNE 2013****5. Estimates**

There were no material changes in the basis used for accounting estimates for the current quarter under review other than a change in reserving methodology made in accordance with BNM guidelines which take effect from financial year beginning on and after 1 July 2011. The total impact of the change in reserving methodology was approximately RM19.7 million in prior year ended 30 June 2012 and losses of RM11.2 million in the current period ended 30 June 2013 to the profits of the Shareholders' Fund respectively.

6. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current period under review.

7. Dividends

No dividends was paid during the year and the Directors do not recommend any dividend to be paid for the period under review.

8. Material Events Subsequent to the End of the Period

There were no material events subsequent to the end of the period under review that has not been reported in the interim financial statements for the current financial period.

9. Financial Risk Management

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statement as at and for the year ended 31 December 2012.

10. Contingent Liabilities

There were no contingent liabilities as at the date of this report.

11. Material Changes in the Six Months Results compared to the Results of the Preceding Six Months

There were no material changes to the results under review except for change in reserving methodology as disclosed in Note 5.

12. Material Litigation

There were no material litigation pending as at the date of this announcement.

HSBC AMANAH TAKAFUL (MALAYSIA) SDN. BHD.
13. Investment assets

	Takaful Operator RM '000	General Takaful Fund RM '000	Family Takaful Fund RM '000	Total RM '000
At 30 June 2013				
Available-for-sale financial assets				
Malaysian government securities	-	10,082	83,907	93,989
Government guaranteed bonds	10,045	-	134,064	144,109
Corporate debt securities	95,064	10,169	229,990	335,223
Quoted equity securities	695	-	-	695
Fair value through profit or loss				
Government guaranteed bonds	-	-	5,024	5,024
Corporate debt securities	-	-	98,857	98,857
Structured investments	-	-	46,811	46,811
Quoted equity securities	-	-	128,999	128,999
	105,804	20,251	727,652	853,707
At 31 December 2012				
Available-for-sale financial assets				
Malaysian government securities	-	10,142	84,884	95,026
Government guaranteed bonds	10,071	6,709	138,058	154,838
Corporate debt securities	65,211	15,136	209,695	290,042
Quoted equity securities	626	-	-	626
Fair value through profit or loss				
Government guaranteed bonds	-	-	-	-
Corporate debt securities	-	-	86,917	86,917
Structured investments	-	-	47,015	47,015
Quoted equity securities	-	-	124,386	124,386
	75,908	31,987	690,955	798,850

HSBC AMANAH TAKAFUL (MALAYSIA) SDN. BHD.
13. Investment assets (continued)
(a) Carrying values of investment assets

The carrying value of investment assets are stated at fair value. The investment assets are categorised as either available for sales (AFS) or fair value through profit or loss (FVTPL).

	AFS RM '000	FVTPL RM '000	Total RM '000
At 1 January 2012	376,688	185,634	562,322
Purchases	191,201	356,856	548,057
Maturities	(33,567)	-	(33,567)
Disposals	-	(283,476)	(283,476)
Fair value loss recorded in profit or loss	-	(524)	(524)
AFS reserves	6,904	-	6,904
Amortisation adjustment	(694)	(172)	(866)
At 31 December 2012	<u>540,532</u>	<u>258,318</u>	<u>798,850</u>
Purchases	60,843	301,255	362,098
Maturities	(25,236)	-	(25,236)
Disposals	-	(285,149)	(285,149)
Fair value gain recorded in profit or loss	-	5,151	5,151
AFS reserves	(1,932)	-	(1,932)
Amortisation adjustment	(191)	116	(75)
At 30 June 2013	<u>574,016</u>	<u>279,691</u>	<u>853,707</u>

(b) Fair values of investment assets

The basis of fair value of investment assets is determined by reference to market bid prices in an active market at reporting date.

HSBC AMANAH TAKAFUL (MALAYSIA) SDN. BHD.

13. Investment assets (continued)

(c) The following investment assets mature after 12 months:

	Takaful Operator RM '000	General Takaful Fund RM '000	Family Takaful Fund RM '000	Company RM '000
At 30 June 2013				
AFS	85,002	10,169	427,835	523,006
FVTPL	-	-	46,811	46,811
	<u>85,002</u>	<u>10,169</u>	<u>474,646</u>	<u>569,818</u>
At 31 December 2012				
AFS	75,282	15,248	424,306	514,836
FVTPL	-	-	82,965	82,965
	<u>75,282</u>	<u>15,248</u>	<u>507,271</u>	<u>597,801</u>

14. Retakaful assets

Retakaful of takaful contracts

	Note	30.06.2013 RM '000	31.12.2012 RM '000
General takaful fund	15(a)	31,985	18,663
Family takaful fund	15(a) & 16(b)	22,583	18,185
		<u>54,568</u>	<u>36,848</u>

15. Takaful contract liabilities

	Note	Gross RM '000	Retakaful RM '000	Net RM '000
At 30 June 2013				
General takaful fund	15(a)	76,695	(31,985)	44,710
Family takaful fund	15(b)	791,804	(22,583)	769,221
		<u>868,499</u>	<u>(54,568)</u>	<u>813,931</u>
At 31 December 2012				
General takaful fund	15(a)	57,391	(18,663)	38,728
Family takaful fund	15(b)	718,422	(18,185)	700,237
		<u>775,813</u>	<u>(36,848)</u>	<u>738,965</u>

(a) General takaful fund

	Note	Gross RM '000	Retakaful RM '000	Net RM '000
At 30 June 2013				
Provision for claims reported by participants		9,890	(4,562)	5,328
Provision for IBNR		41,085	(26,158)	14,927
Provision for outstanding claims	(i)	50,975	(30,720)	20,255
Provision for unearned contributions	(ii)	15,410	(1,265)	14,145
Participant's funds	(iii)	10,310	-	10,310
		<u>76,695</u>	<u>(31,985)</u>	<u>44,710</u>

HSBC AMANAH TAKAFUL (MALAYSIA) SDN. BHD.

15. Takaful contract liabilities (continued)

(a) General takaful fund

	Gross RM '000	Retakaful RM '000	Net RM '000
At 31 December 2012			
Provision for claims reported by participants	13,155	(8,752)	4,403
Provision for IBNR	14,276	(4,405)	9,871
Provision for outstanding claims (i)	27,431	(13,157)	14,274
Provision for unearned contributions (ii)	20,109	(5,506)	14,603
Participants' funds (iii)	9,851	-	9,851
	<u>57,391</u>	<u>(18,663)</u>	<u>38,728</u>

(i) Provision for outstanding claims

At 1 January 2013	27,431	(13,157)	14,274
Claims incurred in the current accident period	31,809	(22,565)	9,244
Claims paid during the period	(8,265)	5,002	(3,263)
At 30 June 2013	<u>50,975</u>	<u>(30,720)</u>	<u>20,255</u>

At 1 January 2012	20,240	(12,109)	8,131
Claims incurred in the current accident year	12,938	(1,375)	11,563
Claims paid during the year	(5,747)	327	(5,420)
At 31 December 2012	<u>27,431</u>	<u>(13,157)</u>	<u>14,274</u>

(ii) Provision for unearned contributions

At 1 January 2013	20,109	(5,506)	14,603
Contributions written in the period	37,723	(4,195)	33,528
Contributions earned during in the period	(42,422)	8,436	(33,986)
At 30 June 2013	<u>15,410</u>	<u>(1,265)</u>	<u>14,145</u>

At 1 January 2012	19,631	(2,917)	16,714
Contributions written in the period	62,843	(6,245)	56,598
Contributions earned during in the period	(62,365)	3,656	(58,709)
At 31 December 2012	<u>20,109</u>	<u>(5,506)</u>	<u>14,603</u>

(iii) Participants' funds

	2013 RM '000	2012 RM '000
Actuarial reserves	(620)	263
AFS reserves	45	76
Revenue account accumulated surplus	10,885	9,512
	<u>10,310</u>	<u>9,851</u>

HSBC AMANAH TAKAFUL (MALAYSIA) SDN. BHD.

15. Takaful contract liabilities (continued)

(a) General takaful fund

(iii) Participants' funds

	2013 RM '000	2012 RM '000
Actuarial reserves		
At 1 January	263	4,169
Transfer from/(to) surplus	306	(74)
Paid to participants	(1,189)	(1,661)
Increase/(Decrease) in reserves	-	(2,171)
At 30 June/31 December	(620)	263
AFS reserves		
At 1 January	76	100
(Decrease)/increase in reserves	(31)	(24)
At 30 June/31 December	45	76
Revenue account accumulated surplus		
At 1 January	9,512	7,008
Surplus for the year	2,897	4,366
Profit paid to participants	(1,218)	(1,756)
Transferred (to)/from actuarial reserve	(306)	74
Transferred to donation payable account	-	(172)
Transferred to withholding tax	-	(8)
At 30 June/31 December	10,885	9,512

(b) Family takaful fund

		Gross RM '000	Retakaful RM '000	Net RM '000
At 30 June 2013				
Provision for outstanding claims	(i)	7,606	(6,414)	1,192
Participants' funds	(ii)	784,198	(16,169)	768,029
		791,804	(22,583)	769,221

		Gross RM '000	Retakaful RM '000	Net RM '000
At 31 December 2012				
Provision for outstanding claims	(i)	5,099	(4,119)	980
Participants' funds	(ii)	713,323	(14,066)	699,257
		718,422	(18,185)	700,237

(i) Provision for outstanding claims

At 1 January 2013		5,099	(4,119)	980
Claims incurred in the current accident period		20,052	(7,829)	12,223
Claims paid during the period		(17,545)	5,534	(12,011)
At 30 June 2013		7,606	(6,414)	1,192

At 1 January 2012		4,954	(3,855)	1,099
Claims incurred in the current accident year		34,057	(10,877)	23,180
Claims paid during the year		(33,912)	10,613	(23,299)
At 31 December 2012		5,099	(4,119)	980

HSBC AMANAH TAKAFUL (MALAYSIA) SDN. BHD.

15. Takaful contract liabilities (continued)

(b) Family takaful fund

(ii) Participants' funds

	Gross RM '000	Retakaful RM '000	Net RM '000
At 30 June 2013			
Actuarial reserves	443,335	(16,169)	427,166
Unallocated surplus	40,683	-	40,683
AFS reserve	6,600	-	6,600
Net asset value attributable to unitholders	293,580	-	293,580
	<u>784,198</u>	<u>(16,169)</u>	<u>768,029</u>
At 1 January 2013	713,323	(14,066)	699,257
Contributions received	93,062	-	93,062
Liabilities paid for death, maturities, surrenders, benefits and claims	(12,011)	-	(12,011)
Benefits and claims experience variation	(16,508)	-	(16,508)
Fees deducted	(23,134)	-	(23,134)
Tax expense	(32)	-	(32)
Investment income	17,179	-	17,179
Retakaful reserve credit	2,103	(2,103)	-
Profit paid to participants	-	-	-
Transfer to donation payable account	-	-	-
Transfer from withholding tax payable	-	-	-
Net asset value attributable to unitholders	25,649	-	25,649
Surplus attributable to Takaful Operator	(3,349)	-	(3,349)
Impairment allowance for debts	18	-	18
AFS reserve	(1,513)	-	(1,513)
Deferred tax on fair value gains	(62)	-	(62)
Others	(10,528)	-	(10,528)
At 30 June 2013	<u>784,198</u>	<u>(16,169)</u>	<u>768,028</u>
At 31 December 2012			
Actuarial reserves	335,810	(14,066)	321,744
Unallocated surplus	101,469	-	101,469
AFS reserve	8,113	-	8,113
Net asset value attributable to unitholders	267,931	-	267,931
	<u>713,323</u>	<u>(14,066)</u>	<u>699,257</u>

HSBC AMANAH TAKAFUL (MALAYSIA) SDN. BHD.

15. Takaful contract liabilities (continued)

(b) Family takaful fund

(ii) Participants' funds

	Gross RM '000	Retakaful RM '000	Net RM '000
At 1 January 2012	576,379	(51,514)	524,865
Transfer from ILP risk fund	878	-	878
Contributions received	201,961	-	201,961
Liabilities paid for death, maturities, surrenders, benefits and claims	(23,299)	-	(23,299)
Benefits and claims experience variation	119	-	119
Fees deducted	(48,979)	-	(48,979)
Investment income	8,328	-	8,328
Retakaful reserve credit	(37,448)	37,448	-
Profit paid to participants	(902)	-	(902)
Transfer to donation payable account	(817)	-	(817)
Transfer from withholding tax payable	408	-	408
Net asset value attributable to unitholders	61,189	-	61,189
Surplus attributable to Takaful Operator	(30,920)	-	(30,920)
Impairment allowance for debts	629	-	629
AFS reserve	6,170	-	6,170
Deferred tax on fair value gains	17	-	17
Others	(390)	-	(390)
At 31 December 2012	<u>713,323</u>	<u>(14,066)</u>	<u>699,257</u>

16. Capital and other commitments

	Shareholders' fund	
	30 June 2013 RM '000	Restated 31 December 2012 RM '000
Capital expenditure		
Plant and equipment		
Approved but not contracted for	6,500	6,500
	<u>6,500</u>	<u>6,500</u>

HSBC AMANAH TAKAFUL (MALAYSIA) SDN. BHD.

17. Operating Revenue

	Takaful Operator	General Takaful Fund	Family Takaful Fund	Company
6 months ended 30 June 2013	RM '000	RM '000	RM '000	RM '000
Gross contributions	-	37,723	104,059	141,782
Investment income (Note 19)	1,768	530	6,853	9,151
Wakalah fees (Note 18)	43,937	-	-	-
	<u>45,705</u>	<u>38,253</u>	<u>110,912</u>	<u>150,933</u>
6 months ended 30 June 2012				
Gross contributions	-	41,752	176,870	218,622
Investment income (Note 19)	1,121	638	7,024	8,783
Wakalah fees (Note 18)	51,915	-	-	-
	<u>53,036</u>	<u>42,390</u>	<u>183,894</u>	<u>227,405</u>

18. Takaful operator income

The takaful operator income consists of the following :

	6 months ended 30 June 2013	6 months ended 30 June 2012
Transfer from statement of comprehensive income:		
Family takaful*	3,349	23,898
General takaful*	2,370	5,718
Wakalah fee income	43,937	51,915
Total takaful operator income	<u>49,656</u>	<u>81,531</u>

*Surplus transfer for the period ended 30 June 2013 subject to final Board approval.

HSBC AMANAH TAKAFUL (MALAYSIA) SDN. BHD.

19. Investment Income

6 months ended 30 June 2013	Shareholders' fund RM '000	General Takaful Fund RM '000	Family Takaful Fund RM '000	Company RM '000
Profit from government guaranteed bonds	191	69	2,621	2,881
Profit from Malaysian government securities	-	212	1,615	1,827
Profit from of corporate debt securities	1,697	313	4,449	6,459
Profit from deposits with financial institutions	62	28	742	832
Dividend from equity securities	-	-	1,638	1,638
(Amortisation)/Accretion from government guaranteed bonds	(5)	(9)	193	179
(Amortisation) from Malaysian government bonds	-	(43)	(92)	(135)
(Amortisation)/Accretion of corporate debt securities	(177)	(40)	2,717	2,500
Investment distribution sharing to participants	-	-	(5,606)	(5,606)
Investment Expenses	-	-	(1,424)	(1,424)
	1,768	530	6,853	9,151

6 months ended 30 June 2012	Shareholders' fund RM '000	General Takaful Fund RM '000	Family Takaful Fund RM '000	Company RM '000
Profit from government guaranteed bonds	192	31	2,095	2,318
Profit from Malaysian government securities	-	242	1,302	1,544
Profit from of corporate debt securities	900	429	4,457	5,786
Profit from deposits with financial institutions	66	28	1,180	1,274
Dividend from equity securities	-	-	1,703	1,703
(Amortisation)/Accretion from government guaranteed bonds	(5)	(2)	121	114
(Amortisation) from Malaysian government bonds	-	(44)	(79)	(123)
(Amortisation)/Accretion of corporate debt securities	(32)	(46)	1,023	945
Investment distribution sharing to participants	-	-	(3,501)	(3,501)
Investment Expenses	-	-	(1,277)	(1,277)
	1,121	638	7,024	8,783

HSBC AMANAH TAKAFUL (MALAYSIA) SDN. BHD.

20. Net benefits and claims

	6 months ended 30 June 2013 RM '000	Restated 6 months ended 30 June 2012 RM '000
Net benefits and claims		
General takaful fund	(9,244)	(9,973)
Family takaful fund	(28,519)	(4,988)
	<u>(37,763)</u>	<u>(14,961)</u>
Net benefits and claims are made of:		
(a) Gross benefits and claims paid		
General takaful fund	(8,265)	(2,848)
Family takaful fund	(17,545)	(13,228)
	<u>(25,810)</u>	<u>(16,076)</u>
(b) Claims ceded to retakaful companies		
General takaful fund	5,002	161
Family takaful fund	5,534	5,741
	<u>10,536</u>	<u>5,902</u>
(c) Gross change in contract liabilities		
General takaful fund	(23,544)	(6,120)
Family takaful fund	(20,906)	41,839
	<u>(44,450)</u>	<u>35,719</u>
(d) Change in contract liabilities ceded to retakaful companies		
General takaful fund	17,563	(1,166)
Family takaful fund	4,398	(39,340)
	<u>21,961</u>	<u>(40,506)</u>
Net benefits and claims	<u>(37,763)</u>	<u>(14,961)</u>

21. Taxation

	6 months ended 30 June 2013 RM '000	6 months ended 30 June 2012 RM '000
Note		
Current income tax:		
Malaysian income tax	6,020	9,457
Over provision in prior years	-	-
	<u>6,020</u>	<u>9,457</u>
Deferred tax:		
Relating to origination and reversal of temporary difference	(76)	(331)
Underprovided in prior year	1,033	-
	<u>6,977</u>	<u>9,126</u>

The income tax for the Shareholder's and General takaful funds are calculated based on the standard corporate tax rate of 25% (2012:25%) of the estimated assessable profit for the financial year. The income tax for the Family takaful fund is calculated based on tax rate of 8% (2012:8%) of the assessable investment income net of allowable deductions for the financial period.

HSBC AMANAH TAKAFUL (MALAYSIA) SDN. BHD.**21. Taxation (continued)**

	RM '000	RM '000
Profit before zakat and taxation	11,032	32,516
Taxation at Malaysian statutory tax rate of 25% (2012:25%)	2,758	8,129
Expenses not deductible for tax purposes	3,186	997
Underprovision of deferred tax in prior year	1,033	-
	<u>6,977</u>	<u>9,126</u>

22. Cashflows From Operating Activities

	Current Period Ended 30.06.2013 RM '000	Year Ended 31.12.2012 RM '000
Note		
Profit before zakat and taxation	11,032	40,345
Profit from government guaranteed bonds	(2,881)	(5,064)
Profit from of Malaysian government securities	(1,827)	(3,323)
Profit from of corporate debt securities	(6,459)	(13,591)
Profit from deposits with financial institutions	(832)	(2,232)
Dividend received from quoted equity securities	(1,638)	(3,805)
(Decrease)/Increase in takaful contract liabilities	(3,263)	7,815
Non-cash items:		
Amortisation of intangible assets	2,254	3,188
Increase/(Decrease) in impairment of receivables	169	(2,574)
Depreciation of plant and equipment	182	371
Fair value movement of investments	(5,151)	524
Net amortisation of investments	75	866
Provision for expense reserve	14,194	9,900
Changes in working capital:		
(Increase)/Decrease in receivables	(30,035)	616
Increase in payables	19,646	4,150
Increase in participants' fund	76,299	135,718
Profit paid to participants	(2,407)	(4,319)
Donation to approved charity organisations	-	(989)
Increase in retakaful assets	6,895	33,547
Cash generated from operating activities	<u>76,254</u>	<u>201,143</u>

The Company classifies the cash flows from the acquisition and disposal of financial assets as operating cash flows, as the purchases are funded from the cash flows associated with the origination of takaful contracts, net of the cash flows for payments of benefits and claims incurred for takaful contracts, which are included in operating activities.