

ACR ReTakaful Berhad

(formerly known as ACR ReTakaful SEA Berhad)

(Company No. 814887-A)

(Incorporated in Malaysia)

**Unaudited interim
financial statements for the period
ended 30 June 2012**

814887-A

ACR RETAKAFUL BERHAD
(formerly known as ACR RETAKAFUL SEA BERHAD
(Incorporated in Malaysia)

UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	30.06.2012	31.12.2011
		RM	RM
ASSETS			
Shareholder's fund assets			
Property and equipment		337,297	375,913
Financial assets	9	430,884,177	266,170,028
Tax recoverable		1,255,419	1,734,778
Cash and cash equivalents		104,682,831	206,743,063
Total shareholder's fund assets		537,159,724	475,023,782
Total general retakaful fund assets		247,409,409	235,974,389
Total assets		784,569,133	710,998,171
LIABILITIES			
Shareholder's fund liabilities			
Other payables and provisions		-	770,848
Expense liabilities	11(a)	1,606,741	1,657,394
Total shareholder's fund liabilities		1,606,741	2,428,242
Total general retakaful fund liabilities		424,043,247	354,280,029
Total liabilities		425,649,988	356,708,271
EQUITY			
Shareholder's equity			
Share capital	13	325,000,000	325,000,000
Retained profits		33,919,145	29,289,900
Total equity		358,919,145	354,289,900
TOTAL LIABILITIES, RETAKAFUL FUND			
AND SHAREHOLDER'S EQUITY		784,569,133	710,998,171

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

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ACR RETAKAFUL BERHAD
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UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2012

	Note	30.06.2012 RM	30.06.2011 RM
Operating revenue	14	<u>12,688,833</u>	<u>12,769,998</u>
Shareholder's fund:			
Investment income		5,540,061	5,112,820
Fee and commission Income		6,659,805	7,265,803
Other incomes		539,745	391,375
		<u>12,739,611</u>	<u>12,769,998</u>
Management expenses		(6,267,082)	(5,281,207)
Changes in expense liabilities		(969,674)	-
		<u>(7,236,756)</u>	<u>(5,281,207)</u>
Profit before taxation		5,502,855	7,488,791
Taxation		(873,610)	(1,572,498)
Net profit for the year, representing total comprehensive income for the year		<u>4,629,245</u>	<u>5,916,293</u>
Earnings per share (sen)	16	<u>1.42</u>	<u>1.82</u>

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

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UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2012

	Share capital RM	Distributable retained profits RM	Total RM
At 1 January 2011	325,000,000	8,446,368	333,446,368
Total comprehensive income for the year	-	5,916,293	5,916,293
At 30 June 2011	<u>325,000,000</u>	<u>14,362,661</u>	<u>339,362,661</u>
At 1 January 2012	325,000,000	29,289,900	354,289,900
Total comprehensive income for the year	-	4,629,245	4,629,245
At 30 June 2012	<u>325,000,000</u>	<u>33,919,145</u>	<u>358,919,145</u>

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

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ACR RETAKAFUL BERHAD
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UNAUDITED GENERAL RETAKAFUL FUND STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	30.06.2012 RM	31.12.2011 RM
ASSETS			
Financial assets		117,449,432	158,146,253
Retakaful assets	10	78,334,022	60,270,675
Retakaful Receivables		42,313,063	56,669,941
Cash and cash equivalents		185,946,730	79,193,160
Total general retakaful fund assets		<u>424,043,247</u>	<u>354,280,029</u>
LIABILITIES			
Retakaful contract liabilities	11(b)	392,160,170	331,071,089
Retakaful Payables		27,256,068	16,262,195
Other payables and provisions		4,627,009	6,946,745
Total general retakaful fund liabilities		<u>424,043,247</u>	<u>354,280,029</u>
General retakaful fund	12	<u>-</u>	<u>-</u>
Total general retakaful liabilities and retakaful fund		<u>424,043,247</u>	<u>354,280,029</u>

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

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UNAUDITED GENERAL TAKAFUL INCOME STATEMENT
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2012

	Note	30.06.2012 RM'000	30.06.2011 RM'000
Gross earned contributions	15	65,346,987	87,527,832
Contributions ceded to retakaful operators	15	<u>(31,956,304)</u>	<u>(23,847,853)</u>
Net earned contributions		<u>33,390,683</u>	<u>63,679,979</u>
Investment income		1,222,418	966,838
Fee and commission income		9,037,304	6,420,411
Other operating income		<u>73,226</u>	<u>2,166,006</u>
Other revenue		<u>10,332,948</u>	<u>9,553,255</u>
Gross claims paid		(26,648,634)	(40,959,111)
Claims ceded to retakaful operators		4,688,412	4,865,465
Gross change to contract liabilities		(64,990,663)	(41,175,027)
Change in contract liabilities ceded to retakaful operators		19,607,937	6,862,902
Net claims		<u>(67,342,948)</u>	<u>(70,405,771)</u>
Fee and commission expense		(24,148,243)	(36,450,507)
Other operating expenses		<u>(982,805)</u>	<u>(391,375)</u>
Other expenses		<u>(25,131,048)</u>	<u>(36,841,882)</u>
Loss before taxation		<u>(48,750,365)</u>	<u>(34,014,419)</u>
Taxation		-	-
Net loss for the year, representing total comprehensive loss for the year		<u>(48,750,365)</u>	<u>(34,014,419)</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

ACR RETAKAFUL BERHAD
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UNAUDITED INTERIM STATEMENTS OF CASH FLOWS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2012

	30.06.2012	30.06.2011
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,502,855	7,488,791
Adjustments for:		
Depreciation of property and equipment	38,616	106,880
Property and equipment written off	-	-
Net accretion of discounts on investments	1,593	1,301
Profit on investment accounts	(6,762,479)	(13,736,836)
Impairment of takaful receivables	561,005	650,786
Unrealised foreign exchange adjustment	630,713	12,035,325
Increase/(decrease) in contribution liabilities	(6,132,576)	6,531,934
Deficit in general retakaful fund	(48,750,375)	(34,014,427)
Operating loss before working capital changes	(54,910,648)	(20,936,246)
Purchase of investments	(16,860,605)	(51,319,517)
Increase in trade receivables	(1,047,267)	(25,638,098)
Increase in other receivables	(33,931,287)	(10,446,954)
Increase in outstanding claims	48,471,908	20,240,606
Increase in payables	57,082,368	58,312,807
	(1,195,531)	(29,787,402)
Investments income received	6,762,479	13,736,836
Taxes paid	(873,610)	689,776
Net cash generated from operating activities	<u>4,693,338</u>	<u>(15,360,790)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	-
Net cash used in investing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Net cash generated from financing activity	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS:		
Net increase	4,693,338	(15,360,790)
At 1 January	285,936,223	346,583,333
At 30 June	<u>290,629,561</u>	<u>331,222,543</u>
Cash and cash equivalents comprise:		
Shareholder's fund	104,682,831	256,151,886
General retakaful fund	185,946,730	75,070,657
	<u>290,629,561</u>	<u>331,222,543</u>

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

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company was incorporated on 23 April 2008 and was registered by Bank Negara Malaysia ("BNM") to operate general retakaful business on 1 July 2008.

The Company is principally involved in the underwriting of general retakaful business. There has been no significant change in the nature of the principal activity of the Company during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at 18th Floor, The Garden North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia.

The holding and ultimate holding company is ACR Retakaful Holdings Limited, a company incorporated in Dubai UAE and a joint venture between Khazanah Nasional Berhad, Dubai Islamic Investment Group LLC and ACR Capital Holdings Pte Ltd.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 14 August 2012.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with the Companies Act 1965, Takaful Act 1984 and Financial Reporting Standards as modified by Bank Negara Malaysia Guidelines/Circulars and the principles of Shariah in Malaysia.

At the beginning of the current financial year, the Company had adopted new and revised FRSs which are mandatory for financial year beginning on or after 1 January 2010, as described in Note 2.3.

The financial statements have been prepared on historical cost bases except as disclosed in the accounting policies below. The financial statements are presented in Ringgit Malaysia (RM).

2.2 Changes in accounting policies and effects arising from adoption of new and revised FRSs

The accounting policies adopted by the Company are consistent with those of the previous financial year except for the adoption of the following FRSs, Amendments to FRSs, IC Interpretation and Technical Release

FRS 1: First-time Adoption of Financial Reporting Standards

FRS 3: Business Combinations

FRS 127: Consolidated and Separate Financial Statements

Amendments to FRS 1 Limited Exemption from Comparative FRS 7 Disclosure for first time Adopter and Additional Exemptions for First-Time Adopters

Amendments to FRS 2 Group Cash-settled Share-based Payment Transactions

Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations

Amendment to FRS 7: Improving Disclosures about Financial Instruments

Amendments to FRS 132 Financial Instruments: Presentation-Classification of Right Issues

Amendments to FRS 138 Intangible Assets

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IC Interpretation 4: Determining whether an Arrangement contains a Lease
IC Interpretation 12: Service Concession Arrangements
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17: Distributions of Non-cash Assets to Owners
IC Interpretation 18 Transfer of Assets from Customers
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
TR i-4 Shariah Complaint Sale Contracts
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"

Adoption of the FRSs, Amendments to FRS, IC Interpretations and Technical Release above did not have significant effect on the financial performance or position of the Company

3. COMMENTS ON SEASONALITY OR CYCLICALITY

The business operations of the Company were not significantly affected by seasonality or cyclical factors for the period under review.

4. UNUSUAL ITEM AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There were no items affecting assets, liabilities, equity, net income, or cash flows which are unusual because of their nature, size, or incidence in the current interim period ended 30 June 2012.

5. MATERIAL CHANGES IN ESTIMATES

There were no material changes in the basis used for accounting estimates for the current financial period ended 30 June 2012.

6. DIVIDEND PAID

No dividend has been paid by the Company in the current interim period ended 30 June 2012.

7. EVENTS AFTER THE INTERIM PERIOD

There were no material events after the interim period that have not been reflected in the financial statements for the interim period.

8. EFFECT OF CHANGES IN THE COMPOSITION OF THE COMPANY

There were no changes in the composition of the Company during the period under review.

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9. FINANCIAL ASSETS

	2012		2011	
	Shareholder's Fund	General Fund	Shareholder's Fund	General Fund
At amortised cost				
HTM investments	12,702,515	73,393,617	12,701,083	32,898,172
Financing and receivables	418,181,662	44,055,815	253,468,945	125,248,081
	<u>430,884,177</u>	<u>117,449,432</u>	<u>266,170,028</u>	<u>158,146,253</u>
Corporate sukuk	12,702,515		12,701,083	
Government Investment Issue		73,393,617		32,898,172
Unit trust	52,907,799			
Deposit placements***	50,499,133		106,700,000	
Qard to General retakaful fund*	176,633,829		127,883,463	
Income due and accrue	2,288,390	973,133	1,742,574	501,449
Statutory deposits	319,952		311,086	
Due from related companies**	3,095,417		2,878,423	
Due from general retakaful fund	132,294,870		13,870,803	101,792,839
Due from shareholders' fund		43,082,682		22,953,793
Other receivables and deposits	142,272		82,597	
	<u>430,884,177</u>	<u>117,449,432</u>	<u>266,170,028</u>	<u>158,146,253</u>

*Qard represents a financing to the general retakaful fund to make good any underwriting deficit experienced during the financial period. The amount is unsecured, not subject to any profit elements and has no fixed terms of repayment. The management expects to recover the balance from future profits of general retakaful fund.

**This amounts are non-trade in nature, are unsecured, not subject to any profit elements and are repayable on demand.

***This amounts has been reserved as Qard for the purpose of financing general retakaful fund deficit as described in the Trust Deed 7 July 2008 between ACR ReTakaful SEA Berhad (Trustee) and the Participants (Beneficiaries).

10. RETAKAFUL ASSETS

	30.06.2012	31.12.2011
	RM	RM
General retakaful fund		
Retrotakaful of takaful contracts	78,334,022	60,270,675
	<u>78,334,022</u>	<u>60,270,675</u>

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11. RETAKAFUL CONTRACT LIABILITIES

a) Shareholder's fund

Expense liability

At beginning of the year, previously stated
Effects of adoption of FRS 4
At beginning of the year, restated
- Wakalah fee received during the year
- Wakalah fee earned during the year
- Expense provision
At end of year

	30.06.2012 Gross / Net RM'000	31.12.2011 Gross / Net RM'000
At beginning of the year, previously stated		
Effects of adoption of FRS 4		
At beginning of the year, restated	1,657,394	1,549,724
- Wakalah fee received during the year	6,659,805	20,092,113
- Wakalah fee earned during the year	(7,680,132)	(19,984,443)
- Expense provision	969,674	-
At end of year	1,606,741	1,657,394

b) General retakaful fund

	30.06.2012			31.12.2011		
	Gross RM	Retakaful RM	Net RM	Gross RM	Retakaful RM	Net RM
Provision for claims reported by beneficiaries	138,376,349	(31,443,987)	106,932,362	129,483,808	(25,634,977)	103,848,831
Provision for incurred but not reported claims ("IBNR")	245,689,133	(42,967,150)	202,721,983	188,648,160	(28,902,155)	159,746,005
Claim liabilities	384,065,482	(74,411,137)	309,654,345	318,131,968	(54,537,132)	263,594,836
Contribution liabilities	8,094,688	(3,922,885)	4,171,803	12,939,121	(5,733,543)	7,205,578
	392,160,170	(78,334,022)	313,826,148	331,071,089	(60,270,675)	270,800,414

(i) Claims liabilities

At 1 January

Claim incurred in the current year	34,396,295	(10,303,298)	24,092,997	132,595,354	(9,394,354)	123,201,000
Movement of IBNR provision	57,243,002	(13,993,051)	43,249,951	105,450,311	(12,012,328)	93,437,983
Claim paid during the year	(26,648,634)	4,688,412	(21,960,222)	(72,321,075)	14,837,844	(57,483,231)
Foreign exchange adjustments	942,851	(266,068)	676,783	6,848,030	(4,210,854)	2,637,176
At 30 June/31 December	384,065,482	(74,411,137)	309,654,345	318,131,968	(54,537,132)	263,594,836

(ii) Contribution liabilities

At 1 January

Contribution written in the year	60,502,554	(30,145,648)	30,356,906	207,548,730	(45,402,540)	162,146,190
Contribution earned during the year	(67,616,237)	29,164,540	(38,451,697)	(209,635,940)	45,528,310	(164,107,630)
Foreign exchange adjustments	2,269,250	2,791,766	5,061,016	229,620	210,592	440,212
At 30 June/31 December	8,094,688	(3,922,885)	4,171,803	12,939,121	(5,733,543)	7,205,578

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12. GENERAL RETAKAFUL FUND

Accumulated deficit			
At beginning of the year		(127,883,463)	(9,577,825)
Net deficit of the general retakaful fund		(48,750,365)	(118,305,638)
At end of the year		<u>(176,633,828)</u>	<u>(127,883,463)</u>
Qard			
At beginning of the year		127,883,463	9,577,825
Increase in Qard		48,750,365	118,305,638
At end of the year		<u>176,633,828</u>	<u>127,883,463</u>
General retakaful fund at end of the year			
Accumulated deficit		(176,633,828)	(127,883,463)
Qard		176,633,828	127,883,463
		<u>-</u>	<u>-</u>

13. SHARE CAPITAL

	30.06.2012		31.12.2011	
	No. of shares	RM	No. of shares	RM
Authorised				
Ordinary shares of RM1 each				
At the beginning and end of year	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>

	30.06.2012		31.12.2011	
	No. of shares	RM	No. of shares	RM
Issued and paid-up				
Ordinary shares of RM1 each				
At the beginning and end of year	<u>325,000,000</u>	<u>325,000,000</u>	<u>325,000,000</u>	<u>325,000,000</u>

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14. OPERATING REVENUE

	Shareholder's fund RM	General retakaful fund RM	Total RM
30.06.2012			
Gross contribution	-	60,502,554	60,502,554
Wakalah fees	6,659,805	-	6,659,805
Investment income	6,029,028	1,222,418	7,251,446
	<u>12,688,833</u>	<u>61,724,972</u>	<u>74,413,805</u>
30.06.2011			
Gross contribution	-	94,016,354	94,016,354
Wakalah fees	7,265,803	-	7,265,803
Investment income	5,504,195	966,838	6,471,033
	<u>12,769,998</u>	<u>94,983,192</u>	<u>107,753,190</u>

15. NET EARNED CONTRIBUTION

	30.06.2012 RM	30.06.2011 RM
(a) Gross contribution		
Retakaful contracts	60,502,554	94,016,354
Change in unearned contribution reserve	4,844,433	(6,488,522)
	<u>65,346,987</u>	<u>87,527,832</u>
	30.06.2012 RM	30.06.2011 RM
(b) Contribution ceded		
Ceded retakaful contracts	30,145,648	23,479,959
Ceded change in unearned contribution reserve	1,810,656	367,894
	<u>31,956,304</u>	<u>23,847,853</u>
Net earned contribution	<u>33,390,683</u>	<u>63,679,979</u>

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16. EARNINGS PER SHARE

Earnings per ordinary share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period, as follows:

	30.06.2012	30.06.2011
	RM	RM
Net profit for the period	4,629,245	5,916,293
Weighted average number/number of shares in issue during the period	325,000,000	325,000,000
Basic earnings per share (sen)	<u>1.42</u>	<u>1.82</u>