

Isi Kandungan Penyata Kewangan

Contents of Financial Statements

Laporan Para Pengarah Bagi Tahun Berakhir 30 Jun 2004	77 - 82	<i>Directors' Report For The Financial Year Ended 30 June 2004</i>	151 - 156
Penyata Para Pengarah Berdasarkan Kepada Seksyen 169(15) Akta Syarikat, 1965	83	<i>Statement by Directors Pursuant to Section 169(15) of the Companies Act, 1965</i>	157
Pengisytiharan Berdasarkan Kepada Seksyen 169(16) Akta Syarikat, 1965	84	<i>Statutory Declaration Pursuant to Section 169(16) of the Companies Act, 1965</i>	158
Laporan Juruaudit Kepada Para Ahli Syarikat Takaful Malaysia Berhad	85 - 86	<i>Report Of The Auditors To The Members Of Syarikat Takaful Malaysia Berhad</i>	159 - 160
Laporan Majlis Pengawasan Syariah	87	<i>Report Of The Shariah Supervisory Council</i>	161
Kunci Kira-Kira Disatukan Pada 30 Jun 2004	88 - 89	<i>Consolidated Balance Sheet As At 30 June 2004</i>	162 - 163
Penyata Pendapatan Disatukan Bagi Tahun Berakhir 30 Jun 2004	90	<i>Consolidated Income Statement For The Year Ended 30 June 2004</i>	164
Penyata Perubahan Ekuiti Disatukan Bagi Tahun Berakhir 30 Jun 2004	91	<i>Consolidated Statement Of Changes In Equity For The Year Ended 30 June 2004</i>	165
Penyata Aliran Tunai Disatukan Bagi Tahun Berakhir 30 Jun 2004	92 - 93	<i>Consolidated Cash Flow Statement For The Year Ended 30 June 2004</i>	166 - 167
Kunci Kira-Kira Pada 30 Jun 2004	94 - 95	<i>Balance Sheet As At 30 June 2004</i>	168 - 169
Penyata Pendapatan Bagi Tahun Berakhir 30 Jun 2004	96	<i>Income Statement For The Year Ended 30 June 2004</i>	170
Penyata Perubahan Ekuiti Bagi Tahun Berakhir 30 Jun 2004	97	<i>Statement Of Changes In Equity For The Year Ended 30 June 2004</i>	171
Penyata Aliran Tunai Bagi Tahun Berakhir 30 Jun 2004	98 - 99	<i>Cash Flow Statement For The Year Ended 30 June 2004</i>	172 - 173
Nota-Nota Kepada Penyata Kewangan	100 - 142	<i>Notes To The Financial Statements</i>	174 - 216
Penyata Pendapatan Terperinci Bagi Tahun Berakhir 30 Jun 2004	143	<i>Detailed Income Statement For The Year Ended 30 June 2004</i>	217
Akaun Hasil Takaful Keluarga Bagi Tahun Berakhir 30 Jun 2004	144 - 145	<i>Family Takaful Revenue Account For The Year Ended 30 June 2004</i>	218 - 219
Akaun Hasil Takaful Am Bagi Tahun Berakhir 30 Jun 2004	146 - 147	<i>General Takaful Revenue Account For The Year Ended 30 June 2004</i>	220 - 221
Akaun Hasil Takaful Semula Am Bagi Tahun Berakhir 30 Jun 2004	148	<i>General Inward Retakaful Revenue Account For The Year Ended 30 June 2004</i>	222
Akaun Hasil Takaful Keluarga Berkelompok Bagi Tahun Berakhir 30 Jun 2004	149 - 150	<i>Group Family Takaful Revenue Account For The Year Ended 30 June 2004</i>	223 - 224

Directors' Report For The Financial Year Ended 30 June 2004

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2004.

Principal activities

The principal activities of the Company consist of managing family and general takaful businesses, whilst the principal activities of the subsidiaries are as stated in Note 3 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM	Company RM
Net profit for the year	<u>24,064,244</u>	<u>23,011,628</u>

Reserves and provisions

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

Dividend

Since the end of the previous financial year, the Company paid a final dividend of 4.5% less tax totalling RM4,633,200 based on the issued and paid-up capital of 143,000,000 in respect of the year ended 30 June 2003 on 29 December 2003.

The final dividend recommended by the Directors in respect of the year ended 30 June 2004 is 6% less tax totalling RM6,177,600 based on the issued and paid-up capital of 143,000,000.

Directors of the Company

Directors who served since the date of the last report are:-

Dato' Mohd Yusoff Haji Nasir
 Dato' Ahmad Tajudin Abdul Rahman
 Dato' Tengku Hassan Tengku Omar
 Haji Taib Rasak
 Dato' Fadzil Yusoff
 Dato' Mohd Fadzli Yusof
 Dato' Wan Abdul Wahid Wan Hassan
 Dato' Ahmad Maher Abdul Manan

In accordance with Section 62 of the Company's Articles of Association, Dato' Ahmad Tajudin Abdul Rahman, Dato' Tengku Hassan Tengku Omar and Dato' Mohd Fadzli Yusof retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Directors' Report For The Financial Year Ended 30 June 2004

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

Directors' interests

The holdings in the ordinary shares of the Company and of its related corporations of those who were Directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			At 30.6.2004
	At 1.7.2003	Bought	Sold	
Syarikat Takaful Malaysia Berhad				
Dato' Ahmad Tajudin Abdul Rahman	10,000	16,000	-	26,000
Dato' Mohd Fadzli Yusof	8,000	12,800	-	20,800

BIMB Holdings Berhad

Dato' Ahmad Tajudin Abdul Rahman	391,272	-	-	391,272
Dato' Fadzil Yusoff	193,700	-	-	193,700
Dato' Mohd Fadzli Yusof	21,000	-	-	21,000

	Option price RM	Number of options over ordinary shares of RM1.00 each			At 30.6.2004
		At 1.7.2003	Granted	Excercised	
Syarikat Takaful Malaysia Berhad					
Dato' Mohd Fadzli Yusof	1.20	-	200,000	-	200,000
BIMB Holdings Berhad					
Dato' Ahmad Tajudin Abdul Rahman	2.13	500,000	-	-	500,000
Dato' Fadzil Yusoff	2.13	410,000	-	-	410,000

None of the other Directors holding office at 30 June 2004 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the Company's and holding company's Employees' Share Option Scheme.

Directors' Report For The Financial Year Ended 30 June 2004

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

Issue of shares

During the financial year, the Company issued 11,000,000 ordinary shares of RM1.00 each as bonus issue and 77,000,000 ordinary shares of RM1.00 each at par for cash.

There were no other changes in the issued and paid-up capital of the Company during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the year, apart from the issue of options pursuant to the Company and holding company Employees' Share Option Scheme.

At an extraordinary general meeting held on 28 June 2003, the Company's shareholders approved the establishment of an employees' share option scheme ("ESOS") of not more than 10% of the issued share capital of the Company to eligible Directors and employees of the Group, save for companies which are dormant and which are not incorporated in Malaysia.

The options offered to take up unissued ordinary shares of RM1.00 each and the option prices are as follows:

Date of offer	Option Price	Number of options over ordinary shares of RM1 each			Balance at 30.6.2004
		Balance at 1.7.2003	Granted	Exercised	
31.10.2003	RM1.20	-	13,563,000	-	13,563,000

The external auditors have verified the allocation of options granted during the financial year.

The salient features of the scheme are as follows:

- i) Eligible employees are those who have been confirmed in writing as employees of the Group (save for any subsidiaries which are dormant and which are not incorporated in Malaysia) for at least one year prior to the date of the offer.
- ii) The option is personal to the grantee and is non-assignable.
- iii) The option price shall be determined by the average of the middle market quotation of the Company's ordinary shares as shown in the daily official list issued by the Bursa Malaysia for the five trading days preceding the respective dates of the offer in writing to the grantee or at the par value of the ordinary shares of the Company, whichever is higher.
- iv) The options granted may be exercised at any time within a period of five years from the date of offer of the option or such shorter period as may be specifically stated in the offer upon giving notice in writing.
- v) The options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall not be less than 1,000 new shares and not more than ten per cent (10%) of the shares available under the scheme.

Directors' Report For The Financial Year Ended 30 June 2004

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

Corporate governance

(a) Board Responsibilities

The Board of Directors (Board) is ultimately responsible for the proper stewardship of the Company's resources, the achievement of corporate objectives and good corporate citizenship and discharges this responsibility through compliance with the Takaful (Amendment) Act, 1984 and BNM Guidelines on Duties and Responsibilities of Directors and Chief Executives of Insurers (JPI/GPI 1) and Prudential Framework of Corporate Governance for Insurers (JPI/GPI 25) and other directives, in addition to adopting other best practices on corporate governance.

The Board comprises seven non-executive directors to enable a balanced and objective consideration of issues, hence facilitating optimal decision making and an executive director, who adds value to the decision making process by providing a management and operational perspective to issues placed before the Board.

(b) Management Accountability

The Company has an organisational structure showing all reporting lines as well as clearly documented job descriptions for all management and executive employees.

Authority limits, as approved by the Board are clearly established and made available to all employees.

(c) Corporate Independence

All material related party transactions have been disclosed in Note 31 to the financial statements.

(d) Internal Controls and Operational Risk Management

The responsibility for establishing an effective risk management and internal control system rests with the Board.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company through designated management functions and internal controls, which includes the setting of operational risk limits for all core activities. 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 safeguard the assets of the Company and stakeholders' interest.

Continuous assessment of the effectiveness and adequacy of internal controls, which includes an independent examination of controls by the internal audit function, ensures corrective action where necessary is taken in a timely manner. The internal audit reports are tabled at the first scheduled Audit Committee meeting after the date of receipt of these reports. The internal audit function reports to the Board through the Audit Committee, and its findings and recommendations are communicated to senior management and all level of staff concerned.

(e) Public Accountability

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

(f) Financial Reporting

The Company has complied with all the prescriptive requirements of, and adopt the management practices that are consistent with the principles prescribed under JPI/GPI 25: Prudential Framework of Corporate Governance for Insurers issued by BNM.

Directors' Report For The Financial Year Ended 30 June 2004

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts;
- ii) all current assets have been stated at the lower of cost and net realisable value; and
- iii) there were adequate provision for incurred claims, including Incurred But Not Reported ("IBNR") claims.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 30 June 2004 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

Directors' Report For The Financial Year Ended 30 June 2004

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

Auditors

The auditors, Messrs KPMG Desa Megat & Co., have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors:



.....
Dato' Mohd Yusoff Haji Nasir



.....
Dato' Mohd Fadzli Yusof

Kuala Lumpur,

Date: 26 August 2004

Statement by Directors Pursuant to Section 169(15) of the Companies Act, 1965

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

In the opinion of the Directors, the financial statements set out on pages 162 to 216 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia, modified to comply with the Principles of Shariah, so as to give a true and fair view of the state of affairs of the Group and of the Company at 30 June 2004 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:



.....
Dato' Mohd Yusoff Haji Nasir



.....
Dato' Mohd Fadzli Yusof

Kuala Lumpur,

Date: 26 August 2004

Statutory Declaration Pursuant to Section 169(16) of the Companies Act, 1965

Syarikat Takaful Malaysia Berhad (Company No. T31646-K) (Incorporated in Malaysia) and its subsidiaries

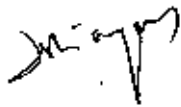
I, Mohamad Asri Haji Yusoff, the officer primarily responsible for the financial management of Syarikat Takaful Malaysia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 162 to 216 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Kuala Lumpur on 26 August 2004.



MOHAMAD ASRI HAJI YUSOFF

Before me:



SUITE 15.1W, LEVEL 15,
WISMA SIMB DARBY, JALAN RAJA LAUT,
50350 KUALA LUMPUR.

Report Of The Auditors To The Members Of Syarikat Takaful Malaysia Berhad

Syarikat Takaful Malaysia Berhad (Company No. T31646-K) (Incorporated in Malaysia) and its subsidiaries

We have audited the financial statements set out on pages 162 to 216. The preparation of the financial statements is the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia, modified to comply with the Principles of Shariah, so as to give a true and fair view of:
 - i) the state of affairs of the Group and of the Company at 30 June 2004 and the results of their operations and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiary of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

The subsidiaries in respect of which we have not acted as auditors are identified in Note 3 to the financial statements and we have considered their financial statements and the auditors' reports thereon.

Report Of The Auditors To The Members Of Syarikat Takaful Malaysia Berhad

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit report on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

KPMG Desa Megat & Co.

Firm Number : AF 0759

Chartered Accountants

Abdullah Abu Samah

Partner

Approval Number : 2013/06/06(J)

Kuala Lumpur,

Date : 26 August 2004

Report Of The Shariah Supervisory Council

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

We, **Datuk Haji Md. Yunus @ Yunus b. Haji Md. Yatim** and **Mohd Bakir b. Haji Mansor**, being two of the members of Shariah Supervisory Council of Syarikat Takaful Malaysia Berhad, do hereby confirm on behalf of the members of the Council, that in our opinion, the operations of the Company for the year ended 30 June 2004 have been conducted in conformity with the Shariah principles.

On behalf of the Council:



.....
Datuk Haji Md. Yunus @ Yunus b. Haji Md. Yatim



.....
Mohd Bakir b. Haji Mansor

Kuala Lumpur

Date: 26 August 2004

Consolidated Balance Sheet As At 30 June 2004

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

	Note	2004 RM	2003 RM
Property, plant and equipment	2(a)	160,867,674	148,526,340
Investment in associates	4	940,535	984,412
Financing receivables	5	36,529,721	50,846,234
Investments	6	1,042,394,425	843,586,398
Deferred tax assets	20	11,885,938	6,962,675
		1,252,618,293	1,050,906,059
Current assets			
Amount due from retakaful companies		39,172,012	22,681,269
Other receivables	7	24,994,615	24,518,901
Short term investments	6	1,078,487,628	813,377,765
Cash and bank balances	8	31,140,839	54,242,467
		1,173,795,094	914,820,402
Current liabilities			
Claim admitted or intimated but not paid		175,267,520	154,078,549
Amount due to retakaful companies		74,348,771	47,517,888
Other payables	9	68,649,193	52,185,027
		318,265,484	253,781,464
Net current assets		855,529,610	661,038,938
		2,108,147,903	1,711,944,997
Financed by:			
Capital and reserves			
Share capital	10	143,000,000	55,000,000
Reserves	11	75,500,287	70,305,110
		218,500,287	125,305,110
Minority shareholders' interests	12	12,044,020	8,525,202
		230,544,307	133,830,312

Consolidated Balance Sheet As At 30 June 2004

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

	Note	2004 RM	2003 RM
Takaful funds			
Family Takaful Fund	13	1,581,207,221	1,353,895,852
General Takaful Fund	14	191,799,787	139,114,742
Group Family Takaful Fund	15	101,479,163	81,329,273
General Retakaful Fund	16	1,087,397	1,854,332
ATG Retakaful Pool	17	800,409	1,544,780
Family Retakaful Fund	18	256,427	55,738
Takaful Lil-Istithmar Fund	19	781,507	-
		1,877,411,911	1,577,794,717
Long term and deferred liabilities			
Amount due to a related company	9	191,685	319,968
		2,108,147,903	1,711,944,997

The financial statements were approved and authorised for issue by the Board of Directors on 26 August 2004.

Consolidated Income Statement For The Year Ended 30 June 2004

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

	Note	2004 RM	2003 RM
Revenue			
- Share of profit attributable to the Group	22	117,272,770	99,578,567
- Investment income	23	5,961,936	3,512,713
		123,234,706	103,091,280
Administrative expenses		(65,393,726)	(50,925,246)
Other operating expenses		(37,854,392)	(33,750,708)
Other operating income		3,162,396	1,548,149
Operating profit	24	23,148,984	19,963,475
Financing cost		(42,006)	(51,295)
Share of losses in associates		(43,877)	(705,327)
Profit before zakat and taxation		23,063,101	19,206,853
Zakat		(1,066,205)	(1,305,425)
Taxation	27	2,602,672	1,433,128
Profit after zakat and taxation		24,599,568	19,334,556
Less: Minority interests		(535,324)	(357,994)
Net profit for the year		24,064,244	18,976,562
Basic earnings per share (sen)	28	20.0	34.5
Diluted earnings per ordinary share (sen)	28	19.9	34.5
Dividends per ordinary share (sen) - (net)	29	6.0	11.7

Consolidated Statement Of Changes In Equity For The Year Ended 30 June 2004

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

	<i>Non-distributable</i>			<i>Distributable</i>	
	Share capital RM	Share premium RM	Translation reserve RM	Retained profits RM	Total RM
At 1 July 2002	55,000,000	12,663,761	(823,282)	43,027,383	109,867,862
Exchange differences on translation of the financial statements of foreign entities	-	-	585,686	-	585,686
Net gains not recognised in the income statements	-	-	585,686	-	585,686
Net profit for the year	-	-	-	18,976,562	18,976,562
Dividends 2002 - final	-	-	-	(4,125,000)	(4,125,000)
At 30 June 2003	55,000,000	12,663,761	(237,596)	57,878,945	125,305,110
At 1 July 2003	55,000,000	12,663,761	(237,596)	57,878,945	125,305,110
Exchange differences on translation of the financial statements of foreign entities	-	-	(1,970,949)	-	(1,970,949)
Net loss not recognised in the income statements	-	-	(1,970,949)	-	(1,970,949)
Issue of shares:					
- cash	77,000,000	-	-	-	77,000,000
- bonus issue	11,000,000	(11,000,000)	-	-	-
Issue of shares expenses	-	(848,920)	-	-	(848,920)
Dilution arising from additional share purchased	-	-	-	(415,998)	(415,998)
Net profit for the year	-	-	-	24,064,244	24,064,244
Dividends 2003 - final	-	-	-	(4,633,200)	(4,633,200)
At 30 June 2004	143,000,000	814,841	(2,208,545)	76,893,991	218,500,287

Note 10

Consolidated Cash Flow Statement For The Year Ended 30 June 2004

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

	2004 RM	2003 RM
Cash flows from operating activities		
Profit before zakat and taxation	23,063,101	19,206,853
Adjustments for:		
Share of losses in associated companies	43,877	705,327
Depreciation:		
- Shareholders' Fund	5,013,815	5,043,132
- Family Takaful Fund	1,124,576	868,542
- General Takaful Fund	596,137	375,399
Income from financing receivables	(1,596,519)	(2,094,556)
Income from Investment Accounts and Islamic Accepted Bills	(27,876,747)	(20,928,476)
Dividend income	(37,999,034)	(31,908,663)
Loss on disposal of quoted shares	5,842,487	9,844,178
(Gain)/Loss on foreign exchange	(298,575)	268,468
(Reversal of)/Allowance for diminution in value of quoted shares, unquoted shares and unit trusts:		
- Shareholders' Fund	(2,686,667)	(600,475)
- Family Takaful Fund	15,248,969	6,613,326
- General Takaful Fund	14,240,310	5,837,030
- Group Takaful Fund	2,054,398	1,696,935
Gain on disposal of property, plant and equipment	-	(156,850)
Profit on disposal of Islamic Debt Securities	(2,186,691)	(18,020,158)
Profit on disposal of Malaysian Government Investment Certificates	(14,171,400)	-
Adjustment to property, plant and equipment	-	197,110
Allowance for non-performing financing:		
- Shareholders' fund	5,503,891	5,582,423
- Family Takaful fund	3,002,726	1,657,743
- General Takaful fund	1,881,066	1,453,092
- Group Takaful fund	383,353	72,829
Operating loss before working capital changes	(8,816,927)	(14,286,791)
Increase in Family Takaful Fund	206,436,252	243,141,283
Increase in Group Family Takaful Fund	18,059,385	18,799,270
Increase in General Takaful Fund	33,644,677	21,145,558
Increase/(Decrease) in Family Retakaful Fund	200,690	(214,138)
Decrease in ATG Retakaful Pool	(744,371)	(301,021)
(Decrease)/Increase in General Retakaful Fund	(766,935)	1,426,478
Increase in Takaful Lil-Istithmar Fund	781,508	-
Increase in investments	(384,733,666)	(176,830,692)

Consolidated Cash Flow Statement For The Year Ended 30 June 2004

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

	2004 RM	2003 RM
Purchase of Malaysian Government Investment Certificates	(54,783,223)	(144,999,700)
Income from Investment Accounts and Islamic Accepted Bills	27,876,747	20,928,476
Dividend income	37,999,034	31,908,663
Payments received from financing receivables	7,274,800	4,772,556
Increase in payables (including claim admitted but not paid)	64,507,772	6,698,171
(Increase)/Decrease in other receivables	(23,156,098)	2,549,703
Cash (used in)/generated from operations	(76,220,355)	14,737,816
Zakat paid	(1,066,205)	(1,624,949)
Income taxes paid	(1,604,592)	(2,178,101)
Net cash (used in)/generated from operating activities	(78,891,152)	10,934,766
Cash flows from investing activities		
Purchase of property, plant and equipment	(19,630,329)	(10,841,804)
Acquisition of investment in associated company	-	(196,499)
Acquisition of shares from minority shareholders	(1,225,600)	-
Proceeds on sale of property, plant and equipment	251,964	161,854
Net cash used in investing activities	(20,603,965)	(10,876,449)
Cash flows from financing activities		
Proceeds from issuance of share	77,000,000	-
Proceeds from issuance of share in subsidiary to minority shareholder	5,130,969	-
Issue of shares expenses	(848,920)	-
Dividends paid to shareholder of the Company	(4,633,200)	(4,125,000)
Dividend paid to minority shareholder	(255,360)	-
Net cash Generated from/(used in) financing activities	76,393,489	(4,125,000)
Net decrease in cash and cash equivalents	(23,101,628)	(4,066,683)
Cash and cash equivalents at the beginning of year	54,242,467	58,309,150
Cash and cash equivalents at the end of year	31,140,839	54,242,467
Cash and cash equivalents comprise:		
Cash and bank balances	31,140,839	54,242,467

Balance Sheet As At 30 June 2004

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

	Note	2004 RM	2003 RM
Property, plant and equipment	2(b)	150,719,179	145,079,261
Investment in subsidiaries	3	60,116,672	20,454,149
Investment in associates	4	3,151,634	3,151,634
Financing receivables	5	30,100,940	39,526,115
Investments	6	1,032,445,501	838,996,075
Deferred tax assets	20	11,785,000	6,821,549
		1,288,318,926	1,054,028,783
Current assets			
Amount due from Retakaful companies		36,097,798	18,599,946
Other receivables	7	23,191,111	22,549,852
Short term investments	6	971,532,969	743,482,444
Cash and bank balances	8	19,640,549	47,157,711
		1,050,462,427	831,789,953
Current liabilities			
Claims admitted or intimated but not paid		113,367,179	98,849,928
Amount due to Retakaful companies		68,109,058	41,214,089
Other payables	9	65,365,883	47,988,613
		246,842,120	188,052,630
Net current assets		803,620,307	643,737,323
		2,091,939,233	1,697,766,106

Balance Sheet As At 30 June 2004

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

	Note	2004 RM	2003 RM
Financed by:			
Capital and reserves			
Share capital	10	143,000,000	55,000,000
Reserves	11	79,932,384	73,402,876
		222,932,384	128,402,876
Takaful funds			
Family Takaful Fund	13	1,582,532,207	1,355,080,635
General Takaful Fund	14	184,803,794	132,633,354
Group Family Takaful Fund	15	101,479,163	81,329,273
		1,868,815,164	1,569,043,262
Long term and deferred liabilities			
Amount due to a related company	9	191,685	319,968
		2,091,939,233	1,697,766,106

The financial statements were approved and authorised for issue by the Board of Directors on 26 August 2004.

Income Statement For The Year Ended 30 June 2004

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

	Note	2004 RM	2003 RM
Revenue			
- Share of profit attributable to the Company	22	91,994,877	77,771,900
- Investment income	23	5,760,644	3,553,509
		97,755,521	81,325,409
Administrative expenses		(54,189,961)	(42,267,215)
Other operating expenses		(23,893,023)	(21,394,528)
Other operating income		1,509,280	752,045
Operating profit	24	21,181,817	18,415,711
Financing costs		(42,006)	(51,295)
Profit before zakat and taxation		21,139,811	18,364,416
Zakat		(1,020,435)	(1,181,202)
Taxation	27	2,892,252	1,170,875
Net profit for the year		23,011,628	18,354,089

Statement Of Changes In Equity For The Year Ended 30 June 2004

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

	<i>Non-distributable</i>		<i>Distributable</i>	Total RM
	Share capital RM	Share premium RM	Retained profits RM	
At 1 July 2002	55,000,000	12,663,761	46,510,026	114,173,787
Net profit for the year	-	-	18,354,089	18,354,089
Dividends - 2002 final	-	-	(4,125,000)	(4,125,000)
At 30 June 2003	55,000,000	12,663,761	60,739,115	128,402,876
At 1 July 2003	55,000,000	12,663,761	60,739,115	128,402,876
Issue of shares:				
- cash	77,000,000	-	-	77,000,000
- bonus issue	11,000,000	(11,000,000)	-	-
Issue of shares expense	-	(848,920)	-	(848,920)
Net profit for the year	-	-	23,011,628	23,011,628
Dividends - 2003 final	-	-	(4,633,200)	(4,633,200)
At 30 June 2004	143,000,000	814,841	79,117,543	222,932,384

Note 10

Cash Flow Statement

For The Year Ended 30 June 2004

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

	2004 RM	2003 RM
Cash flows from operating activities		
Profit before zakat and taxation	21,139,811	18,364,416
Adjustments for:		
Depreciation		
- Shareholders' Fund	4,002,696	4,076,350
- Family Takaful Fund	1,124,576	868,542
- General Takaful Fund	596,137	375,399
Gain on disposal of property, plant and equipment	-	(79,800)
Income from financing receivables	(1,596,519)	(2,094,556)
Income from Investment Accounts and Islamic Accepted Bills	(24,116,453)	(20,424,847)
Dividend income	(38,142,558)	(31,908,663)
Loss on disposal of quoted shares	5,629,029	9,844,178
Profit on disposal of Islamic Debt Securities	(2,127,838)	(18,436,388)
Profit on disposal of Malaysian Government Investment Certificates	(14,171,400)	-
Allowance for doubtful financing		
- Shareholders' Fund	2,243,018	974,639
- Family Takaful Fund	3,002,726	1,657,743
- General Takaful Fund	1,881,066	1,453,092
- Group Family Takaful Fund	383,353	72,829
(Reversal of)/allowance for diminution in value of investments:		
- Shareholders' Fund	(2,686,667)	(600,475)
- Family Takaful Fund	15,248,969	6,613,326
- General Takaful Fund	14,240,310	5,837,030
- Group Family Takaful Fund	2,054,398	1,696,935
Operating loss before working capital changes	(11,295,346)	(21,710,250)
Increase in Family Takaful Fund	206,576,455	243,141,283
Increase in General Takaful Fund	32,825,983	21,269,734
Increase in Group Family Takaful Fund	18,095,492	18,799,270
Increase in investments	(342,629,558)	(153,233,687)
Increase in Malaysian Government Investment Certificates	(54,783,223)	(144,999,700)
Income from Investment Accounts and Islamic Accepted Bills	24,116,453	20,424,847
Dividend income	38,142,558	31,908,663
Payments received from financing receivables	4,665,255	4,894,563

Cash Flow Statement

For The Year Ended 30 June 2004

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

	2004 RM	2003 RM
Increase/(Decrease) in payables (including claims admitted but not paid)	58,661,207	(5,336,831)
Increase in other receivables	(19,628,973)	(3,155,661)
Cash (used in)/generated from operations	(45,253,697)	12,002,231
Zakat paid	(1,020,435)	(1,578,432)
Income taxes paid	(1,735,060)	(2,315,537)
Net cash (used in)/generated from operating activities	(48,009,192)	8,108,262
Cash flows from investing activities		
Acquisition of investment in associated company	-	(196,499)
Acquisition of additional interest in subsidiaries	(39,662,523)	-
Purchase of property, plant and equipment	(11,363,327)	(9,324,124)
Proceeds from sale of property, plant and equipment	-	79,800
Net cash used in investing activities	(51,025,850)	(9,440,823)
Cash flows from financing activities		
Dividends paid	(4,633,200)	(4,125,000)
Proceeds from issuance of shares	77,000,000	-
Issue of share expenses	(848,920)	-
Net cash generated from/(used in) financing activities	71,517,880	(4,125,000)
Net decrease in cash and cash equivalents	(27,517,162)	(5,457,561)
Cash and cash equivalents at the beginning of year	47,157,711	52,615,272
Cash and cash equivalents at the end of year	19,640,549	47,157,711
Cash and cash equivalents comprise:		
Cash and bank balances	19,640,549	47,157,711

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

1. Summary of significant accounting policies

The following accounting policies are adopted by the Group and by the Company and are consistent with those adopted in previous years except for the adoption of MASB 29, Employee Benefits, which came into effect during the current financial year.

Apart from the new policy and extended disclosures where required by this new standard, there is no effect on the financial statements.

(a) Basis of accounting

The financial statements of the Group and the Company are prepared on the historical cost basis except as disclosed in the notes to the financial statements and in compliance with the provisions of the Companies Act, 1965, the Takaful Act, 1984 (as amended), the Guidelines Circulars issued by Bank Negara Malaysia and applicable approved accounting standards in Malaysia, modified to comply with the Principles of Shariah.

(b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

A subsidiary is excluded from consolidation when either control is intended to be temporary if the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company. Subsidiaries excluded on these grounds are accounted for as investments.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition cost and the fair values of the subsidiaries' net assets is reflected as goodwill or negative goodwill as appropriate.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

(c) Associates

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies.

The consolidated financial statements include the total recognised gains and losses of associates on an equity accounted basis from the date that significant influence effectively commences until the date that significant influence effectively ceases.

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

Unrealised profits arising on transactions between the Group and its associates which are included in the carrying amount of the related assets and liabilities are eliminated partially to the extent of the Group's interests in the associates. Unrealised losses on such transactions are also eliminated partially unless cost cannot be recovered.

Goodwill on acquisition is calculated based on the fair value of the net assets acquired.

(d) Property, plant and equipment

Freehold land and renovation and building in progress are stated at cost. All other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation

Freehold land, renovation and building in progress are not amortised. Leasehold land is amortised in equal instalments over the period of the respective leases which range from sixty to ninety-nine years while building are depreciated on a straight line basis over the shorter of 50 years or the lease period.

The straight line method is used to write off the cost of the other assets over the term of their estimated useful life at the following principal annual rates:

Freehold Building	2%
Furniture, fixtures and fittings	16.7% - 20%
Motor vehicles	20%
Computer and equipment	16.7% - 33.3%

(e) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair values of the net identifiable assets acquired.

Goodwill is written off in the year it is recognised.

(f) Investments

Long term investments other than in subsidiaries and associates, are stated at cost. (Malaysian Government Securities held to maturity are stated at cost adjusted for amortisation of premium and accretion of discount to maturities). An allowance is made when the Directors are of the view that there is a diminution in their value which is other than temporary.

Long term investments in subsidiaries, associates and joint ventures are stated at cost in the Company, less impairment loss where applicable.

Current unquoted investments are stated at the lower of cost and net realisable value while current quoted investments are stated at the lower of cost and market value on a portfolio basis.

Allowance for diminution in value of investments are charged directly to the respective takaful funds in the balance sheet, in accordance with the Bank Negara Malaysia ("BNM") Guidelines. Subsequent increase in market value of the quoted investment is treated as a write back of the previous allowance for diminution in value of investment to the extent of the carrying amount of the quoted investment that would have been

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

recognised. A charge, based on 8% of the takaful funds' surplus attributable to participants and the Company, after allocating management expenses, is made directly to the respective takaful funds revenue account, in accordance with BNM guidelines.

Allowance for diminution in value arising from the Shareholders' Fund, are charged to the income statement immediately.

(g) Other receivables

Other receivables are stated at cost.

(h) Provision for claims

(i) General Takaful

The amount of outstanding claims recognised by the Group is the best estimate of the expenditure required together with related expenses less retakaful recoveries to settle the present obligation at balance sheet date. Any difference between the current estimated cost and subsequent settlement is dealt with in the takaful revenue account for the Group in the year in which the settlement takes place.

Provision is also made by the Group for the cost of claims incurred but not reported at the balance sheet date estimated on a statistical basis using prior years' claims development pattern and management judgement.

(ii) Family and group family takaful

Claims settlement costs that are required during the financial year are recognised when a claimable event occurs and/or the takaful operator is notified.

Claims and provision for claims arising on family and group family including settlement costs are accounted for using the case basis method and for this purpose, the benefits payable under a family and group family takaful certificates are recognised as follows:-

1. maturity or other policy benefit payments due to specified dates are treated as claims payable on due dates; and
2. death surrender and other benefits without due dates are treated as claims payable on the date of receipt of information of death of the participants or occurrence of contingency covered.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks.

(j) Liabilities

Islamic financing and other payables are stated at cost.

(k) Impairment

The carrying amount of the assets, other than deferred tax assets and financial assets (other than investments

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

in subsidiaries and associates), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. The reversal is recognised in the income statement.

(l) Family Takaful Fund

The Family Takaful Fund is maintained in accordance with the requirements of the Takaful (Amendment) Act, 1984 and includes the profit attributable to participants.

The profit attributable to participants represent the participants' share in the profit on investment of the Family Takaful Fund and are distributable in accordance with the terms and conditions prescribed by the Group.

(m) General and Group Family Takaful Fund

The General and Group Family Takaful Fund consist of the reserve for unearned takaful contributions and the profit attributable to participants.

The reserve for unearned takaful contributions for the General and Group Family is computed using the time apportionment method (1/365th). The reserve for unearned takaful contributions for General Inward Takaful is computed using the 1/8th method.

The profit attributable to participants represents the participants' share in the General and Group Family Takaful surpluses and is distributable in accordance with the terms and conditions prescribed by the Group.

(n) General and Family Retakaful Funds

The General and Family Retakaful Funds of the retakaful subsidiary consist of the reserve for unearned retakaful contributions and the profit attributable to cedants.

The reserve for unearned retakaful contributions for the General and Family Retakaful business is computed on a time apportionment method of calculating the unearned portion of the net retakaful contributions on pro-rata basis.

The net surplus for General Retakaful is determined after deducting retrotakaful, reserve for unearned retakaful contributions, net claims incurred and acquisition costs.

The profit attributable to cedants represents the cedants' share in the General and Family Retakaful surpluses and is distributable in accordance with the terms and conditions prescribed by the Group.

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

(o) Asean Takaful Group (ATG) Retakaful Pool

The ATG Retakaful Pool consists of the reserve for unearned retakaful contribution and profit attributable to cedants.

The reserve for unearned retakaful contributions for the ATG Retakaful Pool is computed on a time apportionment method of calculating the unearned portion of the net retakaful contributions on pro-rata basis.

The net surplus for ATG Retakaful Pool is determined after deducting reserve for unearned retakaful contributions, net claims incurred and acquisition cost.

The profit attributable to cedants represents the cedants' shares in the ATG Retakaful Pool and is distributable in accordance with the terms and conditions prescribed by the Group.

(p) Takaful Lil-Istithmar fund

The Takaful Lil-Istithmar Fund consists of advances from Shareholders' Fund and profit attributable to participants.

The net asset value for Takaful Lil-Istithmar Fund is determined after deducting brokerage fee and initial costs.

The profit attributable to participants represents the participants' share in the Takaful Lil-Istithmar Fund and is distributable in accordance with the terms and conditions prescribed by the Group.

(q) General Takaful and Retakaful Surplus

The General Takaful and Retakaful net surplus of the retakaful subsidiary is determined after deducting retakaful, unearned takaful contributions, outstanding claims and acquisition costs.

(r) Revenue

Revenue comprises share of profit attributable to the Group and the Company, rental income, income from BBA financing, dividend income, income from investment accounts, income from Islamic accepted bills, profits from staff financing and other miscellaneous income.

Revenue and takaful contributions from participants are accounted for on cash basis in accordance with Principles of Shariah as advised by the Group's Shariah Supervisory Council. Unrealised income is deferred and receipts in advance are treated as liabilities in the balance sheet.

(s) Income tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(t) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Ringgit Malaysia at the foreign exchange rates ruling at the date of the transactions.

(ii) Financial statements of foreign operations

The Group's foreign operations are not considered an integral part of the Company's operations. Accordingly, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Ringgit Malaysia at exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Ringgit Malaysia at average exchange rates applicable throughout the year. Foreign exchange differences arising on translation are recognised directly in equity.

The closing rates used in the translation of foreign currency monetary assets and liabilities and the financial statements of foreign operations are as follows:

1USD	RM3.80	(2003: 1USD	RM3.80)
1IDR	RM0.000404	(2003: 1IDR	RM0.000459)
1SAR	RM1.01	(2003: 1SAR	RM0.99)
1SLR	RM0.0343	(2003: 1SLR	RM0.04)

(u) Operating lease

The Group recognises its Ijarah financing obligations as operating leases.

Lease payments under the operating lease are recognised as an expense in the income statement on a straight-line basis over the lease term.

(v) Zakat

This represents tithes payable by the Company to comply with the Principles of Shariah and as approved by the Shariah Supervisory Council.

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

(w) Employee benefits

(i) *Short term employee benefits*

Wages, salaries and bonuses are recognised as expenses in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) *Defined contribution plans*

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

(iii) *Equity and equity-related compensation benefits*

The share option programme allows employees to acquire shares of the Company. When the options are exercised, equity is increased by the amount of the proceeds received.

2. Property, plant and equipment

2(a) Group <i>Cost</i>	Freehold		Leasehold		Renovation and building in progress	Motor vehicles	Furniture, fixtures and fittings	Computer and equipment	Total
	Land RM	Buildings RM	Land RM	Buildings RM					
At 1 July 2003	24,398,547	86,181,134	3,767,272	29,929,050	2,924,588	1,651,159	21,146,803	7,492,723	177,491,276
Additions	-	10,821,758	-	1,813,420	4,346,162	138,734	1,540,341	969,914	19,630,329
Disposal	-	(95,950)	-	-	-	(238,334)	-	-	(334,284)
Reclassification	-	(532,835)	48,000	1,185,135	(2,916,588)	-	2,216,288	-	-
Translation differences	(30,561)	(29,439)	-	-	-	(112,519)	(215,220)	(292,017)	(679,756)
At 30 June 2004	24,367,986	96,344,668	3,815,272	32,927,605	4,354,162	1,439,040	24,688,212	8,170,620	196,107,565
Accumulated depreciation									
At 1 July 2003	-	9,060,070	201,076	1,894,276	6,902	913,473	11,004,699	5,884,440	28,964,936
Charge for the year	-	1,710,741	42,357	514,340	1,097	241,783	3,293,254	930,956	6,734,528
Disposal	-	(14,393)	-	-	-	(67,928)	-	-	(82,321)
Reclassification	-	(5,831)	-	5,831	-	-	-	-	-
Translation differences	-	(6,840)	-	-	-	(64,936)	(117,223)	(188,253)	(377,252)
At 30 June 2004	-	10,743,747	243,433	2,414,447	7,999	1,022,392	14,180,730	6,627,143	35,239,891
Net book value									
At 30 June 2004	24,367,986	85,600,921	3,571,839	30,513,158	4,346,163	416,648	10,507,482	1,543,477	160,867,674
At 30 June 2003	24,398,547	77,121,064	3,566,196	28,034,774	2,917,686	737,686	10,142,104	1,608,283	148,526,340
Depreciation charge for the year ended 30 June 2003	-	1,634,519	38,246	153,340	6,902	271,441	3,188,714	993,911	6,287,073

Note: The above figures summarise the disclosures in Note 2(a)(i), (ii) and (iii)

2(a) (i). General Takaful Fund	Freehold		Leasehold		Renovation and building in progress RM	Furniture, fixture and fittings RM	Total RM
	Land RM	Building RM	Land RM	Building RM			
<i>Cost</i>							
At 1 July 2003/30 June 2004	4,631,710	17,726,799	749,142	13,369,108	-	36,207	36,512,966
<i>Accumulated depreciation</i>							
At 1 July 2003	-	1,758,083	55,727	584,210	-	29,637	2,427,657
Charge for the year	-	354,819	7,971	227,425	-	5,922	596,137
At 30 June 2004	-	2,112,902	63,698	811,635	-	35,559	3,023,794
<i>Net book value</i>							
At 30 June 2004	4,631,710	15,613,897	685,444	12,557,473	-	648	33,489,172
At 30 June 2003	4,631,710	15,968,716	693,415	12,784,898	-	6,570	34,085,309
Depreciation charge for the year ended 30 June 2003	-	354,536	8,913	5,987	-	5,963	375,399

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

2(a) (ii). Family Takaful Fund	Freehold		Leasehold		Renovation and building in progress	Furniture, fixture and fittings	Total
	Land RM	Building RM	Land RM	Building RM			
<i>Cost</i>							
At 1 July 2003	13,377,419	43,162,777	2,668,130	11,652,014	708,300	85,206	71,653,846
Additions	-	3,713,000	-	1,813,420	1,711,604	120,700	7,358,724
Reclassification	-	(532,835)	-	1,233,135	(700,300)	-	-
At 30 June 2004	13,377,419	46,342,942	2,668,130	14,698,569	1,719,604	205,906	79,012,570
<i>Accumulated depreciation</i>							
At 1 July 2003	-	4,119,180	113,880	573,391	6,902	68,008	4,881,361
Charge for the year	-	852,598	29,719	180,791	1,097	60,371	1,124,576
Reclassification	-	(5,831)	-	5,831	-	-	-
At 30 June 2004	-	4,965,947	143,599	760,013	7,999	128,379	6,005,937
<i>Net book value</i>							
At 30 June 2004	13,377,419	41,376,995	2,524,531	13,938,556	1,711,605	77,527	73,006,633
At 30 June 2003	13,377,419	39,043,597	2,554,250	11,078,623	701,398	17,198	66,772,485
Depreciation charge for the year ended 30 June 2003	-	774,152	20,106	53,154	6,902	14,228	868,542

2(a) (iii). Shareholders' Funds	Freehold		Leasehold		Renovation and building in progress	Motor vehicles	Furniture, fixtures and fittings	Computer and equipment	Total
	Land	Buildings	Land	Buildings					
<i>Cost</i>	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 July 2003	6,389,418	25,291,558	350,000	4,907,928	2,216,288	1,651,159	21,025,390	7,492,723	69,324,464
Additions	-	7,108,758	-	-	2,634,558	138,734	1,419,641	969,914	12,271,605
Disposal	-	(95,950)	-	-	-	(238,334)	-	-	(334,284)
Reclassification	-	-	48,000	(48,000)	(2,216,288)	-	2,216,288	-	-
Translation differences	(30,561)	(29,439)	-	-	-	(112,519)	(215,220)	(292,017)	(679,756)
At 30 June 2004	6,358,857	32,274,927	398,000	4,859,928	2,634,558	1,439,040	24,446,099	8,170,620	80,582,029
<i>Accumulated depreciation</i>									
At 1 July 2003	-	3,182,807	31,469	736,675	-	913,473	10,907,054	5,884,440	21,655,918
Charge for the year	-	503,324	4,667	106,124	-	241,783	3,226,961	930,956	5,013,815
Disposal	-	(14,393)	-	-	-	(67,928)	-	-	(82,321)
Translation differences	-	(6,840)	-	-	-	(64,936)	(117,223)	(188,253)	(377,252)
At 30 June 2004	-	3,664,898	36,136	842,799	-	1,022,392	14,016,792	6,627,143	26,210,160
<i>Net book value</i>									
At 30 June 2004	6,358,857	28,610,029	361,864	4,017,129	2,634,558	416,648	10,429,307	1,543,477	54,371,869
At 30 June 2003	6,389,418	22,108,751	318,531	4,171,253	2,216,288	737,686	10,118,336	1,608,283	47,668,546
Depreciation charge for the year ended 30 June 2003	-	505,831	9,227	94,199	-	271,441	3,168,523	993,911	5,043,132

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

2(b) Company	Freehold		Leasehold		Renovation and building in progress	Motor vehicles	Furniture, fixtures and fittings	Computer and equipment	Total
	Land RM	Buildings RM	Land RM	Buildings RM					
<i>Cost</i>									
At 1 July 2003	24,143,501	85,935,450	3,767,272	29,543,145	2,924,588	644,033	18,750,269	4,491,433	170,199,691
Additions	-	3,713,000	-	1,813,420	4,346,162	81,923	1,103,361	305,461	11,363,327
Reclassification	-	(532,835)	48,000	1,185,135	(2,916,588)	-	2,216,288	-	-
At 30 June 2004	24,143,501	89,115,615	3,815,272	32,541,700	4,354,162	725,956	22,069,918	4,796,894	181,563,018
<i>Accumulated depreciation</i>									
At 1 July 2003	-	9,002,984	201,076	1,892,912	6,902	327,286	9,798,264	3,891,006	25,120,430
Charge for the year	-	1,708,335	42,357	497,696	1,097	156,912	2,870,321	446,691	5,723,409
Reclassification	-	(5,831)	-	5,831	-	-	-	-	-
At 30 June 2004	-	10,705,488	243,433	2,396,439	7,999	484,198	12,668,585	4,337,697	30,843,839
<i>Net book value</i>									
At 30 June 2004	24,143,501	78,410,127	3,571,839	30,145,261	4,346,163	241,758	9,401,333	459,197	150,719,179
At 30 June 2003	24,143,501	76,932,466	3,566,196	27,650,233	2,917,686	316,747	8,952,005	600,427	145,079,261
Depreciation charge for the year ended 30 June 2003	-	1,629,605	38,246	151,976	6,902	134,920	2,849,974	508,668	5,320,291

Note: The above figures summarise the disclosures in Note 2(b)(i), (ii) and (iii).

2(b) (i). General Takaful Fund	Freehold		Leasehold		Renovation and building in progress	Furniture, fixture and fittings	Total
	Land RM	Building RM	Land RM	Building RM			
<i>Cost</i>							
At 1 July 2003/30 June 2004	4,631,710	17,726,799	749,142	13,369,108	-	36,207	36,512,966
<i>Accumulated depreciation</i>							
At 1 July 2003	-	1,758,083	55,727	584,210	-	29,637	2,427,657
Charge for the year	-	354,819	7,971	227,425	-	5,922	596,137
At 30 June 2004	-	2,112,902	63,698	811,635	-	35,559	3,023,794
<i>Net book value</i>							
At 30 June 2004	4,631,710	15,613,897	685,444	12,557,473	-	648	33,489,172
At 30 June 2003	4,631,710	15,968,716	693,415	12,784,898	-	6,570	34,085,309
Depreciation charge for the year ended 30 June 2003	-	354,536	8,913	5,987	-	5,963	375,399

2(b) (ii). Family Takaful Fund	Freehold		Leasehold		Renovation and building in progress	Furniture, fixture and fittings	Total
	Land RM	Building RM	Land RM	Building RM			
<i>Cost</i>							
At 1 July 2003	13,377,419	43,162,777	2,668,130	11,652,014	708,300	85,206	71,653,846
Additions	-	3,713,000	-	1,813,420	1,711,604	120,700	7,358,724
Reclassification	-	(532,835)	-	1,233,135	(700,300)	-	-
At 30 June 2004	13,377,419	46,342,942	2,668,130	14,698,569	1,719,604	205,906	79,012,570
<i>Accumulated depreciation</i>							
At 1 July 2003	-	4,119,180	113,880	573,391	6,902	68,008	4,881,361
Charge for the year	-	852,598	29,719	180,791	1,097	60,371	1,124,576
Reclassification	-	(5,831)	-	5,831	-	-	-
At 30 June 2004	-	4,965,947	143,599	760,013	7,999	128,379	6,005,937
Net book value							
At 30 June 2004	13,377,419	41,376,995	2,524,531	13,938,556	1,711,605	77,527	73,006,633
At 30 June 2003	13,377,419	39,043,597	2,554,250	11,078,623	701,398	17,198	66,772,485
Depreciation charge for the year ended 30 June 2003	-	774,152	20,106	53,154	6,902	14,228	868,542

2(b) (iii). Shareholders' Fund	Freehold		Leasehold		Renovation and building in progress	Motor vehicles	Furniture, fixtures and fittings	Computer and equipment	Total
	Land	Buildings	Land	Buildings					
<i>Cost</i>	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 July 2003	6,134,372	25,045,874	350,000	4,522,023	2,216,288	644,033	18,628,856	4,491,433	62,032,879
Additions	-	-	-	-	2,634,558	81,923	982,661	305,461	4,004,603
Reclassification	-	-	48,000	(48,000)	(2,216,288)	-	2,216,288	-	-
At 30 June 2004	6,134,372	25,045,874	398,000	4,474,023	2,634,558	725,956	21,827,805	4,796,894	66,037,482
<i>Accumulated depreciation</i>									
At 1 July 2003	-	3,125,721	31,469	735,311	-	327,286	9,700,619	3,891,006	17,811,412
Charge for the year	-	500,918	4,667	89,480	-	156,912	2,804,028	446,691	4,002,696
At 30 June 2004	-	3,626,639	36,136	824,791	-	484,198	12,504,647	4,337,697	21,814,108
<i>Net book value</i>									
At 30 June 2004	6,134,372	21,419,235	361,864	3,649,232	2,634,558	241,758	9,323,158	459,197	44,223,374
At 30 June 2003	6,134,372	21,920,153	318,531	3,786,712	2,216,288	316,747	8,928,237	600,427	44,221,467
Depreciation charge for the year ended 30 June 2003	-	500,917	9,227	92,835	-	134,920	2,829,783	508,668	4,076,350

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

- (c) Motor vehicles of the Group and of the Company costing RM725,956 (2003 - RM644,033) are charged to a related company (Islamic financial institution) as security for the Al-Bai Bithaman Ajil financing granted. (See Note 9).

3. Investment in subsidiaries

	2004 RM	2003 RM
Unquoted shares, at cost	<u>60,116,672</u>	<u>20,454,149</u>

The principal activities of the subsidiaries, their places of incorporation and the interest of Syarikat Takaful Malaysia Berhad are as follows:

Name of Companies	Pricipals activities	Country of incorporation	Effective Interests	
			2004 %	2003 %
Asean Retakaful International (L) Ltd. ("ARIL")**	Family and general retakaful business	Malaysia	80	76
P.T. Syarikat Takaful Indonesia* and its subsidiaries	Investment holding	Indonesia	56	56
P.T. Asuransi Takaful Umum*	General takaful business	Indonesia	56	56
P.T. Asuransi Takaful Keluarga*	Family takaful business	Indonesia	56	56

* Audited by firm of auditors other than KPMG Desa Megat & Co.

** Audited by a firm of auditors affiliated with KPMG Desa Megat & Co.

The auditors' report of P.T. Syarikat Takaful Indonesia ("STI") group includes a note on the adverse economic condition in Indonesia. The note states that the adverse economic condition resulted from the lack of liquidity and volatile exchange and interest rates regime, which effects are the declining value of listed securities, tightening credit, delay in implementation of projects and oversupply of properties. At present, the economic condition has gradually recovered as shown by a reduction of interest rates and a relatively stable exchange rate. The note continues to state that the recovery of economic condition is dependent on the Government of Indonesia's monetary and fiscal policy which is beyond management control.

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

4. Investment in associates

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Unquoted shares, at cost	3,151,634	2,955,135	3,151,634	2,955,135
Addition during the year	-	196,499	-	196,499
Share of post-acquisition losses*	3,151,634 (2,211,099)	3,151,634 (2,167,222)	3,151,634 -	3,151,634 -
	940,535	984,412	3,151,634	3,151,634
Represented by:				
Share of net tangible assets	1,289,657	1,119,474		
Foreign exchange gain/(loss)	109,079	323,139		
Negative goodwill	1,398,736 (458,201)	1,442,613 (458,201)		
	940,535	984,412		

* The Group's share of associated companies' results have been equity accounted for up to the date of their latest available unaudited financial statements as at 30 June 2004.

The associates of the Group are as follows:

Name of companies	Principal activities	Country	Effective Ownership Interest		Financial year end
			2004 %	2003 %	
Amana Takaful Limited	Family and general takaful business	Sri Lanka	20	20	31 December
Arabian Malaysian Takaful Company	Health and family takaful business	Bahrain	49	49	31 December

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

5. Financing receivables

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Financing receivables	57,376,339	63,054,620	42,721,451	45,790,187
Allowance for doubtful financing	(19,894,573)	(10,102,617)	(11,668,466)	(4,158,303)
Amount receivable within twelve months included in other receivables	37,481,766	52,952,003	31,052,985	41,631,884
	(952,045)	(2,105,769)	(952,045)	(2,105,769)
	36,529,721	50,846,234	30,100,940	39,526,115

6. Investments

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
<i>Long term</i>				
Islamic Debt Securities	592,976,516	635,834,154	592,269,768	635,834,154
Quoted shares	3,687,900	3,687,900	3,687,900	3,687,900
Unit trusts	13,984,000	13,984,000	13,984,000	13,984,000
Malaysian Government Investment Certificates	339,634,923	121,214,700	339,634,923	121,214,700
Investment account				
- with related company (Islamic financial institution)	2,855,896	1,755,896	2,855,896	1,755,896
- others	85,899,257	69,909,422	85,899,257	69,909,422
Other investments	10,659,675	4,820,323	1,417,499	230,000
Allowance for diminution in value in Unit trusts	1,049,698,167	851,206,395	1,039,749,243	846,616,072
	(7,303,742)	(7,619,997)	(7,303,742)	(7,619,997)
	1,042,394,425	843,586,398	1,032,445,501	838,996,075

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Market value:				
Quoted shares	4,166,400	4,719,600	4,166,400	4,719,600
Malaysian Government Investment Certificates	344,728,215	124,110,000	344,728,215	124,110,000
Unit trusts	6,680,258	6,365,503	6,680,258	6,365,503
Current:				
<i>Investment accounts</i>				
- With related company (Islamic financial institution)	226,216,091	151,136,007	197,617,348	124,180,000
- Others	704,903,033	445,162,691	645,757,989	405,076,900
Malaysian Government Investment Certificates	-	149,465,600	-	149,465,600
Quoted Islamic Debt Securities	17,815,506	1,911,476	-	-
Islamic Accepted Bills				
- With a related company (Islamic financial institution)	3,765,146	9,014,111	3,765,146	9,014,111
Quoted shares				
- in Malaysia	156,603,012	99,869,566	156,603,012	99,869,566
- outside Malaysia	1,997,139	2,012,255	-	-
	1,111,299,927	858,571,706	1,003,743,495	787,606,177
Allowance for diminution in value of quoted shares	(32,812,299)	(45,193,941)	(32,210,526)	(44,123,733)
	1,078,487,628	813,377,765	971,532,969	743,482,444
Market value:				
Quoted shares				
- in Malaysia	127,232,046	57,909,117	127,232,046	57,909,117
- outside Malaysia	1,386,504	2,012,255	-	-
Malaysian Government Investment Certificates	-	158,908,700	-	158,908,700

Included in investment account of the Group is amount pledged to the Ministry of Finance of Indonesia amounting to RM3,110,800 (2003 - RM3,534,300).

Included in the investment account of the Group and the Company is amount pledged to the Ministry of Finance of Malaysia amounting to RM600,000 (2003 - RM600,000).

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

7. Other receivables

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Amount due from subsidiaries	-	-	82,098	31,371
Amount due from associated companies	9,357	65,078	9,357	65,078
Retakaful on outstanding contributions	12,330,447	14,347,540	12,330,447	14,347,540
Tax recoverable	460,742	796,881	460,742	796,881
Deposits	2,011,154	1,689,949	1,935,816	1,689,949
Financing receivables	952,045	2,105,769	952,045	2,105,769
Sundry debtors	9,230,870	5,513,684	7,420,606	3,513,264
	24,994,615	24,518,901	23,191,111	22,549,852

Amounts due from subsidiaries and associated companies are non-trade, unsecured, interest free and have no fixed terms of repayment.

8. Cash and bank balances

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Current account with a related company (Islamic financial institution)	11,969,526	34,026,908	11,969,526	34,026,908
Other current accounts	19,171,313	20,215,559	7,671,023	13,130,803
	31,140,839	54,242,467	19,640,549	47,157,711

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

9. Other payables

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Due to related companies	1,728,375	1,699,579	1,728,375	1,699,579
Advanced takaful contribution	16,009,962	11,234,695	15,355,712	11,234,695
Profit payable to participants	8,184,440	5,491,660	8,184,440	5,491,660
Service tax payables	8,218,154	4,537,732	8,218,154	4,537,732
Unclaimed monies	1,771,318	1,599,775	1,771,318	1,599,775
Other payables and accruals	32,586,476	27,129,687	30,107,884	23,425,172
Taxation	150,468	491,899	-	-
	68,649,193	52,185,027	65,365,883	47,988,613

	Group and Company	
	2004 RM	2003 RM
<i>Due to related companies</i>		
Deposits	1,598,753	1,548,449
Al-Bai Bithaman Ajil financing payable within 1 year	129,622	151,130
	1,728,375	1,699,579
Al-Bai Bithaman Ajil financing payable after 1 year	191,685	319,968

The Al-Bai Bithaman Ajil financing is obtained from Bank Islam Malaysia Berhad, a related company, at a profit rate of between 6.5% to 6.75% (2003 - 6.50% to 6.75%) per annum and is secured over certain property, plant and equipment of the Group and Company as disclosed in note 2(c).

10. Share capital

	Group and Company	
	2004 RM	2003 RM
Ordinary shares of RM1.00 each Authorised	500,000,000	500,000,000
Issued and fully paid		
Opening balance	55,000,000	55,000,000
Issue of shares:		
- cash	77,000,000	-
- bonus issue	11,000,000	-
Closing balance	143,000,000	55,000,000

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

11. Reserves

Group	Non-distributable Share premium RM	Translation reserve RM	Distributable Retained profits RM	Total RM
At 1 July 2002	12,663,761	(823,282)	43,027,383	54,867,862
Exchange differences on translation of the financial statements of foreign entities	-	585,686	-	585,686
Net gains not recognised in the income statement	-	585,686	-	585,686
Net profit for the year	-	-	18,976,562	18,976,562
Dividends - 2002 final	-	-	(4,125,000)	(4,125,000)
At 30 June 2003	12,663,761	(237,596)	57,878,945	70,305,110
At 1 July 2003	12,663,761	(237,596)	57,878,945	70,305,110
Exchange differences on translation of the financial statements of foreign entities	-	(1,970,949)	-	(1,970,949)
Net gains not recognised in the income statement	-	(1,970,949)	-	(1,970,949)
Issue of shares - bonus issue	(11,000,000)	-	-	(11,000,000)
Issue of shares expense	(848,920)	-	-	(848,920)
Dilution arising from additional share purchased	-	-	(415,998)	(415,998)
Net profit for the year	-	-	24,064,244	24,064,244
Dividends - 2003 final	-	-	(4,633,200)	(4,633,200)
At 30 June 2004	814,841	(2,208,545)	76,893,991	75,500,287

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

Company	Non-distributable Share premium RM	Distributable Retained profits RM	Total RM
At 1 July 2002	12,663,761	46,510,026	59,173,787
Net profit for the year	-	18,354,089	18,354,089
Dividends - 2002 final	-	(4,125,000)	(4,125,000)
At 30 June 2003	12,663,761	60,739,115	73,402,876
At 1 July 2003	12,663,761	60,739,115	73,402,876
Issue of shares - bonus issue	(11,000,000)	-	(11,000,000)
Issue of shares expense	(848,920)	-	(848,920)
Net profit for the year	-	23,011,628	23,011,628
Dividends - 2003 final	-	(4,633,200)	(4,633,200)
At 30 June 2004	814,841	79,117,543	79,932,384

Subject to agreement with the Inland Revenue Board, as at 30 June 2004, the Company has tax exempt income available for distribution of approximately RM5,960,000 (2003 - RM5,823,000).

Subject to agreement with the Inland Revenue Board, the Company has sufficient Section 108 tax credit to frank approximately RM44,336,000 of its retained profits at 30 June 2004 if paid out as dividends.

12. Minority shareholders' interests

This consists of the minority shareholders' proportion of share capital and reserves of subsidiaries.

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

13. Family Takaful Fund

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Profit attributable to participants:				
At 1 July 2003/2002	125,551,970	91,750,098	125,551,970	91,750,098
Transfer from family takaful revenue account	28,974,337	35,886,794	30,084,379	36,349,294
Payable during the year	154,526,307 (2,607,612)	127,636,892 (2,547,422)	155,636,349 (2,607,612)	128,099,392 (2,547,422)
As at 30 June	151,918,695	125,089,470	153,028,737	125,551,970
Allowance for diminution in value of quoted shares and unit trusts:				
At 1 July 2003/2002	(13,924,719)	(23,565,837)	(13,202,436)	(23,208,419)
Decrease during the year	4,038,959	3,027,792	3,916,304	3,392,657
Charge to revenue account	15,248,969	6,613,326	15,248,969	6,613,326
At 30 June 2004/2003	5,363,209	(13,924,719)	5,962,837	(13,202,436)
Net takaful instalments/ contributions at the end of the year	157,281,904 1,423,925,317	111,164,751 1,242,731,101	158,991,574 1,423,540,633	112,349,534 1,242,731,101
	1,581,207,221	1,353,895,852	1,582,532,207	1,355,080,635

The last statutory valuation of the Company's Family Takaful Fund was made for the year ended 30 June 2003 and the results showed a surplus of RM16,531,806 (2002 - RM19,371,353) in respect of the participants' special account.

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

14. General Takaful Fund

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Profit attributable to participants:				
At 1 July 2003/2002	36,266,792	34,650,158	35,521,155	33,313,178
Transfer from general takaful revenue account	41,987,236	35,131,981	41,552,766	35,723,324
Payable during the year	78,254,028 (33,566,136)	69,782,139 (33,515,347)	77,073,921 (32,864,073)	69,036,502 (33,515,347)
As at 30 June	44,687,892	36,266,792	44,209,848	35,521,155
Reserve for unearned takaful contributions	132,538,527	109,200,550	126,018,434	103,116,874
	177,226,419	145,467,342	170,228,282	138,638,029
Allowance for diminution in value of quoted shares and unit trusts:				
At 1 July 2003/2002	(7,878,224)	(15,815,467)	(7,530,299)	(15,457,850)
Decrease during the year	5,449,928	2,100,213	5,104,147	2,090,521
Charge to revenue account	14,240,310	5,837,030	14,240,310	5,837,030
At 30 June	11,812,014	(7,878,224)	11,814,158	(7,530,299)
General Inward Retakaful Fund	189,038,433	137,589,118	182,042,440	131,107,730
	2,761,354	1,525,624	2,761,354	1,525,624
	191,799,787	139,114,742	184,803,794	132,633,354

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

15. Group Family Takaful Fund

	Group and Company	
	2004 RM	2003 RM
Profit attributable to participants:		
At 1 July 2003/2002	30,419,860	23,025,881
Transfer from group family takaful revenue account	14,261,401	10,236,782
	44,681,261	33,262,663
Payable during the year	(4,318,121)	(2,842,803)
As at 30 June	40,363,140	30,419,860
Reserve for unearned takaful contributions	57,003,983	49,180,887
	97,367,123	79,600,747
Allowance for diminution in value of quoted shares and unit trusts:		
At 1 July 2003/2002	1,728,526	(401,654)
Increase during the year	329,116	433,245
Charge to revenue account	2,054,398	1,696,935
At 30 June	4,112,040	1,728,526
	101,479,163	81,329,273

16. General Retakaful Fund

	Group and Company	
	2004 RM	2003 RM
Profit attributable to participants:		
At 1 July 2003/2002	1,221,879	338,888
Transfer (to)/from general retakaful revenue account	(826,329)	882,991
At 30 June	395,550	1,221,879
Reserve for unearned retakaful contributions	691,847	632,453
	1,087,397	1,854,332

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

17. ATG Retakaful Pool

	Group and Company	
	2004 RM	2003 RM
Profit/(Loss) attributable to participants:		
At 1 July 2003/2002	1,130,029	1,034,155
Transfer (to)/from ASEAN Takaful Group revenue account	(785,540)	95,874
At 30 June	344,489	1,130,029
Reserve for unearned retakaful contributions	455,920	414,751
	800,409	1,544,780

18. Family Retakaful Fund

	Group and Company	
	2004 RM	2003 RM
Profit attributable to participants:		
At 1 July 2003/2002	35,260	253,987
Transfer to family retakaful revenue account	(43,335)	(218,727)
At 30 June	(8,075)	35,260
Reserve for unearned retakaful contributions	264,502	20,478
	256,427	55,738

19. Takaful Lil-Istithmar Fund

	Group and Company	
	2004 RM	2003 RM
Advance from shareholders fund		
At 1 July 2003/2002	-	-
Advance during the year	2,397,800	-
Refund during the year	(1,805,220)	-
At 30 June	592,580	-
Transfer from Takaful Lil-Istithmar revenue account	188,927	-
	781,507	-

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

20. Deferred tax

The amounts determined after appropriate offsetting, are as follows:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Deferred tax liabilities	1,639,000	1,234,473	1,639,000	1,234,473
Deferred tax assets	(13,524,938)	(8,197,148)	(13,424,000)	(8,056,022)
	(11,885,938)	(6,962,675)	(11,785,000)	(6,821,549)

Deferred tax liabilities and assets are offset above where there is a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority.

The recognised deferred tax assets and liabilities (before offsetting) are as follows:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Property, plant and equipment				
- capital allowances	1,639,000	1,234,473	1,639,000	1,234,473
Allowances	(13,424,000)	(8,056,022)	(13,424,000)	(8,056,022)
Unutilised tax losses	(100,938)	(141,126)	-	-
	(11,885,938)	(6,962,675)	(11,785,000)	(6,821,549)

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

21. Employee benefits

Equity compensation benefits

Share option plan

The group offers vested share options over ordinary shares to directors and other senior employees with more than one year's service. Movements in the number of share options held by employees are as follows:

	Group and Company	
	2004 RM	2003 RM
Issued during the year	14,143,000	-
Lapsed	(580,000)	-
Outstanding at 30 June	13,563,000	-
Details of share options granted during the period:		
Expiry date	2/11/2008	-
Exercise price per ordinary share (RM)	1.20	-
Aggregate proceeds if shares are issued (RM)	16,275,600	-

Terms of the options outstanding at 30 June :

Expiry date	Exercise price	Number
2 November 2008	RM1.20	13,563,000

22. Revenue - Share of profit

Revenue from the share of profit attributable to the Group and the Company consists of the following:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Profit transferred from:				
- General Takaful	72,895,962	57,679,424	59,820,633	51,373,403
- Group Family Takaful	19,529,339	13,897,606	19,529,339	13,897,606
- General Inward Retakaful	869,811	257,944	869,811	257,944
- Family Takaful	20,163,241	23,686,751	11,775,094	12,242,947
- General Retakaful	1,884,891	2,419,369	-	-
- Family Retakaful	595,954	528,310	-	-
- Asean Takaful Group	1,331,585	1,109,163	-	-
- Takaful Lil-Istithmar	1,987	-	-	-
	117,272,770	99,578,567	91,994,877	77,771,900

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

23. Revenue - Investment income

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Reversal of allowance for diminution in value of investment	2,686,667	600,475	2,686,667	600,475
Rental income:				
- Related company	2,408,246	2,354,585	2,408,246	2,354,585
- Others	15,865	14,071	15,865	14,071
Income from Financing receivables	376,871	554,889	110,606	229,318
Dividend income from share quoted				
- in Malaysia	706,715	600,147	861,429	600,147
- outside Malaysia	11,190	-	-	-
Dividend income from unit trusts	79,058	34,933	79,058	34,933
Loss on disposal of quoted shares	(952,344)	(686,744)	(738,886)	(706,565)
Income from Investment Accounts				
- Related company (Islamic financial institution)	660,115	902,131	660,115	734,870
- Others	4,711,285	2,930,594	1,327,593	23,043
Income from Islamic Accepted Bills				
- Related company (Islamic financial institution)	111,032	4,518	695	4,518
- Others	-	200,552	-	-
Profit from Islamic Debt securities	58,853	-	-	-
Profit from staff financing	592,274	638,753	592,274	638,753
Allowance for non-performing financing	(5,503,891)	(4,636,191)	(2,243,018)	(974,639)
	5,961,936	3,512,713	5,760,644	3,553,509

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

24. Operating profit

Operating profit is arrived at after charging:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Auditors' remuneration				
- Holding Company auditors	72,600	65,000	46,000	46,000
- Other auditors	44,139	44,139	-	-
Depreciation	5,013,815	5,043,132	4,002,696	4,076,350
Rental of premises				
- Related company	369,315	340,631	52,688	24,000
- Others	4,069,877	2,872,455	4,069,877	2,848,458
Lease rental paid to a related company	179,584	267,472	179,584	267,472
Shariah Supervisory Council fees	85,000	96,000	85,000	96,000
Investment expenses	715,031	666,967	715,031	666,967
Provision for unutilised leave	2,000,000	-	2,000,000	-
Loss on foreign exchange	-	268,468	-	-
Preliminary expenses written off	-	128,470	-	-
Pre-operating expenses written off	132,145	-	-	-
and after crediting:				
Gain on foreign exchange	298,575	-	-	-
Gain on disposal of property, plant and equipment	-	156,850	-	79,800
Mudharabah income	61,299	123,153	61,299	123,153

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

25. Directors' remuneration

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	426,206	379,579	328,670	325,685
Benefits-in-kind	20,338	23,699	20,338	23,699
	446,544	403,278	349,008	349,384
Non-Executive:				
Other emoluments	91,600	37,272	91,600	37,272
Fees	205,536	166,893	120,000	125,000
Benefits-in-kind	85,016	87,225	85,016	87,225
	382,152	291,390	296,616	249,497
Total	828,696	694,668	645,624	598,881
Total excluding benefits-in-kind	723,342	583,744	540,270	487,957

The number of Directors of the Company whose remuneration during the year falls within the following bands:

	Number of Directors	
	Executive	Non-executive
2004		
Below RM50,000	-	7
More than RM250,000	1	-
2003		
Below RM50,000	-	10
More than RM250,000	1	-

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

26. Employee information

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Staff costs	61,176,327	45,812,040	50,187,265	38,190,865

The number of employees of the Group and of the Company (including Executive Director) at the end of the year was 2,054 (2003 - 1,887) and 1,528 (2003 - 1,385) respectively.

Staff costs of the Group and of the Company includes contributions to the Employees Provident Funds of RM4,538,361 (2003 - RM3,788,869) and RM4,382,261 (2003 - RM3,690,377) respectively.

27. Tax expense

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Current tax expense				
Malaysian - current	4,002,340	3,885,711	4,002,340	4,006,838
- over provision in prior years	(1,931,141)	(1,528,570)	(1,931,141)	(1,528,570)
Overseas - current	161,126	-	-	-
Deferred tax income	2,232,325	2,357,141	2,071,199	2,478,268
Origination and reversal of temporary differences	(4,834,997)	(3,790,269)	(4,963,451)	(3,649,143)
	(2,602,672)	(1,433,128)	(2,892,252)	(1,170,875)
<i>Reconciliation of effective tax rate</i>				
Profit before taxation	23,063,101	19,206,853	21,139,811	18,364,416
Income tax using Malaysian tax rate	6,457,669	5,377,919	5,919,147	5,142,036
Effect of different tax rates	(3,856,880)	(977,375)	(3,856,880)	(977,375)
Effect of different tax rates In foreign jurisdiction	(446,653)	(533,398)	-	-
Non-deductible expenses	(2,825,667)	(3,771,704)	(3,023,378)	(3,806,966)
	(671,531)	95,442	(961,111)	357,695
Under/(over) provision in prior years	(1,931,141)	(1,528,570)	(1,931,141)	(1,528,570)
Tax expense	(2,602,672)	(1,433,128)	(2,892,252)	(1,170,875)

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

28. Earnings per share - group

Basic earnings per share

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders of RM24,064,244 (2003 - RM18,976,562) and the weighted average number of ordinary shares outstanding during the year of 120,294,685 (2003 - 55,000,000).

Weighted average number of ordinary shares

	2004 RM	2003 RM
Issued ordinary shares at beginning of the year	55,000,000	55,000,000
Effect of bonus issue shares issued in September 2003	8,558,904	-
Effect of shares issued in October 2003	56,735,781	-
Weighted average number of ordinary shares	120,294,685	55,000,000

Diluted earnings per share

The calculation of diluted earnings per share is based on the net profit attributable to ordinary shareholders at RM24,129,244 (2003 - RM18,976,562) and the weighted average number of ordinary shares outstanding during the year at 121,115,559 (2003 - 55,000,000) calculated as follows:

Net profit attributable to ordinary shareholders (diluted)

	2004 RM	2003 RM
Net profit attributable to ordinary shareholders	24,064,244	18,976,562
After tax effect of notional interest savings	65,000	-
Net profit attributable to ordinary shareholders (diluted)	24,129,244	18,976,562

Weighted average number of ordinary shares (diluted)

	2004 RM	2003 RM
Weighted average number of ordinary shares as above	120,294,685	55,000,000
Effect of share option	820,874	-
Weighted average number of ordinary shares (diluted)	121,115,559	55,000,000

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

29. Dividend

	2004 RM	2003 RM
Ordinary Final paid: 2003 - 4.5% per share less tax (2002 - 7.5% per share tax exempt)	4,633,200	4,125,000

The final dividend for the financial year ended 30 June 2003 was proposed and approved by the shareholders after the year end, as such the dividend is only accounted for in the current financial year.

The proposed final dividend recommended by the Directors after the year end in respect of the year ended 30 June 2004 of 6% less tax totalling RM6,177,600 has not been accounted for in the financial statements.

30. Holding company

The holding company is BIMB Holdings Berhad, a company incorporated in Malaysia.

31. Related parties

Controlling related party relationships are as follows:

- i) The holding company as disclosed in Note 30
- ii) Its subsidiaries as disclosed in Note 3.

<i>Transactions</i>	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
<i>Subsidiary</i>				
Asean Retakaful International (L) Ltd. Contribution for facultative and treaty outward	-	-	19,694,887	6,493,274
<i>Related companies</i>				
Bank Islam Malaysia Berhad Rental income	7,616,479	6,826,925	7,616,479	6,826,925
Contribution for group family takaful	92,653	185,372	92,653	185,372
Contribution for general takaful	1,227,495	1,418,638	1,227,495	1,418,638

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

<i>Transactions</i>	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
<i>Related companies (continued)</i>				
BIMSec Asset Management Sdn. Bhd				
Management portfolio fee paid	217,367	129,018	217,367	129,018

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

32. Operating leases

Leases as lessee

Total future minimum lease payments under non-cancellable operating leases payable to a related company are as follows:

	Group and Company	
	2004 RM	2003 RM
Less than one year	179,854	179,584
Between one and five years	100,311	100,311

Lease commitments are wholly payable from the shareholders' fund.

The group and the company leases a number of computer and equipment under operating leases. The leases typically run an initial period of five years.

33. Commitments

	Group and Company	
	2004 RM	2003 RM
Capital commitments:		
Property, plant and equipment		
Authorised but not contracted for	3,340,540	1,402,800
Contracted but not provided for in the financial statements	1,050,276	5,977,220
	4,390,816	7,380,020

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

	Group and Company	
	2004 RM	2003 RM
Investments Contracted but not provided for in the financial statements	3,714,250	5,000,000
	8,105,066	12,380,020

34. Segmental information

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise expenses, which are all incurred by shareholders for the management of Takaful funds.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

The Group comprises the following main business segments:

General Takaful	The underwriting of general takaful business which primarily comprises of motor, fire, miscellaneous and personal accident.
Family and Group family Takaful	The underwriting of individual family and group family takaful business.
Retakaful	The underwriting of retakaful business.

Geographical segments

The general takaful, family takaful and group family takaful segments are also operated in Indonesia. Retakaful segment is operated solely in Malaysia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are also based on the geographical location of customers.

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

2004	General Takaful RM	Family and Group family takaful RM	Shareholders RM	Retakaful RM	Eliminations RM	Consolidated RM
<i>Business segments</i>						
Revenue	72,895,962	39,692,580	-	4,684,228	-	117,272,770
Investment income						5,961,936
Unallocated expenses						123,234,706 (100,085,722)
Operating profit						23,148,984
Financing cost						(42,006)
Share of losses of associates						(43,877)
Profit before taxation and zakat						23,063,101
Taxation						2,602,672
Zakat						(1,066,205)
Minority interests						(535,324)
Net profit for the year						24,064,244

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

2003	General Takaful RM	Family and Group family takaful RM	Shareholders RM	Retakaful RM	Eliminations RM	Consolidated RM
<i>Business segments</i>						
Revenue	57,679,424	37,584,357	-	4,314,786	-	99,578,567
Investment income						3,512,713
Unallocated expenses						103,091,280 (83,127,805)
Operating profit						19,963,475
Financing cost						(51,295)
Share of losses of associates						(705,327)
Profit before taxation and zakat						19,206,853
Taxation						1,433,128
Zakat						(1,305,425)
Minority interests						(357,994)
Net profit for the year						18,976,562

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

2004	General Takaful RM	Family and Group family takaful RM	Shareholders RM	Retakaful RM	Eliminations RM	Consolidated RM
Segment assets	366,800,017	1,710,540,052	294,044,990	63,843,017	(22,101,904)	2,413,126,172
Investment in associates	150,554	415,466	374,515	-	-	940,535
Total assets						<u>2,414,066,707</u>
Segment liabilities	(184,470,708)	(54,020,943)	(80,957,659)	(10,959,295)	12,101,904	(318,306,701)
Total liabilities						<u>(318,306,701)</u>
Capital expenditure	-	7,358,724	12,112,168	159,437	-	19,630,329
Depreciation and amortisation	596,137	1,124,576	4,782,463	231,352	-	6,734,528
2003						
Segment assets	276,156,098	1,475,920,378	198,647,856	32,767,905	(26,509,744)	1,956,982,493
Investment in associates	157,578	434,848	391,986	-	-	984,412
Total assets						<u>1,957,966,905</u>
Segment liabilities	(145,997,229)	(46,019,168)	(76,748,097)	(9,009,401)	24,164,362	(253,609,533)
Total liabilities						<u>(253,609,533)</u>
Capital expenditure	31,704	5,682,470	4,692,401	435,229	-	10,841,804
Depreciation and amortisation	375,379	868,543	4,754,051	289,100	-	6,287,073

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

<i>Geographical segments</i>	Malaysia RM	Indonesia RM	Eliminations RM	Consolidated RM
2004				
Revenue from external customers by location of customers	95,809,294	21,463,476	-	117,272,770
Segments assets by location of assets	2,350,029,267	86,139,344	(22,101,904)	2,414,066,707
Capital expenditure by location of assets	11,522,764	8,107,565	-	19,630,329
2003				
Revenue from external customers by location of customers	81,828,743	17,749,824	-	99,578,567
Segments assets by location of assets	1,914,856,584	69,620,065	(26,509,744)	1,957,966,905
Capital expenditure by location of assets	9,759,353	1,082,451	-	10,841,804

35. Financial instruments

Financial risk management objectives and policies

Exposure to underwriting, credit profit margin rate and currency risk arise in the normal course of the Group and the Company's business. The Group and Company are guided by risk management policies and guidelines set out their overall business strategies and their general risk management philosophy. The Group and the Company have established processes to monitor the risk on an ongoing basis.

Underwriting risk

Underwriting risk includes the risk of incurring higher claims costs than expected owing to the random nature of claims and their frequency and severity and the risk of change in legal or economic conditions or behavioural patterns affecting takaful pricing and conditions of takaful or retakaful cover. This may result in the retakaful having either received too little contribution for the risks it has agreed to underwrite and hence has not enough funds to invest and pay claim, or claim are in excess of those expected.

The Group and the Company seeks to minimise underwriting risks with a balances mix and spread of business between classes of business and by observing underwriting guidelines and limits, conservative estimation of the claims provisions and high standards applied to security at Retakaful.

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

Credit risk

Credit risk represents the loss that would be recognised if counter parties to takaful, retakaful and investment transactions failed to perform as contracted.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all new participants, brokers, retakaful, reinsurance, financial institutions and other counter parties.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk for the Group and the Company are represented by the carrying amount of each financial asset.

Foreign currency risk

The Group and the Company incur foreign currency risk on transactions that are denominated in a currency other than Ringgit Malaysia and also the translation of the financial statements of the subsidiaries to Ringgit Malaysia. Exposures to foreign currency risk are monitored on an ongoing basis.

The Group and the Company do not hedge their foreign currency risk.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

36. Significant event during the year

- i) During the year, the Company was allotted with bonus issue of 760,000 new ordinary shares of USD1.00 each in Asean Retakaful International (L) Ltd ("ARIL") on the basis of one (1) new ordinary share for every four (4) existing shares held and the subscription of the rights issue of 6,840,000 new ordinary shares at an issue of USD1.00 each on the basis of nine (9) new shares for every four (4) existing ARIL shares held amounting to USD6,840,000 or equivalent to RM25,995,496. The allotment of bonus issue and subscription of rights issue shares did not have any impact on the existing shareholding of ARIL.
- ii) During the year, the Company increased its shareholding in ARIL from 76.0% to 80.0% via the acquisition of existing shares of ARIL held by Syarikat Takaful Singapura Holdings Pte. Ltd. ("STS") of 200,000 ordinary shares at USD1.60 each or equivalent to RM1,225,600. As at the date of this report, the Company is in the midst of disposing the shares in a Proposed Offer for Sale to strategic investors.
- iii) Pursuant to the acquisition of shares held by STS as explained in (ii) above, in the month of July 2004, the Company subscribed for additional rights issue of 360,000 new ordinary shares of ARIL at an issue price of USD1.00 each on the basis of nine (9) new shares for every four (4) existing ARIL shares.
- iv) Subsequent to the financial year end, the Company remitted RM5,586,078 to subscribe for 12,990,850 new ordinary shares of STI of IDR1,000 each amounting to IDR12,990,850,000 pursuant to the rights issue exercise of STI. The subscription of rights issue shares is not expected to have any material impact on the existing shareholding of STI.

Notes To The Financial Statements

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

37. Comparative figures

The following comparatives have been restated to be consistent with current years presentation.

	Group		Company	
	As restated 2004 RM	As previously stated 2003 RM	As restated 2004 RM	As previously stated 2003 RM
Balance sheets				
Deferred tax assets	6,962,675	8,197,150	6,821,549	8,056,022
Deferred tax liabilities	-	1,234,475	-	1,234,473
Cash flow statements				
Proceeds from sale of investment	-	8,592,210	-	8,952,210
Purchase of investments	(176,830,692)	(206,668,594)	(153,233,687)	(204,838,277)
Cash generated from/ (used in) operations	14,737,816	(6,507,876)	12,002,231	(31,010,149)
Net cash generated from/ (used in) operating activities	10,934,766	(10,310,926)	8,108,262	(34,904,118)
Net decrease in cash and cash equivalents	(4,066,683)	(25,312,375)	(5,457,561)	(48,469,941)
Cash and cash equivalents at the beginning of year	58,309,150	686,779,127	52,615,272	633,898,663
Cash and cash equivalents at the end of year	54,242,467	661,466,752	47,157,711	585,428,722

Detailed Income Statement For The Year Ended 30 June 2004

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

	2004 RM	2003 RM
Profit transferred from general takaful revenue account	59,820,633	51,373,403
Profit transferred from general inward retakaful revenue account	869,811	257,944
Profit transferred from family takaful revenue account	11,775,094	12,242,947
Profit transferred from group family takaful revenue account	19,529,339	13,897,606
	91,994,877	77,771,900
Add/(Less):		
(Loss)/Profit on disposal of shares quoted in Malaysia	(738,886)	(706,565)
Income from BBA financing	110,606	229,318
Income from investment accounts with:		
- Related company (Islamic financial institution)	660,115	734,870
- Others	1,327,593	23,043
Income from Islamic Accepted Bills:		
- Related company (Islamic financial institution)	695	4,518
Dividend income from shares quoted in Malaysia	861,429	600,147
Dividend income from Unit Trust	79,058	34,933
Rental received from:		
- Related company (Islamic financial institution)	2,408,246	2,354,585
- Others	15,865	14,071
Profit from staff financing	592,274	638,753
Reversal of diminution in value of investments	2,686,667	600,475
Allowance for non-performing financing	(2,243,018)	(974,639)
	5,760,644	3,553,509
Total	97,755,521	81,325,409
Add/(Less):		
Administrative expenses	(54,189,961)	(42,267,215)
Other operating expenses	(23,893,023)	(21,394,528)
Other operating income	1,509,280	752,045
Operating profit	21,181,817	18,415,711
Less: Financing cost	(42,006)	(51,295)
Profit before zakat and taxation	21,139,811	18,364,416

Family Takaful Revenue Account For The Year Ended 30 June 2004

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

	2004 RM	2003 RM
Family Takaful Income		
Takaful instalments/contribution less retakaful	263,532,521	272,062,231
Family Takaful Expenses		
Claims paid and outstanding	(10,752,428)	(8,745,987)
Surrenders	(55,399,725)	(46,557,566)
Maturities	(7,340,260)	(3,855,602)
Redemption of Unit Tabarru'	(122,726)	-
Withdrawals	(6,375,579)	(4,274,338)
Medical expenses	(5,995)	(55,511)
Ma'asyi benefit	(206,477)	(205,705)
Others	(2,519,799)	(12,412)
	(82,722,989)	(63,707,121)
Net takaful instalments/contributions for the year	180,809,532	208,355,110
Net takaful instalments/contributions at beginning of the year	1,242,731,101	1,034,375,991
Net takaful instalments/contributions at end of the year	1,423,540,633	1,242,731,101
Allowance for non-performing financing	(3,002,727)	(1,657,743)
Loss on disposal of shares quoted in Malaysia	(2,684,849)	(5,753,871)
Profit on disposal of Islamic Debt Securities	725,920	18,436,388
Profit from disposal of Takaful Dana Saham	1,187,500	-
Income from BBA financing	429,623	654,971
Income from Investments accounts with:		
- Related company (Islamic financial institution)	2,042,892	2,568,971
- Others	11,780,312	10,830,740
Income from Islamic Accepted Bills:		
- Related company (Islamic financial institution)	115,263	39,174
- Others	-	35,733
Income from Malaysian Government Investment Certificate	10,777,956	-
Dividend income from shares quoted in Malaysia	1,889,387	549,765
Dividend income from unquoted shares	647,542	462,530
Dividend income from Islamic Debt Securities	31,514,758	27,639,458
Dividend income from Unit Trust	154,628	134,899
Balance carried forward	55,578,205	53,941,015

Family Takaful Revenue Account For The Year Ended 30 June 2004

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

	2004 RM	2003 RM
Balance brought forward	55,578,205	53,941,015
Rental received from:		
- Related company (Islamic financial institution)	3,331,764	2,815,951
- Others	1,297,388	901,711
Investment expenses	(2,151,172)	(1,740,219)
Depreciation	(1,108,550)	(852,516)
Other income	198,552	171,507
Total profits for the year	57,146,187	55,237,449
Less: Allowance for diminution in value of investments	(15,248,969)	(6,613,326)
Profit attributable to the Company and participants for the year	41,897,218	48,624,123
Profit attributable to education transferred to other payable	(37,745)	(31,882)
Profit attributable to the Company transferred to income statement	(11,775,094)	(12,242,947)
Profit attributable to participants at the beginning of the year	30,084,379	36,349,294
	125,551,970	91,750,098
Paid during the year	155,636,349	128,099,392
	(2,607,612)	(2,547,422)
Profit attributable to participants at the end of the year	153,028,737	125,551,970
Family Takaful Fund	1,576,569,370	1,368,283,071
Allowance for diminution in value of quoted shares and unit trusts		
At 1 July 2003/2002	(13,202,436)	(23,208,419)
Decrease/(Increase) during the year	3,916,304	3,392,657
Charge to revenue account	15,248,969	6,613,326
At 30 June 2004/2003	5,962,837	(13,202,436)
Family Takaful Fund at year end	1,582,532,207	1,355,080,635

General Takaful Revenue Account For The Year Ended 30 June 2004

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

	2004 RM	2003 RM
General Takaful Income		
Takaful contribution less retakaful	180,860,301	153,370,993
Less: Reserve for unearned takaful contributions	(22,901,557)	(18,771,916)
	157,958,744	134,599,077
General Takaful Expenses		
Claims paid and outstanding	(47,142,505)	(43,234,029)
Levy	51,571	(96,000)
Gain/(Loss) in exchange rate	1,345	(1,141)
Other expenses	(400,775)	-
	(47,490,364)	(43,331,170)
Net General Takaful Income	110,468,380	91,267,907
Add/(Less):		
Allowance for non-performing financing	(1,881,067)	(1,453,092)
Loss on disposal of shares quoted in Malaysia	(2,082,900)	(2,940,534)
Profit on disposal of Malaysian Government Investment Certificate	2,154,804	-
Income from BBA financing	329,503	489,141
Income from investment accounts with		
- Related company (Islamic financial institution)	956,147	225,781
- Others	2,855,991	3,029,201
Income from Islamic Accepted Bills		
- Related company (Islamic financial institution)	1,187	7,541
Dividend income from Islamic Debt Securities	1,385,811	1,378,299
Dividend income from shares quoted in Malaysia	923,042	478,908
Dividend income from Unit Trust	78,664	34,932
Rental received from:		
- Related company (Islamic financial institution)	1,799,669	1,598,789
- Others	290,885	175,258
Investment expenses	(1,220,298)	(1,102,638)
Depreciation	(596,137)	(375,379)
Other income	150,028	119,643
	5,145,329	1,665,850

General Takaful Revenue Account For The Year Ended 30 June 2004

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

	2004 RM	2003 RM
Total profit for the year	115,613,709	92,933,757
Less: Allowance for diminution in value of investments	(14,240,310)	(5,837,030)
Profit attributable to the Company and participants for the year	101,373,399	87,096,727
Profit attributable to the Company transferred to income statement	(59,820,633)	(51,373,403)
Profit attributable to participants for the year	41,552,766	35,723,324
Profit attributable to participants at the beginning of the year	35,521,155	33,313,178
Payable during the year	77,073,921 (32,864,073)	69,036,502 (33,515,347)
Profit attributable to participants at the end of the year	44,209,848	35,521,155
Reserve for unearned takaful contributions	126,018,434	103,116,874
	170,228,282	138,638,029
Allowance for diminution in value of quoted shares and unit trusts		
At 1 July 2003/2002	(7,530,299)	(15,457,850)
Decrease during the year	5,104,147	2,090,521
Charge to revenue account	14,240,310	5,837,030
At 30 June 2004/2003	11,814,158	(7,530,299)
General Takaful Fund at year end	182,042,440	131,107,730

General Inward Retakaful Revenue Account For The Year Ended 30 June 2004

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

	2004 RM	2003 RM
General Inward Retakaful Income		
Takaful contribution less retakaful	2,074,227	246,355
Add/(Less): Reserve for unearned takaful contributions	(552,392)	139,945
	1,521,835	386,300
General Inward Retakaful Expenses		
Claim paid and outstanding	(113,606)	(24,320)
Gain in exchange rate	1,909	-
	1,410,138	361,980
Net General Inward Retakaful Income		
Add:		
Income from Islamic Accepted Bills with related company (Islamic financial institution)	111,645	76,878
Income from Islamic Bonds	-	3,428
Income from Investment Account with related company (Islamic financial institution)	31,371	17,395
Less: Investment expenses	(5)	(18)
	1,553,149	459,663
Total profit for the year		
Less: Allowance for diminution in value of investments	(103,462)	(29,754)
	1,449,687	429,909
Profit attributable to the Company and participants for the year		
Profit attributable to the Company transferred to income statement	(869,811)	(257,944)
	579,876	171,965
Profit attributable to participants for the year		
Profit attributable to participants at the beginning of the year	1,446,861	1,274,896
Reserve for unearned takaful contribution	552,392	-
	2,579,129	1,446,861
Profit attributable to participants at the end of the year		
Allowance for diminution in value of quoted shares and unit trusts		
At 1 July 2003/2002	78,763	49,009
Charge to revenue account	103,462	29,754
	182,225	78,763
At 30 June 2004/2003		
General Inward Retakaful Fund at year end	2,761,354	1,525,624

Group Family Takaful Revenue Account For The Year Ended 30 June 2004

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

	2004 RM	2003 RM
Group Takaful Income		
Takaful contribution less retakaful	83,248,327	67,539,559
Less: Reserve for unearned takaful contributions	(7,823,096)	(11,314,254)
	75,425,231	56,225,305
Group Family Takaful Expenses		
Claims paid and outstanding	(44,573,075)	(33,264,544)
Surrenders	(157,577)	(75,660)
Medical expenses	(136,013)	(85,440)
Others	(621,871)	-
Net earned takaful contribution for the year	29,936,695	22,799,661
Add/(Less):		
Allowance for non-performing financing	(383,353)	(72,829)
Loss on disposal of shares quoted in Malaysia	(122,394)	(443,208)
Profit from Malaysian Government Investment Certificate	1,238,640	-
Income from investment accounts with		
- Related company (Islamic financial institution)	252,863	790,426
- Others	4,107,759	2,033,319
Income from Islamic Accepted Bills		
- Related company (Islamic financial institution)	15,636	7,257
Income from BBA financing	134,513	82,373
Dividend income from shares quoted in Malaysia	67,042	29,786
Dividend from Islamic Debt Securities	541,197	556,612
Dividend income from Unit Trust	-	4,966
Rental income received from:		
- Related company (Islamic financial institution)	76,800	57,600
- Others	9,600	9,600
Investment expenses	(29,098)	(18,885)
Depreciation	(16,026)	(16,026)
Other income	15,264	10,671
Total profit for the year	35,845,138	25,831,323

Group Family Takaful Revenue Account For The Year Ended 30 June 2004

Syarikat Takaful Malaysia Berhad (Company No. 131646-K) (Incorporated in Malaysia) and its subsidiaries

	2004 RM	2003 RM
Total profit for the year	35,845,138	25,831,323
Less: Allowance for diminution in value of investments	(2,054,398)	(1,696,935)
Profit attributable to the Company and participants for the year	33,790,740	24,134,388
Profit attributable to the Company transferred to income statement	(19,529,339)	(13,897,606)
Profit attributable to participants for the year	14,261,401	10,236,782
Profit attributable to participants at beginning of the year	30,419,860	23,025,881
Paid during the year	44,681,261 (4,318,121)	33,262,663 (2,842,803)
Profit attributable to participants at the end of the year	40,363,140	30,419,860
Reserve for unearned takaful contributions	57,003,983	49,180,887
	97,367,123	79,600,747
Allowance for diminution in value of quoted shares and unit trusts		
At 1 July 2003/2002	1,728,526	(401,654)
Decrease/(Increase) during the year	329,116	433,245
Charge to revenue account	2,054,398	1,696,935
At 30 June 2004/2003	4,112,040	1,728,526
Group Family Takaful Fund at year end	101,479,163	81,329,273