

Takafulink Funds Report 2010



Takafulink Reports and Statements
for the year ended 31 December 2010

PRUDENTIAL BSN *5 Years* Innovation
powered by
TAKAFUL Dynamism

We understand, we care.

Fulfilling your financial and protection needs



PruBSN Impian



Takafulink Cerdik



PruBSN Protect/
ProtectPlus



PruBSN CrisisCover



Takaful Health



PruBSN Warisan



Takafulink



PruBSN Ummah



Takaful Puteri/
Puteri Plus



PruBSN Gadai Janji dan
Takaful Rumahku



Takaful Saver

Growing from strength to strength, PruBSN is focused on introducing 'First-of-its-kind' takaful products that meet the financial and protection needs of Malaysians from all walks of life. Our passion to fulfil these needs drives us to go beyond the conventional and take the lead in creating innovative products that surpass expectations... in every way. Designed with you in mind, packaged with your interests at heart. What's your choice?

Dear Certificate Holders,

We have pleasure in presenting to you the PruBSN Takaful Berhad Summary and CD Rom 2010. The CD-Rom can be found on the inside back cover of this summary.

The full version of the Annual Report is also available on our website at www.prubsn.com.my.

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CEO'S MESSAGE



“As we celebrate our 5th anniversary this year, we are confident that we can build on our past success and move closer to our goal of being the Number 1 Takaful Operator in Malaysia,”

Azim Mithani
CEO, Prudential BSN Takaful Berhad

Dear valued PruBSN Takafulink Certificate Holders,
Assalamualaikum and salam sejahtera.

It gives me great pleasure to share with all of you our 2010 Takafulink annual report. I hope that you find this report useful as you review your financial needs and goals.

In 2010, the global economy continued on a strong recovery path as government's stimulus packages and monetary policies took effect. In Malaysia, the RM 67 billion fiscal stimulus plan and the strong rebound in manufacturing and services, led the country to witness a very impressive GDP growth of 7.2% in 2010 as compared to a contraction of 1.7% in 2009.

Nevertheless there remain headwinds ahead for the global economy in 2011 as events in the early part of this year have shown and as an export led economy we welcome the pro-active approach that the Central Bank continues to follow.

Closer to home our flagship fund, Takaful Dana Ekuiti recorded a strong return of 17.7% in 2010. Indeed all our funds performed strongly during 2010 as you can find out in the following pages.

We also launched a number of new products in 2010, most notably PruBSN Ummah, a highly innovative product that combines protection with spiritual fulfilment. Do get in touch with us if you wish to find out more about this exciting product.

As you may know, 2011 marks PruBSN's 5th anniversary and to recognise this we will be running a number of campaigns so do keep an eye out for these during the year. It promises to be exciting. And as we celebrate our 5th anniversary this year, we are confident that we can build on our past success and move closer to our goal of being the Number 1 Takaful Operator in Malaysia, better serving you our customers who are the heart of all that we do, for it is our commitment to listen to you and to continually improve our services to you.

I thank you for your on-going support and for choosing PruBSN as your financial solutions provider. It is indeed an honour to serve you.

Wishing you every success in 2011!

FUND OBJECTIVES

The *Takafulink Dana Ekuiti Fund* aims to maximise returns over medium to long term by investing in high quality Shariah-approved shares listed on the Kuala Lumpur Stock Exchange.

The *Takafulink Dana Bon fund* aims to provide medium to long term accumulation of capital by investing in selected Islamic Private Debt Securities (IPDS) and Islamic Financing Facilities (IFF).

The *Takafulink Dana Urus fund* seeks to maximise returns over medium to long term by investing in Shariah-approved shares and Islamic Private Debt Securities (IPDS) and Islamic Financing Facilities (IFF) through Takafulink Dana Ekuiti and Takafulink Dana Bon and in any other such Takafulink funds that may become available in the future.

The *Takafulink Dana Ekuiti Dinasti* aims to provide long term capital appreciation by investing in Shariah-compliant investments with exposure to the Greater China region.

Equity Market

2010 was another strong year. After rebounding 43% in 2009, the FBM KLCI gained 18% year-to-date and in the process broke many records including its previous high. Domestic factors that stoked the market include the government's transformation efforts such as the Economic Transformation Programme (ETP), the New Economic Model (NEM) and the 10th Malaysia Plan (10MP). The market ran into headwinds towards the middle of the year as investor fret over a double-dip recession in Europe and the US. But foreign funds turned sizeable net buyers in the second half of the year following the waning of double-dip fears and rising awareness of the stronger growth potential of emerging markets.

2010 started off slow. There were not many catalysts to drive the local bourse other than the announcement of the NEM at the end of March. Concerns of the Europe debt crisis particularly in Greece capped any major rallies in the global and regional equity markets. Malaysia was experiencing foreign funds new outflow from January to May.

However global and regional equity markets started to rally strongly after the sharp April to May sell-off. The FBM KLCI declined from the 1,350 levels to bottom at the 1,240 level during this period. However, since the May bottom, equity markets worldwide have experienced strong rallies. Malaysia started to experience foreign funds net inflow from June.

On the local front, there were plenty of announcements from the Malaysian governments that got investors excited about Malaysia. There was the 10MP announced in June followed by the ETP Open Day in September. This was then followed by Budget 2011 in October. UMNO also had its General Assembly in October last year. In September, FTSE upgraded Malaysia from secondary emerging market to advanced emerging markets.

Plantation stocks enjoyed a re-rating in October, thanks to higher commodity prices including CPO. Construction stocks were re-rated on the back of Gamuda's strong gains and reappearance in the FBM KLCI. Also, the government's commitment to pump-prime was reaffirmed many times, for instance, during the release of the 10MP in June, the soft launch of the ETP in September and the 2011 Budget in October. Property stocks crept up unsuspectingly as investors shrugged off concerns over a cap on the loans-to-value ratio and gave weight to the earnings impact of record sales in 2010. Newsflow on potential landbanking and land privatisation projects by the big developers also helped in re-rating the sector.

However, by November, the rally from June took a pause. The FBM KLCI had rallied from 1,243 points at the end of May to reach 1,531 points mid November. Concerns of Ireland fiscal crisis coupled with tension from North Korea's attacks saw global and regional equity markets also pause from their respective rallies. We see this period as a consolidation phase for global and regional equity markets after the strong June to November rally.

INVESTMENT REVIEW

Bond Market

In January 2010, Bank Negara Malaysia (BNM) kept the overnight policy rate (OPR) unchanged at 2.0%. Hints of normalisation of interest rates led to market speculation on the timing and quantum of rate hike in the coming MPC meets. On 4 March 2010, BNM became the first central bank in Asia to hike its benchmark policy rate. It raised the OPR by 25 basis points to 2.25%, signalling a start towards interest rate normalisation from the current unprecedented low level of 2.00% since February 2009. The mid- to long-term tenor yields of sovereign bonds fell, as demand improved on the back of currency play.

On 13 May 2010, BNM hiked its benchmark policy rate for the second time in a year by 25 basis points to 2.50%, aiming to normalise interest rates to prevent financial imbalances from building up. S&P affirmed Malaysia's sovereign credit rating of A+ (local currency rating) / A- (foreign currency rating) with a stable outlook. The rating was premised on the country's moderately strong external liquidity position, open economy and the robust ability to refinance government debt. The manageable inflation, the surging Ringgit and a reaffirmed sovereign credit rating by S&P had spurred interest in the government bonds.

BNM lifted the OPR by another 25 basis points to 2.75% on 8 July 2010, the third consecutive rise since March-10. Whilst domestic economic activity remained robust in the second quarter, BNM cautioned that external developments in the international financial and economic environment may result in some moderation in the pace of growth. BNM maintained the OPR on 2 September 2010, as the global growth momentum moderated due to the continued weakness in the labour market. In addition, impact of the temporary boost to economic activity provided by the inventory build up and the policy stimulus has begun to fade.

BNM decided to maintain the OPR Rate at 2.75% at the Monetary Policy Committee meet on 12 November 2010. The Monetary Policy Committee considers the current monetary policy as appropriate and consistent with the latest assessment of the economic growth and inflation prospects. In the Malaysian Budget 2011, Malaysia's fiscal deficit was targeted to narrow to 5.4% of GDP in 2011 (5.6% of GDP in 2010). As such, total gross Government borrowings in 2011 are expected to increase from about RM60billion in 2010 to an estimated RM90billion. With the release of the 2011 sovereign bonds auction calendar which showed a larger number of longer-dated issuances, the longer end of the sovereign yield curve is likely to rise.

INVESTMENT REVIEW

Bond Market (cont'd)

For the 1-year period under review, the 3-, 5- and 10-year sovereign bond yields changed by -13bps, -45bps and -25bps to close at 3.11%, 3.34% and 4.00% respectively.

The corporate bond market saw the downgrade of debt issuances of Selangor's water operators. This was due to the uncertainties surrounding the unresolved restructuring of the Selangor's water industry. Corporate bond yields generally moved in tandem with sovereign bond yields, albeit at a lag. Activities in the corporate bond market were supported by ample liquidity and were dominated by selected names in the AAA and AA segments.

FUND PERFORMANCE

Takafulink Dana Ekuiti

As at 31 December 2010, the Fund's Net Asset Value per unit appreciated by 17.70% to RM1.4064 as compared to RM1.1949 as at 31 December 2009.

Since inception (1st December 2006), the Fund registered a positive return of 40.64%.

Takafulink Dana Bon

As at 31 December 2010, the Net Asset Value per unit of Takafulink Dana Bon increased to RM1.1744 from RM1.1134 as at 31 December 2009, recording a return of 5.48% for the period under review.

Since inception (1st December 2006), the Fund registered a positive return of 17.44%.

Takafulink Dana Urus

As at 31 December 2010, the Net Asset Value per unit of the Takafulink Dana Urus was RM1.3647 compared to RM1.1826 as at 31 December 2009, recording a return of 15.39% for the period under review.

Since inception (1st December 2006), the Fund registered a positive return of 36.47%.

Takafulink Dana Ekuiti Dinasti

As at 31 December 2010, the Net Asset Value per unit of the Takafulink Dana Ekuiti Dinasti was RM1.0940 compared to RM1.0000 as at 1 April 2010 (inception date), recording a return of 9.40% for the period under review.

INVESTMENT OUTLOOK

Equity

We remain cautiously positive on Malaysian equities in 2011. Corporate earnings are expected to remain fairly robust, spurred by the resilience in consumer demand, the strength in commodity prices and supported by the government's Economic Transformation Programme (ETP) initiatives. We also expect more Entry Point Projects (EPP) to be announced under the ETP and look to the implementation of the EPP projects that have already been announced.

M&As will continue to be a major theme domestically. The line-up for IPOs is expected to be strong, thus potentially driving equity capital markets further. A snap election in 2011 may stir up uncertainty among investors.

We continue to favour a bottom-up investment strategy moving forward, whereby tactical stock selection and asset allocation will drive fund outperformance. We will continue to look for companies with stability in earnings, competitiveness in local or overseas markets, transparency and good corporate governance practice.

Bond

Subsequent removal of subsidies will be executed in 2011, in line with the government's subsidy-removal plan every 6 months. This, along with increasing world food prices and commodity prices, will lead to a pick-up in inflation that is a growing regional concern. However, Bank Negara Malaysia (BNM) expects inflation to remain moderate in 2011 despite the subsidy rationalization. Any increase in policy rates is likely only towards the second half of 2011.

BNM released the sovereign bonds auction calendar with a larger supply of auctions coupled with more longer-dated issuances. Regional currency strength, particularly the Ringgit, and carry trade advantage continue to provide underlying support for Ringgit-denominated sovereign bond yields as investors seek out higher yielding assets. However, a sudden reversal of the flow of funds due to risk aversion will trigger volatility in emerging market asset classes, including Ringgit-denominated sovereign bonds.

The activity in corporate bonds is expected to pick up as issuers take advantage of the relatively low interest rate environment and improving risk appetite of investors, to lock-in cheaper borrowing costs.

We expect that the bond market will continue to be supported by ample domestic liquidity and an improving credit environment. We will continue to accumulate quality issues with stable cash flow and look for trading opportunities.

INVESTMENT OUTLOOK

ASIA

Market Overview

Asian markets outside Japan delivered yet another sterling year, up 17% from the previous year which was also a good year. The flow of liquidity into the region attracted by low interest rates and strong structural fundamentals drove prices up, fuelling inflationary pressures.

Central banks in the region went on a round of rate hikes throughout the year, led by the first rate hike by Bank Negara Malaysia. While the People Bank of China increased reserve requirement ratios six times during the year, other Asian countries were seen lagging behind in rate hikes for fear of scarring away foreign investments. Asian countries also took initiatives to curb rising food prices. China and Hong Kong, in particular placed various controls on their rising property bubbles.

Towards the end of the year, tensions in the Korean peninsula caught market attention but did not take the focus off economic growth, inflationary pressures and the rise in global commodity and food prices.

Outlook

Central banks across the region will be walking a tight line between stoking economic growth and limiting inflationary pressures as prices, in particular food and commodity, continue to rise. More rate hikes are expected throughout the year together with a further appreciation in Asian currencies, in order to curb spiralling inflation. While Asian governments shift to focus on domestic consumption instead of depending on exports to drive their economies, governments will continue to spend on infrastructure to raise the quality of living in the emerging nations. Further controls are expected to be implemented and those put in place over the previous year will be tested for its effectiveness in curbing China's property bubble.

After rallying significantly over the past two years, we expect the strong bond market performance to cool off to some extent in 2011. A more aggressive monetary policy could exert upward pressures on Asian local bond yields while the appreciation in Asian currencies will also be positive for regional bonds.

INVESTMENT OUTLOOK

GLOBAL

Market Overview

Global equities painted a positive picture after a much hoped for recovery in 2009. The MSCI AC World index was up 10.4%, confirming that the global economy was indeed improving. Political tension in Korea and the Middle East sparked concerns during the year but did not bring down the overall positive market sentiments.

Fears of whether the US recovery was a temporary high before another dip, prompted the US to jumpstart their economy further with a second round of Quantitative Easing (QE2).

The European Union (EU) went on an austerity drive to fix its debt crisis. Member governments within the EU cut public spending and social welfare as well as reduce respective governments' budget deficits through an austerity plan. With Greece and Ireland receiving bailouts, concerns over the contagion of the European debt woes continue to be an issue, with investors looking at Spain and Portugal closely.

With liquidity flooding the markets and seeking better returns, Asia was a benefactor on the attractiveness of lower interest rates, stronger financial structures and corporate earnings as well as carry trade. 2010 saw many countries in the Asian region already implementing policies to control these issues that have settled across Asia.

INVESTMENT OUTLOOK

GLOBAL

Outlook

The new confidence coupled with the policies made by governments in 2010 sets the stage for what is in store for 2011. We see three different issues that will dominate the year where the implementation and withdrawal of its policies are key:

1. QE2 in the US
2. Austerity programme in the Europe
3. Controls in Asia

The effectiveness of the second round of US QE2 will be tested on the issues that it was intended to fix, namely to spur economic growth, lower the stubbornly high unemployment rate and lower US trade deficit.

In the Euro-zone, the divide between the peripheral countries and its more stable neighbours, Germany and France, will question the stability and effectiveness of the European Union bloc and the Euro. Whether the austerity programme will serve its purpose remains a hope for 2011.

Central banks in Asia will have to continue tightening its fiscal and monetary policies to control rising inflation, property bubbles and appreciating currencies more aggressively.

Other areas that will drive any economic changes are the ubiquitous climate change, rising commodity prices and political tensions in Korea and the Middle East. 2011 will also see financial institutions rushing to meet the new Basel III requirement which require higher levels of capital and reporting transparency.

FINANCIAL HIGHLIGHTS

Comparative Performance Table

For financial year ended 31 December 2010

TAKAFULINK DANA EKUITI

Category	2010 %	2009 %	2008 %	2007 %
Shariah Approved Shares				
Building Materials	2.24	2.73	1.20	6.77
Conglomerates	9.37	13.30	10.86	13.15
Construction	13.72	7.98	8.43	8.47
Consumer Products	1.55	2.89	2.25	1.55
Finance	0.30	0.28	–	–
Industrial	2.66	5.58	2.39	3.66
Media	0.90	0.25	1.25	3.14
Motor	1.91	1.45	1.66	3.76
Oil & Gas	11.86	4.76	6.21	10.24
Plantation	13.16	14.67	8.44	6.57
Power	8.41	10.41	8.52	7.04
Property	4.90	4.77	2.07	5.30
Technology	2.25	0.60	–	3.31
Telecommunications	16.72	12.49	10.64	4.35
Timber	–	–	–	0.41
Transportation	6.56	3.07	4.24	4.37
Water	0.15	0.49	1.08	2.07
	96.66	85.72	69.25	84.16
Cash and Deposits	4.01	15.38	28.86	18.63
Other Assets	0.71	0.75	2.35	(0.01)
Total Liabilities	(1.37)	(1.85)	(0.46)	(2.78)
Total	100.00	100.00	100.00	100.00

FINANCIAL HIGHLIGHTS

Comparative Performance Table

For financial year ended 31 December 2010

TAKAFULINK DANA EKUITI

Category	2010 %	2009 %	2008 %	2007 %
Total Net Asset Value (RM)	141,289,501	93,892,359	39,816,472	22,179,240
Units in Circulation	100,463,328	78,577,690	45,362,268	16,330,676
NAV Per Unit (RM)	1.406	1.195	0.878	1.358
Highest NAV per unit (RM)	1.415	1.204	1.406	1.363
Lowest NAV per unit (RM)	1.149	0.871	0.844	0.983
TAKAFULINK DANA EKUITI				
Total Return ⁽⁺⁾				
- Capital Growth	17.70%	36.13%	-35.37%	35.81%
Average Annual Return - Fund ⁽⁺⁾				
Period				
One year	17.70%			
Three years	1.17%			
Average Annual Return-Benchmark:				
FTSE-Bursa Malaysia Emas Shariah Index (FBMSHA)				
Period				
One year	18.20%			
Three years	-1.53%			

TAKAFULINK DANA EKUITI FUND PERFORMANCE

(Since Inception)

Takafulink Dana Ekuiti Vs. FTSE-Bursa Malaysia Emas Shariah Index (FBMSHA)



+ The Fund returns are calculated based on five decimal place

The unit prices of the Funds may go down as well as up and the past performance figures shown are not indicative of future performance.

FINANCIAL HIGHLIGHTS

Comparative Performance Table

For financial year ended 31 December 2010

TAKAFULINK DANA BON

	2010 %	2009 %	2008 %	2007 %
Category				
Fixed Income Securities:				
- Islamic Debt Securities	60.36	54.25	63.11	85.40
- Government	25.18	26.37	10.88	–
- Quasi Government	5.81	7.13	–	–
Cash and Deposits	91.35	87.74	73.99	85.40
Other Assets	8.98	12.40	25.35	14.16
Other Assets	0.65	0.66	1.25	1.07
Total Liabilities	(0.98)	(0.80)	(0.59)	(0.63)
Total	100.00	100.00	100.00	100.00
Total Net Asset Value (RM)	23,791,465	18,724,204	15,528,062	11,704,512
Units in Circulation	20,258,545	16,817,282	14,645,091	11,238,402
NAV Per Unit (RM)	1.174	1.113	1.060	1.0415
Highest NAV per unit (RM)	1.174	1.114	1.060	1.0430
Lowest NAV per unit (RM)	1.114	1.060	1.025	1.0000
Total Return ⁽⁺⁾				
- Capital Growth	5.47%	5.01%	1.81%	4.15%
- Income Distribution	–	–	–	–

FINANCIAL HIGHLIGHTS

Comparative Performance Table

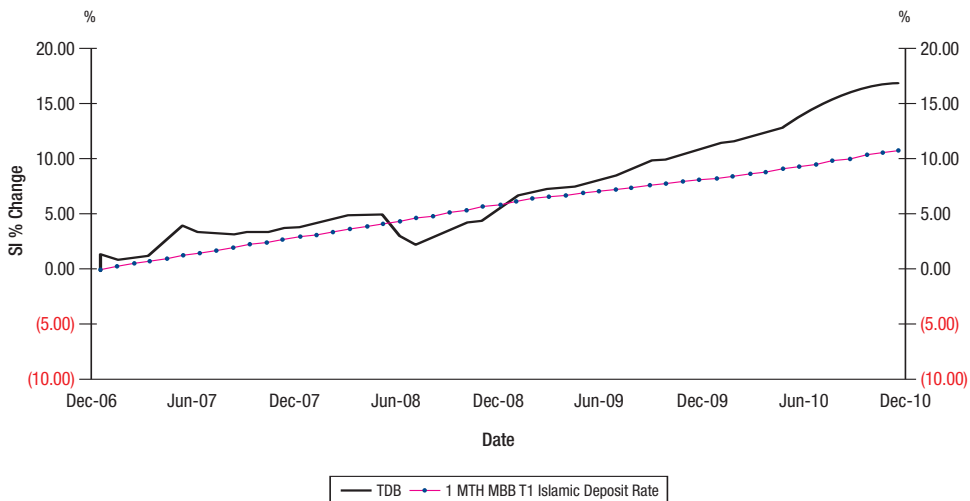
For financial year ended 31 December 2010

TAKAFULINK DANA BON

	2010 %
Average Annual Return - Fund⁽⁺⁾	
Period	
One year	5.47%
Three years	4.08%
Average Annual Return-Benchmark:	
MBB 12mth Tier 1 FD rate	
Period	
One year	2.51%
Three years	2.51%

TAKAFULINK DANA BON FUND PERFORMANCE (Since Inception)

Takafulink Dana Bon Vs. 1 Month Maybank Tier 1 Islamic Deposit Rate



+ The Fund returns are calculated based on five decimal place

The unit prices of the Funds may go down as well as up and the past performance figures shown are not indicative of future performance.

FINANCIAL HIGHLIGHTS

Comparative Performance Table

For financial year ended 31 December 2010

TAKAFULINK DANA URUS

	2010 %	2009 %	2008 %	2007 %
Category				
Investment in-				
Takafulink Dana Ekuiti Fund	82.35	81.33	76.83	84.84
Takafulink Dana Bon Fund	17.65	18.67	23.17	15.16
Other Assets	0.01	–	–	–
Total Liabilities	(0.01)	–	–	–
Total	100.00	100.00	100.00	100.00
Total Net Asset Value (RM)	39,683,534	23,037,250	9,031,083	3,047,901
Units in Circulation	29,079,728	19,479,632	9,864,080	2,358,805
NAV Per Unit (RM)	1.365	1.183	0.916	1.292
Highest NAV per unit (RM)	1.371	1.188	1.331	1.292
Lowest NAV per unit (RM)	1.150	0.911	0.885	0.987
Total Return ⁽⁺⁾				
- Capital Growth	15.39%	29.17%	-29.14%	29.21%
- Income Distribution	–	–	–	–

FINANCIAL HIGHLIGHTS

Comparative Performance Table

For financial year ended 31 December 2010

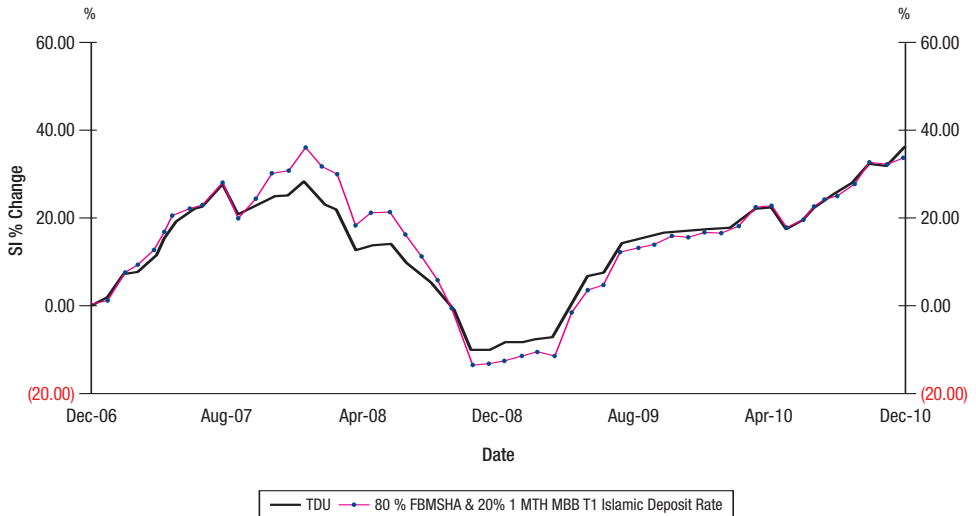
TAKAFULINK DANA URUS

	2010 %
Average Annual Return - Fund⁽⁺⁾	
Period	
One year	15.39%
Three years	1.84%
Average Annual Return-Benchmark:	
80% FBMSHA + 20% 1 Month Maybank Tier 1 Islamic Deposit rate	
Period	
One year	15.06%
Three years	-0.69%

TAKAFULINK DANA URUS FUND PERFORMANCE

(Since Inception)

Takafulink Dana Urus Vs. 80% FBMSHA + 20% 1 Month Maybank Tier 1 Islamic Deposit Rate



+ The Fund returns are calculated based on five decimal place

The unit prices of the Funds may go down as well as up and the past performance figures shown are not indicative of future performance.

FINANCIAL HIGHLIGHTS

Comparative Performance Table

For financial year ended 31 December 2010

TAKAFULINK DANA EKUITI DINASTI

	2010 %
Category	
Investment in- PRUdinasti Equity Fund	97.29
Cash and Deposits	0.64
Other Assets	3.43
Total Liabilities	(1.36)
Total	100.00
Total Net Asset Value (RM)	1,465,272
Units in Circulation	1,339,304
NAV Per Unit (RM)	1.094
Highest NAV per unit (RM)	1.123
Lowest NAV per unit (RM)	0.932
Total Return(+)	
- Capital Growth	9.41%
- Income Distribution	—

FINANCIAL HIGHLIGHTS

Comparative Performance Table

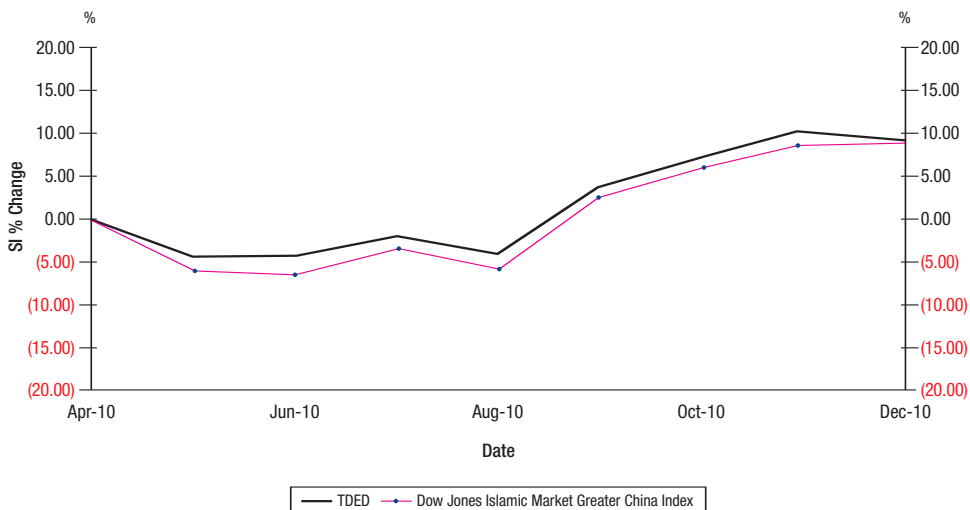
For financial year ended 31 December 2010

TAKAFULINK DANA EKUITI DINASTI

	2010 %
Average Annual Return - Fund⁽⁺⁾	
Period	
Since Inception	9.40%
Average Annual Return-Benchmark:	
Dow Jones Islamic Market Greater China Index	
Period	
Since Inception	8.66%

TAKAFULINK DANA EKUITI DINASTI FUND PERFORMANCE (Since Inception)

Takafulink Dana Ekuiti Dinasti Vs. Dow Jones Islamic Market Greater China Index



+ The Fund returns are calculated based on five decimal place

The unit prices of the Funds may go down as well as up and the past performance figures shown are not indicative of future performance.

DETAILS OF INVESTMENT

As at 31 December 2010

TAKAFULINK DANA EKUITI

	Quantity	Cost (RM)	Market Value (RM)	% of Fund
Building Materials				
ANN JOO RESOURCES BHD	80,000	243,764	233,021	0.16%
KINSTEEL BHD	336,000	275,727	291,919	0.21%
LAFARGE MALAYAN CEMENT BHD	245,400	1,434,712	1,890,500	1.34%
WTK HOLDINGS BHD	360,400	433,866	456,102	0.32%
YTL CEMENT BHD	60,000	240,770	286,857	0.20%
	1,081,800	2,628,838	3,158,398	2.24%
Conglomerates				
SIME DARBY BERHAD	1,308,498	10,255,483	11,565,447	8.19%
YTL CORPORATION BERHAD	198,000	1,633,258	1,672,507	1.18%
	1,506,498	11,888,741	13,237,954	9.37%
Construction				
GAMUDA BHD	937,300	2,745,238	3,586,826	2.54%
IJM CORPORATION BHD	701,144	3,092,385	4,387,347	3.11%
LINGKARAN TRANS KOTA HOLDINGS BHD.	388,100	868,599	1,387,715	0.98%
MALAYSIAN RESOURCES CORPORATION BHD	1,336,700	2,371,700	2,671,737	1.89%
MMC CORPORATION BHD	515,300	1,134,714	1,438,837	1.02%
PLUS EXPRESSWAYS BHD	707,200	2,126,588	3,210,609	2.27%
SUNWAY HOLDINGS INCORPORATED BHD	137,300	190,841	308,905	0.22%
WCT BHD	745,722	1,927,786	2,389,320	1.69%
	5,468,766	14,457,850	19,381,296	13.72%

DETAILS OF INVESTMENT

As at 31 December 2010

TAKAFULINK DANA EKUITI

	Quantity	Cost (RM)	Market Value (RM)	% of Fund
Consumer Products				
PARKSON HOLDINGS BHD	291,671	1,587,520	1,579,024	1.12%
QL RESOURCES BHD	103,900	579,852	609,446	0.43%
	395,571	2,167,372	2,188,470	1.55%
Finance				
BIMB HOLDINGS BHD	95,200	114,732	134,823	0.10%
D&O GREEN TECHNOLOGY BHD	1,208,800	701,615	291,388	0.21%
	1,304,000	816,347	426,211	0.30%
Industrial				
MALAYSIA MARINE AND HEAVY ENGINEERING HOLDINGS BERHAD	634,900	2,679,621	3,762,392	2.66%
	634,900	2,679,621	3,762,392	2.66%
Media				
MEDIA CHINESE INTERNATIONAL LIMITED	1,480,000	1,303,721	1,278,400	0.90%
	1,480,000	1,303,721	1,278,400	0.90%

DETAILS OF INVESTMENT

As at 31 December 2010

TAKAFULINK DANA EKUITI

	Quantity	Cost (RM)	Market Value (RM)	% of Fund
Motor				
APM AUTOMATIVE HOLDINGS BHD	102,800	409,527	588,538	0.42%
UMW HOLDINGS BHD	299,300	1,847,897	2,110,331	1.49%
	402,100	2,257,424	2,698,869	1.91%
Oil & Gas				
OIL & GAS DIALOG GROUP BHD	799,528	721,795	1,437,452	1.02%
KENCANA PETROLEUM BHD	1,376,140	2,024,302	3,331,090	2.36%
KNM GROUP BHD	361,200	890,369	1,030,322	0.73%
PETRA PERDANA BHD	407,600	489,194	433,957	0.31%
PETRONAS CHEMICALS GROUP BHD	987,700	5,377,222	5,476,093	3.88%
PETRONAS DAGANGAN BHD	141,400	1,081,899	1,661,659	1.18%
PETRONAS GAS BHD	135,300	1,356,276	1,508,438	1.07%
SAPURACREST PETROLEUM BHD	601,800	1,316,157	1,873,789	1.33%
	4,810,668	13,257,213	16,752,800	11.86%
Plantation				
GENTING PLANTATIONS BHD	236,100	1,606,471	2,086,822	1.48%
IOI CORPORATION BHD	1,876,446	7,975,564	10,950,121	7.75%
KPJ HEALTHCARE BHD	344,400	1,280,654	1,286,805	0.91%
KUALA LUMPUR KEPONG BHD	179,200	2,361,593	3,977,745	2.82%
UNITED PLANTATIONS BHD	17,000	153,658	291,979	0.21%
	2,653,146	13,377,940	18,593,472	13.16%

DETAILS OF INVESTMENT

As at 31 December 2010

TAKAFULINK DANA EKUITI

	Quantity	Cost (RM)	Market Value (RM)	% of Fund
Power				
TENAGA NASIONAL BHD	1,165,800	8,666,239	9,800,680	6.94%
YTL POWER INTERNATIONAL BHD	850,000	2,094,436	2,083,126	1.47%
	2,015,800	10,760,675	11,883,806	8.41%
Property				
EASTERN & ORIENTAL BERHAD - ICULS	225,400	146,510	260,351	0.18%
EASTERN & ORIENTAL BHD	477,100	494,980	565,455	0.40%
IJM LAND BHD	287,900	711,914	827,017	0.59%
KLCC PROPERTY HOLDINGS BHD	170,000	490,235	572,006	0.40%
MAH SING GROUP BHD	365,000	672,490	674,555	0.48%
SP SETIA BHD	387,700	1,998,770	2,316,965	1.64%
UEM LAND HOLDINGS BERHAD	697,600	1,449,793	1,709,633	1.21%
	2,610,700	5,964,693	6,925,982	4.90%
Technology				
UNISEM (M) BHD	1,374,870	2,542,196	3,176,115	2.25%
	1,374,870	2,542,196	3,176,115	2.25%

DETAILS OF INVESTMENT

As at 31 December 2010

TAKAFULINK DANA EKUITI

	Quantity	Cost (RM)	Market Value (RM)	% of Fund
Telecommunications				
AXIATA GROUP BERHAD	2,500,400	7,287,171	11,929,158	8.44%
DIGI.COM BHD	149,100	3,454,560	3,683,999	2.61%
MAXIS BHD	633,000	3,273,784	3,369,662	2.38%
QSR BRANDS BHD	229,500	1,220,233	1,166,380	0.83%
TELEKOM MALAYSIA BHD	987,100	2,866,316	3,479,966	2.46%
	4,499,100	18,102,065	23,629,164	16.72%
Water				
PUNCAK NIAGA HOLDINGS BHD	92,200	279,895	212,993	0.15%
	92,200	279,895	212,993	0.15%
Transportation				
AIRASIA BHD	915,000	1,681,994	2,325,136	1.65%
BINTULU PORT HOLDINGS BHD	53,100	294,655	361,602	0.26%
MISC BHD	783,340	6,841,402	6,577,537	4.66%
	1,751,440	8,818,051	9,264,275	6.56%
Grand Total	32,081,559	111,302,646	136,570,597	96.66%
Net Asset Value			141,289,500	

DETAILS OF INVESTMENT

As at 31 December 2010

TAKAFULINK DANA BON

Islamic Debt Securities	Quantity	Cost (RM)	Market Value (RM)	% of Fund
Islamic Bonds				
BANK MUAMALAT MALAYSIA BERHAD 6.25% 05/09/2016	1,000,000	1,065,800.00	1,016,925	4.27%
BANK PEMBANGUNAN MALAYSIA BHD 5.7% 25/04/2016	1,000,000	1,094,200.00	1,091,473	4.59%
BINARIANG GSM SDN BHD 5.65% 26/12/2014	680,200	686,056.52	718,666	3.02%
GAMUDA BERHAD 5.25% 04/01/2015	1,000,000	1,034,300.00	1,042,897	4.38%
JIMAH ENERGY VENTURES SDN BHD 7.65% 12/11/2014	1,000,000	1,156,600.00	1,123,661	4.72%
KUALA LUMPUR KEPONG BHD 4% 10/05/2012	1,000,000	1,004,800.00	1,009,635	4.24%
MAJU EXPRESSWAY SDN BHD 6.4% 15/06/2020	1,000,000	1,000,000.00	1,083,734	4.56%
MALAKOFF CORPORATION BHD 6.182% 28/04/2017	1,000,000	1,061,000.00	1,067,312	4.49%
PLUS EXPRESSWAYS BHD 0% 16/06/2017	1,700,000	1,190,420.00	1,314,568	5.53%
PLUS EXPRESSWAYS BHD 0% 17/06/2019	1,800,000	982,260.00	1,251,739	5.26%
RANHILL POWERTRON SDN BHD 7.3% 27/06/2016	890,000	1,021,898.00	1,026,580	4.31%
SIME DARBY BERHAD 4.38% 14/11/2014	1,000,000	1,000,000.00	1,029,671	4.33%
SYARIKAT PENGELUAR AIR SUNGAI SELANGOR SDN BHD 5.27% 27/05/2011	1,000,000	1,034,100.00	998,449	4.20%
TEKNOLOGI TENAGA PERLIS CONSOR 8.9% 12/09/2014	500,000	633,000.00	585,119	2.46%
	14,570,200	13,964,435	14,360,428	60.36%

DETAILS OF INVESTMENT

As at 31 December 2010

TAKAFULINK DANA BON

Islamic Debt Securities	Quantity	Cost (RM)	Market Value (RM)	% of Fund
Government Bonds				
MALAYSIA AIRPORTS CAPITAL BHD 4.55% 28/08/2020	1,000,000	1,000,000.00	1,023,164	4.30%
MALAYSIA GOVERNMENT INVESTMENT ISSUE 3.077%13/04/2012	3,000,000	3,018,900.00	3,012,097	12.66%
MALAYSIA GOVERNMENT INVESTMENT ISSUE 3.91% 13/08/2019	400,000	400,000.00	401,171	1.69%
MALAYSIA GOVERNMENT INVESTMENT ISSUE 4.492% 30/04/2020	1,000,000	998,924.00	1,046,883	4.40%
PENERBANGAN MALAYSIA BHD 3.85% 14/03/2014	500,000	500,000.00	507,191	2.13%
	5,900,000	5,917,824.00	5,990,506	25.18%
Quasi Government				
KHAZANAH NASIONAL BERHAD 0% 27/08/2019	500,000	319,800.00	346,390	1.46%
NATIONAL BANK OF ABU DHABI 4.75% 29/06/2015	1,000,000	1,003,090.00	1,036,517	4.36%
	1,500,000	1,322,890.00	1,382,907	5.81%
Grand Total	21,970,200	21,205,149	21,733,842	91.35%
Net Asset Value			23,791,465	

DETAILS OF INVESTMENT

As at 31 December 2010

TAKAFULINK DANA URUS

	Quantity	Cost (RM)	Market Value (RM)	% of Fund
Investments				
<i>Investment in Takafulink Dana Ekuiti</i>	23,235,903	27,161,360	32,679,670	82.4%
<i>Investment in Takafulink Dana Bon</i>	5,964,295	6,645,040	7,003,812	17.6%
Total Market Value of Investments		33,806,400	39,683,482	100.0%

DETAILS OF INVESTMENT

As at 31 December 2010

TAKAFULINK DANA EKUITI DINASTI

	Quantity	Cost (RM)	Market Value (RM)	% of Fund
Investments				
<i>Investment in Prudinasti Equity Fund</i>	1,347,516	1,333,500	1,425,537	97.3%
Total Market Value of Investments		1,333,500	1,425,537	97.3%

STATEMENT OF ASSETS AND LIABILITIES

As at 31 December 2010

TAKAFULINK DANA EKUITI

	2010		2009	
	RM	%	RM	%
Investments				
Shariah Approved Shares	136,570,597	96.66	80,481,952	85.72
Cash and Deposits				
Cash at Bank	9,166	0.01	2,049	0.00
Deposits	5,650,000	4.00	14,440,000	15.38
Tax Assets	670,733	0.47	410,890	0.44
Other Assets	326,630	0.23	288,718	0.31
Total Assets	143,227,126	101.37	95,623,609	101.85
Provision for Deferred Tax	(1,002,200)	(0.71)	(618,566)	(0.66)
Provision for Taxation	(843,023)	(0.60)	(214,554)	(0.23)
Other Liabilities	(92,402)	(0.06)	(898,130)	(0.96)
Total Liabilities	(1,937,625)	(1.37)	(1,731,250)	(1.85)
Net Asset Value of the Fund	141,289,501	100.00	93,892,359	100.00
Participants Fund				
Capital	112,624,127	79.71	84,339,096	89.83
Generated Income carried forward	28,665,374	20.29	9,553,263	10.17
	141,289,501	100.00	93,892,359	100.00
Net Asset Value Per Unit (RM)	1.40638		1.19490	
NUMBER OF UNITS	100,463,328		78,577,690	

STATEMENT OF ASSETS AND LIABILITIES

As at 31 December 2010

TAKAFULINK DANA BON

	2010		2009	
	RM	%	RM	%
Investments				
Islamic Debts Securities	21,733,842	91.35	16,429,142	87.74
Cash and Deposits				
Cash at Bank	46,680	0.20	2,206	0.01
Deposits	2,090,000	8.78	2,320,000	12.39
Other Assets	155,791	0.65	123,288	0.66
Total Assets	24,026,313	100.98	18,874,636	100.80
Provision for Taxation	(214,779)	(0.90)	(145,032)	(0.77)
Provision for Deferred Tax	(17,339)	(0.07)	(1,145)	(0.01)
Other Liabilities	(2,730)	(0.01)	(4,255)	(0.02)
Total Liabilities	(234,848)	(0.98)	(150,432)	(0.80)
Net Asset Value of the Fund	23,791,465	100.00	18,724,204	100.00
Participants Fund				
Capital	21,166,026	88.96	17,224,557	91.99
Generated Income carried forward	2,625,439	11.04	1,499,647	8.01
	23,791,465	100.00	18,724,204	100.00
Net Asset Value Per Unit (RM)	1.17439		1.11339	
NUMBER OF UNITS	20,258,545		16,817,282	

STATEMENT OF ASSETS AND LIABILITIES

As at 31 December 2010

TAKAFULINK DANA URUS

	2010		2009	
	RM	%	RM	%
Investments in -				
Takafulink Dana Ekuiti Fund	32,679,670	82.35	18,737,138	81.33
Takafulink Dana Bon Fund	7,003,812	17.65	4,300,103	18.67
Cash At Bank	—	—	—	—
Other Assets	2,878	0.01	830	0.00
Total Assets	39,686,360	100.01	23,038,071	100.00
Other Liabilities	(2,826)	(0.01)	(821)	(0.00)
Total Liabilities	(2,826)	(0.01)	(821)	(0.00)
Net Asset Value of the Fund	39,683,534	100.00	23,037,250	100.00
Participants Fund				
Capital	32,954,452	83.04	20,908,159	90.76
Generated Income carried forward	6,729,082	16.96	2,129,091	9.24
	39,683,534	100.00	23,037,250	100.00
Net Asset Value Per Unit (RM)	1.36465		1.18263	
NUMBER OF UNITS	29,079,728		19,479,632	

STATEMENT OF ASSETS AND LIABILITIES

As at 31 December 2010

TAKAFULINK DANA EKUITI DINASTI

	2010	
	RM	%
Investments in -		
Prudinasti Equity Fund	1,425,537	97.29
Cash At Bank	9,445	0.64
Other Assets	50,204	3.43
Total Assets	1,485,186	101.36
Provision for Deferred Tax	(3,682)	(0.25)
Other Liabilities	(16,232)	(1.11)
Total Liabilities	(19,914)	(1.36)
Net Asset Value of the Fund	1,465,272	100.00
Participants Fund		
Capital	1,375,933	93.90
Generated Income carried forward	89,339	6.10
	1,465,272	100.00
Net Asset Value Per Unit (RM)	1.09406	
NUMBER OF UNITS	1,339,304	

STATEMENT OF CHANGES IN NET ASSET VALUE

For the financial year ended 31 December 2010

TAKAFULINK DANA EKUITI

	2010 RM	2009 RM
Net Asset Value at beginning of year	93,892,359	39,816,472
Amounts received from units created	68,787,908	76,953,647
Amounts paid for units cancelled	(40,502,877)	(41,749,862)
Net Income/(Outgo)	19,112,111	18,872,102
Value of fund at end of year	141,289,501	93,892,359

STATEMENT OF CHANGES IN NET ASSET VALUE

For the financial year ended 31 December 2010

TAKAFULINK DANA BON

	2010 RM	2009 RM
Net Asset Value at beginning of year	18,724,204	15,528,062
Amounts received from units created	7,488,511	9,140,169
Amounts paid for units cancelled	(3,547,042)	(6,775,176)
Excess of Income over Outgo	1,125,792	831,149
Value of fund at end of year	23,791,465	18,724,204

STATEMENT OF CHANGES IN NET ASSET VALUE

For the financial year ended 31 December 2010

TAKAFULIK DANA URUS

	2010 RM	2009 RM
Net Asset Value at beginning of year	23,037,250	9,031,083
Amounts received from units created	24,378,376	20,013,016
Amounts paid for units cancelled	(12,332,083)	(9,720,942)
Excess of Income over Outgo	4,599,991	3,714,093
Value of fund at end of year	39,683,534	23,037,250

STATEMENT OF CHANGES IN NET ASSET VALUE

For the financial year ended 31 December 2010

TAKAFULIK DANA EKUITI DINASTI

	2010 RM
Net Asset Value at beginning of year	–
Amounts received from units created	1,924,316
Amounts paid for units cancelled	(548,383)
Excess of Income over Outgo	89,339
Value of fund at end of year	1,465,272

STATEMENT OF INCOME & EXPENDITURE

For the financial year ended 31 December 2010

TAKAFULINK DANA EKUITI

	2010 RM	2009 RM
Net Investment Income	3,635,382	1,986,007
Profit Income	295,335	227,032
Dividend Income	3,340,047	1,758,975
Profits on Disposal	7,419,662	3,319,208
Securities	7,419,662	3,319,208
Unrealised Capital Gain	11,496,462	17,959,422
Other Income	11,721	151
Total Income	22,563,227	23,264,788
Investment Management Fees	(1,661,322)	(1,001,373)
Loss on Disposal	(667,929)	(2,702,938)
Securities	(667,929)	(2,702,938)
Unrealised Capital Loss	–	–
Provision for Taxation	(1,092,235)	(655,439)
Other Outgo	(29,630)	(32,936)
Total Outgo	(3,451,116)	(4,392,686)
Excess of Income over (Outgo)	19,112,111	18,872,102
Generated Income brought forward	9,553,263	(9,318,839)
Amount Available for Distribution	–	–
Generated Income carried forward	28,665,374	9,553,263

STATEMENT OF INCOME & EXPENDITURE

For the financial year ended 31 December 2010

TAKAFULINK DANA BON

	2010 RM	2009 RM
Net Investment Income	826,709	681,950
Profit Income	826,709	681,950
Profits on Disposal	42,904	16,327
Securities	42,904	16,327
Others	–	–
Unrealised Capital Gain	455,085	297,470
Other Income	–	–
Total Income	1,324,698	995,747
Investment Management Fees	(105,424)	(85,576)
Loss on Disposal	–	(17,200)
Securities	–	(17,200)
Unrealised Capital Loss	–	–
Provision for Taxation	(86,843)	(54,552)
Other Outgo	(6,639)	(7,270)
Total Outgo	(198,906)	(164,598)
Excess of Income over (Outgo)	1,125,792	831,149
Generated Income brought forward	1,499,647	668,498
Amount Available for Distribution	–	–
Generated Income carried forward	2,625,439	1,499,647

STATEMENT OF INCOME & EXPENDITURE

For the financial year ended 31 December 2010

TAKAFULINK DANA URUS

	2010 RM	2009 RM
Net Investment Income	395,149	209,596
Fee Rebate	395,149	209,596
Profits on Disposal	957,134	444,625
Securities	957,134	444,625
Unrealised Capital Gain	3,638,201	3,469,082
Total Income	4,990,484	4,123,303
Investment Management Fees	(390,493)	(206,276)
Loss on Disposal	-	(202,756)
Securities	-	(202,756)
Unrealised Capital Loss	-	-
Provision for Taxation	-	-
Other Outgo	-	(178)
Total Outgo	(390,493)	(409,210)
Excess of Income over (Outgo)	4,599,991	3,714,093
Generated Income brought forward	2,129,091	(1,585,002)
Amount Available for Distribution	-	-
Generated Income carried forward	6,729,082	2,129,091

STATEMENT OF INCOME & EXPENDITURE

For the financial year ended 31 December 2010

TAKAFULINK DANA EKUITI DINASTI

	2010 RM
Net Investment Income	7,227
Profit Income	21
Fee Rebate	7,206
Profits on Disposal	–
Securities	–
Unrealised Capital Gain	92,037
Total Income	99,264
Investment Management Fees	(6,082)
Loss on Disposal	–
Securities	–
Unrealised Capital Loss	–
Provision for Taxation	(3,681)
Other Outgo	(162)
Total Outgo	(9,925)
Excess of Income over (Outgo)	89,339
Generated Income brought forward	–
Amount Available for Distribution	–
Generated Income carried forward	89,339

1. Summary Of Significant Accounting Policies

a. Basis Of Accounting

The financial statements have been prepared in accordance with The Guidelines on Investment-Linked Insurance/Takaful Business (BNM/RH/GL 010-15) and the requirements of the certificate document, modified by the following:

- (i) for the purpose of unit pricing, investments at market value are adjusted to include future cost of acquisitions. This is to ensure equitable unit pricing for incoming, outgoing and remaining unit-holders;
- (ii) for the purpose of unit pricing, provision for deferred tax is recognised on taxable and deductible temporary differences using an actuarially calculated rate of 4% instead of the statutory rate of 8%. The Board of Directors are of the opinion that since these temporary differences will only be realised in the future, the lower tax rate of 4% has been used to ensure equitable unit pricing for incoming, outgoing and remaining unit-holders; and
- (iii) deferred tax assets arising from the temporary differences on unrealised losses on investments are not recognised.

b. Investments

Quoted investments are valued at the closing market prices at the end of the financial year. Unquoted loan stock/bonds are valued at the prevailing prices quoted by financial institutions.

Net unrealised gains or losses in value of investments are credited or charged to the capital account.

c. Dividend Income

Dividend income is recognised when the right to receive payment is established.

d. Profit Income

Profit income is recognised on an accrual basis.

NOTES TO THE ACCOUNTS

e. **Gains/Losses on Disposal of Investments**

Gains or losses arising from the disposal on investment are credited or charged to the capital account.

f. **Investment Management Fees**

Investment management fees are calculated in accordance with the provisions of the certificate document.

g. **Fee Rebate**

This relates to rebate of fees from the Fund Manager in respect of investment held in Takafulink Dana Ekuiti and Takafulink Dana Bon for the Takafulink Dana Urus.

h. **Cash and Cash Equivalents**

Cash and cash equivalents consists of cash in hand and balances with banks, excluding Islamic deposits.

2. Other Outgo comprises bank charges and custodian charges.

3. Rebates and Soft Commissions

The Fund Managers are restricted by the regulation from receiving any rebate or share any commission from any broker/dealer. Accordingly, any rebate and share commission received from stockbrokers/dealers shall be directed to the Funds. However, soft commissions received in a form of goods and services which are of demonstrable benefit to unit-holders such as fundamental databases, financial wire services, technical analysis software and stock quotation system incidental to investment management of the Funds are retained by the Fund Manager.

4. At 31 December 2010, the Funds had no contingent liabilities or commitments

5. All amounts are stated in Ringgit Malaysia.

STATEMENT BY DIRECTORS

In the opinion of the Directors, the Takafulink Funds ("Funds") financial statements set out on pages 34 to 47, comprising the Statements of Assets and Liabilities as at 31 December 2010 and the related Statements of Income and Expenditure and Statements of Changes in Net Asset Value for the financial year ended 31 December 2010 together with the notes thereto, have been prepared, in all material respects in accordance with the accounting policies set out in Note 1 to the financial statements and Guidelines on Investment-Linked Insurance/Takaful Business (BNM/RH/GL 010-15) issued by Bank Negara Malaysia.

Signed in accordance with a resolution of the Directors:

Datuk Adinan bin Maning

Charlie Espinola Oropeza

Kuala Lumpur
14 April 2011

Report on the Financial Statements

We have audited the financial statements of the Takafulink Funds of Prudential BSN Takaful Berhad, which comprise the Statement of Assets and Liabilities as at 31 December 2010, and the Statements of Income and Expenditure, Statements of Changes in Net Asset Value for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 34 to 47.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements in accordance with the accounting policies set out in Note 1 to the financial statements and Guidelines on Investment-Linked Insurance/Takaful Business (BNM/RH/GL 010-15) and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

AUDITORS' REPORT to the unitholders of Takafulink Funds

Opinion

In our opinion, the financial statements as of 31 December 2010 and for the year then ended have been prepared, in all material respects in accordance with the accounting policies set out in Note 1 to the financial statements and Guidelines on Investment-Linked Insurance/Takaful Business (BNM/RH/GL 010-15).

Emphasis of Matter

Without qualifying our opinion, we wish to draw your attention to Note 1a (ii) to the accounts whereby a lower rate of tax was used for deferred taxation provision. As fully explained in Note 1a (ii), the Directors of the Company are of the opinion that it is fairer to unitholders to use a lower rate than the statutory tax rate in the pricing of units.

Other Matter(s)

This report is made solely to the unitholders of the Funds, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG

Firm Number: AF: 0758
Chartered Accountants

14 April 2011
Petaling Jaya