DIRECTORS' REPORT

& Audited Financial Statements

TAKAFUL IKHLAS FAMILY BERHAD

200201025412 (593075-U)

Financial Year Ended

31 March

2022

Wholly owned subsidiary of MNRB Holdings Berhad

TAKAFUL IKHLAS FAMILY BERHAD

200201025412 (593075-U)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 March 2022

200201025412 (593075-U)

Takaful Ikhlas Family Berhad
(Incorporated in Malaysia)

Contents

Directors' Report

The Directors have pleasure in submitting their report together with the audited financial statements of Takaful Ikhlas Family Berhad ("the Company") for the financial year ended 31 March 2022.

Principal activities

The Company is principally engaged in the management of family takaful businesses including investment-linked takaful business.

There have been no significant changes in the nature of this principal activity during the financial year.

Ultimate holding and financial holding company

The ultimate holding and financial holding company is MNRB Holdings Berhad ("MNRB"), a company incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

Results

	RM '000
Net profit for the year	30,785

Reserves and provisions

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements. In the opinion of the Directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

The amount of dividend declared and paid by the Company since the end of the previous financial year was as follows:

	RM '000
In respect of financial year ended 31 March 2021:	
Final single tier dividend of 1.23 sen per ordinary shares on 405,000,000 ordinary shares, declared on 22 September 2021 and paid on 4 October 2021.	5,000

Directors

The names of the Directors of the Company in office since the beginning of the financial year to the date of this report are:

Datuk Johar Che Mat
George Oommen
Woon Tai Hai
Noor Rida Hamzah
Shareen Ooi Bee Hong
Zaharudin Daud
Prof. Dato' Dr. Ahmad Hidayat Buang (Resigned with effect from 2 August 2021)

In accordance with Article 96A of the Company's Constitution, George Oommen and Noor Rida Hamzah will be retiring at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Directors' benefits

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors from the Company or the fixed salary and benefits receivable as a full-time employee of the Company as disclosed in Notes 10, 11 and 35 to the financial statements or benefits receivable from related corporations) by reason of a contract made by the Company or a related corporation 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 to be disclosed under Part 1 Section 3 of the Fifth Schedule of the Companies Act, 2016.

Directors' indemnity

During the financial year, the ultimate holding company, MNRB, purchased a Directors and Officers Liability Takaful cover to provide indemnity to all Directors of the MNRB and its subsidiaries ("MNRB Group" or "the Group") for a limit of RM50,000,000 at a contribution of RM100,430.

Directors' interests

According to the register of Directors' shareholdings, none of the Directors in office at the end of the financial year had any interest in shares of the Company or its related corporations during the financial year.

Issue of shares and debentures

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

There were no debentures issued during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company since the beginning of the financial year to the date of this report.

Significant and subsequent event

The details of significant event during the year and subsequent event after the year end are disclosed in Note 42 to the financial statements.

Corporate governance disclosures

The Company has complied with the prescriptive requirements of, and adopts management practices that are consistent with the principles prescribed under Bank Negara Malaysia's ("BNM") Policy Document, BNM/RH/PD 029-9 on *Corporate Governance ("PD CG").* The Company is committed to the principles prescribed in this PD CG to ensure public accountability at all times.

Further details are disclosed under the Corporate Governance Disclosures.

Other statutory information

(a) Before the statement of comprehensive income and statement of financial position of the Company were made out, the Directors took reasonable steps:

   (i) to ascertain that there was adequate provision for takaful certificate liabilities in accordance with the valuation methods prescribed in Part B of the Risk Based Capital Framework for Takaful Operators ("RBCT") issued by BNM;

   (ii) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and

   (iii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

Other statutory information (cont'd.)

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

    (i) it necessary to write off any bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent; and

    (ii) the values attributed to the current assets in the financial statements of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

    (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

    (ii) any contingent liability of the Company which has arisen since the end of the financial year, other than those arising in the normal course of business of the Company.

(f) In the opinion of the Directors:

    (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due; and

    (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

For the purposes of paragraphs (e)(ii) and (f)(i) above, contingent or other liabilities do not include liabilities arising from takaful certificates underwritten in the ordinary course of business of the Company.

Other statutory information (cont'd.)

(g) Before the statement of comprehensive income and statement of financial position of the Company were made out, the Directors took reasonable steps to ascertain that there was adequate provision for takaful certificate liabilities in accordance with the valuation methods prescribed in Part B of the Risk Based Capital Framework for Takaful Operators ("RBCT") issued by BNM.

Auditors

The retiring auditors, Messrs. Ernst & Young PLT, have expressed their willingness to be reappointed. Details of the auditors' remuneration are disclosed in Note 10 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 14 June 2022.

Datuk Johar Che Mat

Zaharudin Daud

Kuala Lumpur, Malaysia
14 June 2022

Corporate governance disclosures (as referred to in the Directors' Report)

The Board of Directors ("Board") of Takaful Ikhlas Family Berhad remains committed towards maintaining high standards of corporate governance throughout the Company. The Board strives to continuously improve the effective application of the principles and best practices in conformity with the BNM's PD CG issued on 3 August 2016.

The Company's policy is to implement these principles and best practices and to uphold high standards of business integrity in all activities undertaken by the Company. This shall include a commitment to emulate good industry examples and to comply with guidelines and recommendations in the conduct of business activities within the Company.

Set out below is a statement on how the Company had applied the principles and complied with the best practices as prescribed under the PD CG during the financial year ended 31 March 2022.

Board of Directors

The Board is responsible for the proper stewardship of the Company's resources, the achievement of the Company's objectives and good corporate citizenship. It discharges these responsibilities by complying with all the relevant Acts and Regulations, including adopting the principles and best practices of the PD CG.

The Board retains full and effective control over the Company's affairs. This includes the responsibility to determine the Company's development and overall strategic direction. Key matters such as the approval of financial results, major capital expenditures, budgets, business plans and succession planning for top management, are reserved for the Board or its appointed committees to deal with.

The meetings of the Board are chaired by the Non-Executive Chairman, whose role is clearly separated from the role of the President & Chief Executive Officer ("President & CEO"), who ensures that Board policies and decisions are implemented accordingly.

Board composition

The Board comprises members with relevant expertise and experience drawn from business, financial and technical fronts which strengthened leadership and management.

As at the date of this report, the Board comprises six (6) members. Four (4) of these members are Independent Non-Executive Directors ("INED"), one (1) Non-Independent Non-Executive Chairman ("NINEC") and one (1) Non-Independent Executive Director ("NIED") who is the President & Group Chief Executive Officer ("President & GCEO") of MNRB.

As at the date of this report, the percentage of the Board composition is as follows:

	Composition	Percentage
NINEC	1/6	17%
NIED	1/6	17%
INED	4/6	66%

Board composition (cont'd.)

By virtue of this composition, the Company is in compliance with the following paragraphs of the PD CG:

(i) Paragraph 11.3 which requires that the Chairman of the Board must not be an executive;

(ii) Paragraph 11.4 which requires that the Board must not have more than one executive director unless otherwise approved by BNM in writing; and

(iii) Paragraph 11.6 which requires that the Board must have a majority of independent Directors at all times.

Under the Company's Constitution, the number of Directors shall not be more than ten (10) and not less than five (5) Directors.

The Directors bring to the Board a wide range of knowledge and experience in relevant fields such as takaful and retakaful, accounting and finance, information technology, economics, investment, international business, banking and business operations. The Board has the necessary depth of experience and judgements to bear on issues of strategy, performance, resources and ethical standards. The Board is of the opinion that its current composition and size constitute an effective Board for the Company.

Key information on each Director is set out under the section 'Board of Directors' Profile' on pages 41 to 43.

Board Charter

The Board had formalised a Board Charter setting out the duties, responsibilities and functions of the Board in accordance with the principles of good corporate governance set by the regulatory authorities. This Board Charter will be reviewed periodically when necessary to incorporate updates and enhancements to the existing rules and regulations. The Board Charter is available on the Company's website at https://www.takaful-ikhlas.com.my/corporate-info/board-charter.

Directors' Code of Ethics

The Directors observe a code of ethics in accordance with the code of conduct expected of Directors of financial service providers.

The Chairman is primarily responsible for the effective conduct and workings of the Board. The Chairman leads the Board in the oversight of the Management and in setting strategic business plans, goals and key policies of the Company to ensure the sustainability of long-term returns.

Directors' Independence and INED

The Board comprises a majority of INEDs.

The independence of the Directors is assessed by the Group Nomination & Remuneration Committee ("GNRC") and the Board in accordance with the requirements of BNM and the Company's Policy on Independent Directors.

The Independent Directors play a pivotal role in corporate accountability and provide unbiased and independent views and judgement in relation to the Board's deliberation and decision-making process. This is reflected in their membership in the various Board Committees and attendance at meetings.

Directors' Independence and INED (cont'd.)

The Company determines the independence of its Directors in accordance with the requirements under the PD CG. Under the PD CG, an Independent Director of the Company is one who himself or any person linked to him is independent from Management, the substantial shareholders of the Company and/or any of its affiliates; and has no significant business or other contractual relationship with the Company or its affiliates within the last three (3) years and has not served for more than nine (9) years on the Board, except under exceptional circumstances and as approved by BNM.

All Independent Directors have demonstrated to the Board that they have exercised impartial and independent judgement while protecting the interests of the Company.

The Non-Executive Directors do not participate in the day-to-day management of the Company and do not engage in any business dealing or other relationships with the Company (other than in situations permitted by the applicable regulations) in order to ensure that they remain truly capable of exercising independent judgement and act in the best interests of the Company and its shareholders. The Board is also satisfied that no individual or group of individuals dominate the decision-making process of the Board in ensuring a balanced and objective consideration of issues, thereby facilitating optimal decision-making.

MNRB Group Independent Director Policy

The Board of MNRB Holdings Berhad at its 301st (Special) Meeting held on March 30, 2022 had approved the proposed revision to the MNRB Group Independent Director Policy ("Group ID Policy"). The Board of the Company had adopted the revised Group ID Policy vide a Directors' Written Resolution dated April 7, 2022.

The 9-year policy for the tenure of INEDs, which is implemented to ensure the continuous effective functioning of the Board remained unchanged. Due to the specialised nature of the Company's businesses, the Board is of the view that the maximum of nine (9) years is reasonable considering there are significant advantages to be gained from long-serving Directors who already possess tremendous insight and knowledge of the Company's business affairs.

The Board is of the opinion that the tenure of service of INEDs on the Board does not in any way interfere with their exercise of independent judgement and their ability to act in the best interests of the Company.

Before the removal or resignation of an Independent Director can take effect, the prior approval of BNM must be obtained.

In assessing independence, the Board evaluates the following criteria:

- the ability to challenge the assumptions, beliefs or viewpoints of others with intelligent questioning, constructive and rigorous debating, and dispassionate decision-making for the good of the Company;

- a willingness to stand-up and defend their own views, beliefs and opinions for the ultimate good of the Company; and

MNRB Group Independent Director Policy (cont'd.)

In assessing independence, the Board evaluates the following criteria (cont'd.):

- an understanding of the Company's business activities in order to appropriately provide responses on the various strategic and technical issues brought before the Board.

Director and Key Senior Management Officers Appointment

The Board ensures that a formal and transparent nomination process for the appointment of Directors and Key Senior Management Officers is continuously maintained and improved pursuant to the Company's Terms of Reference of the Group Nomination & Remuneration Committee ("TOR of GNRC").

Individuals appointed to the Board and relevant senior positions must have the appropriate fitness and propriety to discharge their prudential responsibilities during the course of their appointment.

The appointment of new Board members is considered and properly evaluated by the GNRC. New nominees for Directors are assessed by the GNRC in accordance with the MNRB Group Fit & Proper Policy for Key Responsible Persons ("Group Fit & Proper Policy").

These assessments are carried out by an independent party based on information provided by each individual on matters such as criminal record, the record of material academic/professional qualifications, financial obligations and the execution of checks on bankruptcy and regulatory disqualification.

The GNRC would discuss and deliberate on the above and conduct an interview session with the candidate. Upon completing this process, the said Committee shall recommend the proposed appointment to the Board for its deliberation and approval.

In making these recommendations, the GNRC assesses the suitability of candidates, taking into account the required mix of skills, knowledge, expertise and experience, as well as professionalism, integrity including financial integrity, competencies and other qualities, before recommending them to the Board for appointment. An interview session is held between members of the GNRC and the candidate prior to its recommendation to the Board.

The GNRC and Board will devote sufficient time to review, deliberate and finalise the selection of Directors. The Company Secretary will ensure that all the necessary information is obtained and relevant legal and regulatory requirements are complied with. In this regard, the Board is also guided by the Group Fit & Proper Policy.

The GNRC conducts a yearly assessment on the suitability of the present Directors under the abovementioned Group Fit & Proper Policy. The fit and proper assessment for the Directors includes self-declaration and vetting by the Company for the purpose of ensuring that they are suitable to continue serving as Directors of the Company.

Director and Key Senior Management Officers Appointment (cont'd.)

The following aspects would be considered by the Board in appointing/reappointing Directors:

- Character, integrity and reputation - the person must have key qualities such as honesty, independence of mind, integrity, diligence, fairness and are of good repute in the financial and business community;
- Experience, competence and capability – the person must have the necessary skills, experience and ability to carry out the role; and
- Time and commitment – the person must have the ability to discharge role having regard to other commitment.

The Board’s expectations on the time commitment and contribution from the Directors will also be clearly communicated to the potential candidates. The GNRC will evaluate the candidates’ ability to discharge their duties and responsibilities as well as appropriate time commitment prior to recommending their appointment as Directors for the Board's approval.

Re-appointment and re-election of Directors

All Directors may subject themselves for re-appointment and/or re-election upon the expiry of their BNM Appointment Term or in accordance with Article 96A of the Company’s Constitution, where one-third (1/3) of the Directors for the time being, or if their number is not a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office at each Annual General Meeting ("AGM") and all retiring Directors can offer themselves for re-election.

Pursuant to PD CG, the Company is required to apply to BNM for the reappointment of its Directors at least three (3) months prior to the expiry of their terms of appointment as approved by BNM, should it wish to extend their appointments. Prior to such application, the relevant Directors will be assessed by the GNRC and the Board and they are required to give consent on their re-appointment prior to the recommendation being made.

In accordance with Article 96A of the Company's Constitution, George Oommen and Noor Rida Hamzah will be retiring at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Directors who are appointed by the Board during the financial year before the AGM are also required to retire from office and seek re-election by the shareholder at the first opportunity after their appointment.

Board and individual Directors' effectiveness

The Board members undertake a formal and transparent process, upon completion of every financial year, to assess the effectiveness of their fellow Directors, the Board as a whole and the performance of the President & CEO.

The Board and Individual Directors Evaluation is based on answers to a detailed questionnaire. The evaluation form is distributed to all Board members and covers topics which include, among others, the responsibilities of the Board in relation to strategic plan, fiscal oversight, risk management, Board composition and training needs.

Other areas which are assessed include the contribution of each and every member of the Board at meetings.

The GNRC, having deliberated the findings of the Board and Individual Directors Evaluation, will report to the Board the results and highlight those matters that require further discussion and direction by the Board.

The Board members' directorship in companies other than the Company, are well within the restriction of not more than five (5) directorships in public listed companies as stated in the PD CG.

Roles and responsibilities of the Chairman and President & CEO

The roles and responsibilities of the Chairman and the President & CEO are separated with a clear division of responsibilities as defined in the Board Charter. This distinction is to provide better understanding and distribution of jurisdictional responsibilities and accountabilities. The Chairman and the President & CEO are not related to each other.

The Chairman leads the Board and is also responsible for its performance. Together with the rest of the Board members, the Chairman sets the policy framework and strategies to align the business activities driven by the Senior Management team with the Company's vision and mission.

The President & CEO is mainly accountable for the day-to-day management to ensure the smooth and effective running of the Company. He is also responsible for the implementation of policies and Board decisions as well as coordinating the development and implementation of business and corporate strategies.

The President & CEO also ensures that the financial management practice is at the highest level of integrity and transparency for the benefit of the shareholders and the affairs of the Company are performed in an ethical manner.

Board meetings

The Board meeting dates for the ensuing financial year are scheduled in advance before the end of the current financial year so that the Directors are able to plan ahead and schedule these dates into their respective meeting schedules.

The Board has scheduled meetings at six (6) times a year, in addition to the AGM. For the financial year ended 31 March 2022, the Board held ten (10) meetings.

Technology and information technology are effectively used in Board meetings and communications with the Board. Board meeting materials are shared electronically and, where required, Directors may participate in meetings via video conference.

As any other organisation within the industry, locally and worldwide, the Company too faced unprecedented tumult and uncertainty from the COVID-19 pandemic. Commencing March 2020, a large number of Board and Board Committees Meetings were conducted virtually including the AGM.

All Directors have complied with the requirement to attend at least seventy five percent (75%) of Board meetings held during the financial year ended 31 March 2022 as required under Paragraph 9.3 of the PD CG.

The details of attendance of the Directors at Board meetings held during the financial year are as follows:

Directors	**Attendance**	**Percentage**
Datuk Johar Che Mat NINEC	10/10	100%
George Oommen INED	10/10	100%
Woon Tai Hai INED	10/10	100%
Noor Rida Hamzah INED	10/10	100%
Shareen Ooi Bee Hong INED	10/10	100%
Zaharudin Daud NIED	10/10	100%
Prof. Dato' Dr. Ahmad Hidayat Buang INED (Resigned with effect from 2 August 2021)	3/3	100%

At each scheduled Board meeting, the financial performance and business reviews were discussed, including the Company’s quarterly operating performance to date, against the annual budget and business plan previously approved by the Board for that year.

Board meetings (cont'd.)

The respective Board Committees' reports and recommendations are also presented and discussed at Board meetings. All proceedings of Board meetings are duly recorded in the minutes of each meeting and signed minutes of each Board meeting are properly retained by the Company Secretary.

The Board delegates the day-to-day management of the Company's business to the Senior Management team, but reserves for its consideration significant matters such as the following:

- Approval of financial results;
- Material acquisition and disposal of assets;
- Related party transactions of a material nature;
- Authority levels for core functions of the Company;
- Corporate policies on investments (including the use of derivatives) and risk management;
- Outsourcing of core business functions;
- Policies and procedures;
- Annual budget; and
- Capital Management Plan.

Directors' remuneration

(a) Remuneration policy and procedure

The GNRC recommends to the Board the appropriate remuneration packages for the Directors as well as the President & CEO and the key senior management officers in order to attract, motivate and retain the Directors, the President & CEO and the key senior management officers of the necessary caliber and quality as required by the Company. The remuneration packages for the Group Shariah Committee ("GSC") members are decided by the Board of MNRB Holdings Berhad ("MNRB").

The Company's remuneration policy is to reward the Directors, the President & CEO and the key senior management officers competitively, taking into account performance, market comparisons and competitive pressures in the industry. Whilst not seeking to maintain a strict market position, the Committee takes into account comparable roles in similar organisations that may be the same in size, market sector or business complexity.

The President & CEO does not participate in any way in determining his individual remuneration.

All Directors are paid with fees which are recommended by the Board and approved annually by the shareholder at the AGM.

Directors' remuneration (cont'd.)

(a) Remuneration policy and procedure (cont'd.)

The remuneration structure of Directors of the Company are as follows:

- Fees for duties as Director and as member of the various committees of the Board as well as additional fees for undertaking responsibilities as Chairman of the Board and the various Board Committees; and
- Attendance allowance for each meeting attended.

The fees for Directors are recommended by the Board to the shareholder after deliberating the recommendations by the GNRC. The meeting attendance allowance for all Directors is also determined by the Board.

The Board has considered the market practices for Directors' remuneration, and has decided to use the following fee structure for computing the fee for each Director for the financial year ended 31 March 2022:

		Meeting attendance allowance RM	Annual fees RM
Board	Chairman Member	RM1,500 for each meeting attended	80,000 70,000
Audit Committee	Chairman Member		22,000 17,000
Nomination Committee	Chairman Member		17,000 12,000
Remuneration Committee	Chairman Member		17,000 12,000
Risk Management Committee	Chairman Member		22,000 17,000
Investment Committee	Chairman Member		17,000 12,000
Group Nomination & Remuneration Committee	Member/Permanent Invitee		12,000
Group Investment Committee	Member		12,000

The Board of the Company at its 180th Meeting held on 29 November 2021, had accepted MNRB's proposal to leverage on the newly established GNRC and Group Investment Committee ("GIC") and subsequently, had resolved to collapse the Nomination Committee ("NC"), Remuneration Committee ("RC") and Investment Committee ("IC") of the Board effective 1 January 2022.

The details of the total remuneration of each Director of the Company during the financial year ended 31 March 2022 are disclosed in Note 11 of the financial statements. Directors' fees amounting to RM626,636 for the financial year ended 31 March 2022 will be proposed for approval at the forthcoming AGM of the Company. The fees were pro-rated based on appointment/resignation date.

Directors' remuneration (cont'd.)

(a) Remuneration policy and procedure (cont'd.)

The remuneration of the GSC members are decided by the MNRB Board. The meeting attendance allowance and annual fees of the GSC members were shared equally with fellow subsidiaries of MNRB, Malaysian Reinsurance Berhad (for its Retakaful Division), Takaful Ikhlas General Berhad ("Takaful IKHLAS General") and the Company. The details of the Company's share of the total remuneration of each member of the GSC during the financial year ended 31 March 2022 are disclosed in Note 11 of the financial statements.

(b) Indemnification of Directors and Officers

Directors and Officers are indemnified under a Directors and Officers Liability Insurance against any liability incurred by them in the discharge of their duties while holding office as Directors and Officers of the Company. The Directors and Officers shall not be indemnified where there is any negligence, fraud, breach of duty or breach of trust proven against them.

Remuneration Policy in respect of the President & CEO, Board Appointees and the Senior Management team of the Company

The objective of the Company's remuneration policy is to attract, motivate, reward and retain quality personnel.

The remuneration of the President & CEO, the Board Appointees and the Senior Management team of the Company are reviewed and approved by the GNRC and the Board respectively.

The basic component of the remuneration package comprises a monthly basic salary. The variable component has been designed to link rewards to corporate and individual performance, based on appropriate and meaningful performance measures set up by the Company, and approved by the GNRC and the Board. Such components comprise a performance-based variable bonus which is awarded once a year.

In awarding this variable component, the President & CEO, Board Appointees and Senior Management team's corporate and individual performance are measured using a balanced measurement approach that encourages business sustainability and ensures prudent risk taking.

The Company's variable compensation varies in line with its financial performance and the meeting of corporate governance requirements.

Staff engaged in all control functions including Actuarial and others do not carry business profit targets in their goal sheets and hence are compensated independent of the business profit achievements. Their compensation is dependent on the achievement of key results in their respective domains.

Remuneration Policy in respect of the President & CEO, Board Appointees and the Senior Management team of the Company (cont'd.)

In such annual remuneration reviews, the GNRC takes into consideration factors such as market competitiveness and internal equity, and that the remuneration is commensurate with individual performance and contributions.

The annual budget for salary increment and performance-related variable bonus is submitted to the Board for approval. The competitiveness of the Company's compensation structure is reviewed when necessary, subject to relevancy and affordability, relative to a peer group of companies that is considered to be relevant for compensation purposes to ensure continued appropriateness. The review is done through a benchmarking exercise from a remuneration survey report conducted independently by consultants.

The Company is in the process of developing a long term incentive plan ("LTIP") to be included as part of its current remuneration policy. The development of this incentive plan is targeted to be completed by next financial ending 31 March 2023. The LTIP would reflect the time horizon of risks to take into account the potential development of financial risks over a longer period of time. A multi-year framework will be adopted to reward the performance of the President & CEO, the Board Appointees and the Senior Management team.

The total value of remuneration for the financial year is as follows:

	Unrestricted RM'000	Deferred RM'000	Remark
Fixed remuneration:			
- Cash-based	5,199	-	Salaries, allowance and EPF
- Other	25	-	Benefits-in-kind
Variable remuneration:			
- Cash-based	604	-	Bonus and EPF on bonus

Supply of information

All Directors have full and unrestricted access to all information pertaining to the Company's business affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties.

Supply of information (cont'd.)

Prior to Board meetings, every Director receives a notice of meeting, the agenda and Board papers. Sufficient time is given to the Directors to enable them to obtain further explanations, where necessary, so that there will be full participation by Directors at the meeting. The Board papers include the following:

- Reports and recommendations by the various Board Committees on issues deliberated at the respective Board Committee meetings;

- Financial statements on the Company's performance; and

- Compliance reports.

Proper guidelines have been given by the Board pertaining to the content, presentation style and delivery of papers to the Board for each Board meeting to ensure adequate information is disseminated to the Directors.

All Directors have direct access to the members of the Senior Management team and the services of the Company Secretary to enable them to discharge their duties effectively.

The Company Secretary attends and ensures that all Board meetings are properly convened, and that accurate and proper record of the proceedings and resolutions passed are taken and maintained in the statutory register at the registered office of the Company. The Company Secretary works closely with Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committees, and between the Non-Executive Directors and Management.

The Directors may, if necessary, obtain independent professional advice from external consultants, at the Company’s expense.

Throughout their period in office, Directors are updated on the Company’s business, the competitive and regulatory environments in which it operates and other changes by way of written briefings and meetings with the Senior Management.

Conflict of interest

As per the Conflict of Interest Policy, Directors are required to declare their respective shareholdings in the Company and related companies and their interests in any contracts with the Company or any of its related companies. Directors are also required to declare their directorships in other companies and shall abstain from any discussions and decision-making in relation to these companies.

All disclosures by the Directors are properly retained by the Company Secretary.

Directors' training

The Company acknowledges that continuous education is vital for the Board members to gain insight into the regulatory updates and market developments in order to enhance the Directors' skills and knowledge in order to effectively discharge their responsibilities.

To enable them to contribute effectively from the outset of their appointment, all new Directors are required to undergo an induction programme where they are briefed on the Company, the formal statement of the Board's role, powers that have been delegated to the Company's Senior Management and Management committees as well as the Company's latest financial information.

Being a Director of a financial institution, it is mandatory for a newly appointed Director to attend the Financial Institution Directors' Education ("FIDE") Core Programme within one (1) year from the date of appointment. In the event that the new Director has completed the same in another financial institution previously, the Director should provide a copy of his/her FIDE certificate to the Company Secretary.

The Company Secretary facilitates the organising of internal training programmes and the Directors' participation in external programmes, in addition to keeping a complete record of the training programmes attended by the Directors.

During the financial year, all Directors, collectively or on their own, attended various seminars and programmes organised by professional bodies and regulatory authorities as well as those conducted in-house. These include the following:

- MNRB Group Directors' Training – "Special Presentation on Actuarial Contractual Liabilities for General Takaful Business"
- MNRB Group Directors' Training – "Value of New Business (VoNB) and Embedded Value (EV) Concepts"
- MNRB Group Directors' Training – "Sustainability Awareness Session: Embracing Sustainable Future"
- MNRB Group Directors' Training – "Agile Leadership Awareness Program"
- 2021 GSC Engagement Session – "FORUM: Empowering Shariah Mind in Islamic Financial Institution"
- MICPA Webinar – "Digital Revolution: What Does the Future Hold?"
- EY IFRS 17 Webinar – "The Journey Ahead for Life Insurers"
- PNB Knowledge Forum 2021 – "Rising Above Covid-19: Reimagining Work in Malaysia & Beyond"
- BNM – FIDE FORUM - MASB Dialogue – "MFRS17 Insurance Contracts: What Every Director Must Know"
- BNM-FIDE FORUM Dialogue – "Risk-Based Capital Framework for Insurers and Takaful Operators"
- The JC3 Flagship Conference 2021 – "Finance For Change"

Board Committees

The Board has delegated specific responsibilities to three (3) Board Committees, as follows:

- Audit Committee ("AC");
- Risk Management Committee of the Board ("RMCB"); and
- Group Nomination & Remuneration Committee ("GNRC").

The Board of the Company at its 180th Meeting held on 29 November 2021, had accepted MNRB's proposal to leverage on the newly established GNRC and GIC and subsequently, had resolved to collapse the NC and RC as well as the IC of the Board effective 1 January 2022.

These Board Committees have their respective Terms of Reference, which clearly define their duties and obligations in assisting and supporting the Board. The ultimate responsibility for the final decision on all matters lies with the entire Board.

(i) Audit Committee

As at the financial year end, the Audit Committee comprises three (3) INEDs. One (1) member of the Committee is a qualified accountant and member of the Malaysian Institute of Accountants. During the financial year, one (1) Non-Independent Non-Executive Director ("NINED") ceased as a member with effect from 1 January 2022.

The Committee's terms of reference include the review and deliberation of the Company's financial statements, the findings of the external and internal auditors, compliance-related matters, any related party transactions and any conflict-of-interest situations within the Company, as well as making recommendation to the Board on the appointment/re-appointment of the external auditors.

The composition including the tenure of the Committee members had been reviewed during the financial year.

The Committee is authorised by the Board to undertake any activity within its terms of reference and has unlimited access to all information and documents relevant to its activities and to both the internal and external auditors, as well as to all employees of the Company.

It is able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

It also has the authority to obtain independent legal or other professional advice as it considers necessary.

Board Committees (cont'd.)

(i) Audit Committee (cont'd.)

During the financial year, five (5) Audit Committee meetings were held. Details of the Committee members' attendance at the meetings held during the financial year were as follows:

	Attendance	Percentage
Chairman		
George Oommen	5/5	100%
Members		
Noor Rida Hamzah	5/5	100%
Woon Tai Hai	5/5	100%
Datuk Johar Che Mat (Ceased as a Member of AC with effect from 1 January 2022)	4/4	100%

The main activities that took place during the meetings were:

- Reviewed the quarterly results, unaudited interim financial statements and year-end financial statements prior to approval by the Board;
- Reviewed the disclosures in the audited financial statements to be in compliance with regulatory requirements;
- Deliberated and recommended to the Board, the payable amount for dividend for financial year ended 31 March 2021 and basis of the computation of the figure;
- Deliberated on and recommended to the Board, the adoption of new Malaysian Financial Reporting Standards ("MFRS") and Amendments/Annual Improvement to MFRSs that are effective for the financial year ended 31 March 2022;
- Deliberated on matters pertaining to the implementation of MFRS 17 *Insurance Contract* including revision of the overall project timeline and the final report on the completion of the Financial Impact Assessment ("FIA");
- Reviewed and recommended to the Board, the zakat payable amount and the basis of computation for the financial year ended 31 March 2021;

Board Committees (cont'd.)

(i) Audit Committee (cont'd.)

The main activities that took place during the meetings were (cont'd.):

- Reviewed the Related Party Transactions as entered into by the Company on periodic basis, including understanding the relationship of the transacting parties, nature of these parties' business, the nature and timing of transactions and comparing the terms of the transactions with other third-party transactions;

- Evaluated the performance and recommended to the Board, the appointment and remuneration of the external auditors for the financial year ended 31 March 2022;

- Deliberated on significant matters raised by the external auditors including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions and received progress updates from Management on actions taken for improvements;

- Reviewed the external auditors' management letter and Management's response thereto. Meetings without the presence of the Management was also held with the external auditors on 14 June 2021. Matters discussed during these meetings include key reservations noted by the external auditors during the course of their annual audit;

- Reviewed the internal audit plan for FYE 21/22 and external auditor audit plan for the year ended 31 March 2022;

- Reviewed the results of the internal audit reports for the Company on the adequacy and effectiveness of governance, risk management and compliance process;

- Reviewed the adequacy and effectiveness of corrective actions taken by Management on all significant matters raised by both the internal and external auditors including status of completion achieved;

- Reviewed and recommended to the Board, the actuarial valuation of liabilities and regulatory capital requirements of the Company for quarterly and end-year financial result to be in compliance with BNM's requirements;

- Deliberated the progress of action plans to address BNM's concerns highlighted in Composite Risk Rating Letter for the year 2020;

- Reviewed compliance and anti-money laundering & counter financing terrorism issues as well as evaluated the effectiveness of the overall compliance risk of the Company; and

- Updates on matters pertaining to the status of impact of Covid-19 and Movement Control Order ("MCO").

Board Committees (cont'd.)

(ii) Risk Management Committee of the Board ("RMCB")

The Board has established a dedicated RMCB which oversees the management of the key risk and compliance areas of the Company and to ensure that the risk management and compliance management processes are in place and functioning effectively.

As at the financial year end, RMCB comprises four (4) INEDs. The RMCB is responsible for the following:

- Review and recommend risk management strategies, policies, risk appetite and tolerance limits to the Board;
- Review and recommend compliance management strategies and policies to the Board;
- Review the adequacy of the Group Risk Management Framework and Policy ("RM Framework"), Group Compliance Management Framework, and other risk and compliance-related frameworks, policies and systems, and the extent to which these are operating effectively in supporting the Company's corporate objectives;
- Ensure sound internal governance and adequate infrastructure, resources and systems are in place for an effective risk management and compliance management, and the staff responsible for implementing risk management and compliance management systems perform those duties independently;
- Provide oversight and stewardship by reviewing, deliberating on, challenging and acknowledging the key risks and compliance matters identified and reported by the Group Management Risk & Compliance Committee ("GMRCC");
- Ensure the Company has the appropriate mechanisms in place to manage, communicate and report potential significant risks to the Board;
- Ensure alignment of risk and compliance activities with the relevant strategies and policies approved by the Board;
- Ensure risk management and compliance management are well-integrated and embedded into the culture and business operations of the Company; and
- Examine whether incentives provided by the remuneration system take into consideration risks, capital, liquidity and the likelihood and timing of earnings.

Board Committees (cont'd.)

(ii) Risk Management Committee of the Board ("RMCB") (cont'd.)

During the financial year, five (5) RMCB meetings were held. Details of the RMCB members' attendance at the meetings held during the financial year are as follows:

	Attendance	**Percentage**
Chairman		
Woon Tai Hai (Redesignated with effect from 1 January 2022)	5/5	100%
George Oommen (Ceased as a Member of RMCB with effect from 1 January 2022)	4/4	100%
Members		
Shareen Ooi Bee Hong	5/5	100%
Datuk Johar Che Mat (Appointed as a Member of RMCB with effect from 1 January 2022)	1/1	100%
Noor Rida Hamzah (Ceased as a Member of RMCB with effect from 1 January 2022)	4/4	100%

Board Committees (cont'd.)

(iii) Nomination Committee, Remuneration Committee and Group Nomination & Remuneration Committee

Effective 1 January 2022, the Company is advised by the GNRC of MNRB. The GNRC resides at MNRB and is leveraged by the Company. The collapsing of the Company's NC and RC was approved by BNM. Therefore, this arrangement is in compliance with BNM's Corporate Governance Framework and the Islamic Financial Services Act 2013 ("IFSA 2013").

Prior to the consolidation of the GNRC, the NC convened four (4) meetings whilst the RC convened two (2) meetings during the financial year until 31 December 2021.

Nomination Committee

The Board's NC was established to support and advise the Board of Directors in fulfilling its responsibilities to ensure the Board and the key management personnel of the Company comprise individuals with the appropriate mix of qualifications, skills and experience.

The NC comprised two (2) INEDs, one (1) NINED and one (1) NIED. The NC was chaired by an INED.

During the financial year until 31 December 2021, four (4) NC meetings were held. Details of the NC members' attendance at the meetings were as follows:

	Attendance	Percentage
Chairman		
Shareen Ooi Bee Hong (Redesignated as Chairman with effect from 1 November 2021) (Ceased with effect from 1 January 2022)	4/4	100%
Professor Dato' Dr. Ahmad Hidayat Buang (Resigned with effect from 2 August 2021)	1/1	100%
Members		
Datuk Johar Che Mat (Ceased with effect from 1 January 2022)	4/4	100%
Noor Rida Hamzah (Ceased with effect from 1 January 2022)	4/4	100%
Zaharudin Daud (Ceased with effect from 1 January 2022)	4/4	100%

The Board of the Company at its 180th Meeting held on 29 November 2021, had accepted MNRB's proposal to leverage on the newly established GNRC and subsequently, had resolved to collapse the NC and RC of the Board effective 1 January 2022.

Shareen Ooi Bee Hong was appointed as a Permanent Invitee of GNRC representing the Company.

Board Committees (cont'd.)

(iii) Nomination Committee, Remuneration Committee and Group Nomination & Remuneration Committee (cont'd.)

Nomination Committee (cont'd.)

The President & GCEO, who was a member of the Committee attends the meetings and also assists to furnish the NC with the necessary information and clarification to relevant items on the agenda.

All the proceedings at NC meetings were duly recorded in the minutes. The Company Secretary ensured that the minutes were signed by the Chairman and entered into the minutes book.

The Chairman of the NC updated the Board on matters that have been deliberated and considered.

The NC was vested with such power and authority, specific or general, as may be delegated by the Board, from time to time. The NC could obtain resources which it requires, including but not limited to, obtaining expert advice, both internal and external, and to have full and unrestricted access to information to enable the NC to fulfill its objectives.

The NC was formed with the objectives to assist the Board to:

(i) Review and assess the appointment/reappointment/removal of Directors, Board Committee members, President & CEO and Board Appointments for recommendation to the Board;

Following the revision to the TOR of NC, the Board had on 25 March 2021 agreed that the NC shall review and assess the appointment of Board Appointments instead of Senior Management. Board Appointments shall include any post created by the Board, including those appointed under Grade E11 and above and positions named by relevant Regulator to be sanctioned by the Board.

(ii) Advise on the optimal size and mix of skills of the Board and Board Committees; and

(iii) Review and assess the Company's key policies, strategies and practices on human resources, management succession plans and business conduct and ethical behaviour of the employees.

Board Committees (cont'd.)

(iii) Nomination Committee, Remuneration Committee and Group Nomination & Remuneration Committee (cont'd.)

Nomination Committee (cont'd.)

The main duties and responsibilities of the NC were summarised as follows:

(i) Conducting review, performing assessment and making recommendations to the Board for decision on matters covered under the TOR of NC or on any other such matters as may be directed by the Board; and

(ii) Exercising its power to decide on behalf of the Board as mandated under the TOR of NC.

The NC was responsible to review, assess and recommend to the Board the following matters:

(i) The nomination of new Directors and the President & CEO.

In recommending such candidates, NC must take into account the Company's Policy on Diversity and the candidates':

- Skills, knowledge, expertise and experience;
- Professionalism;
- Integrity;
- Conflict of interest;
- Fit and proper; and
- Time commitment.

(ii) The nomination of competent persons of integrity with a strong sense of professionalism for Board Appointments;

(iii) The re-appointment of a Director and the President & CEO;

(iv) The optimal size and mix of skills to ensure the efficient operation of the Board and Board Committees;

(v) The membership of Board Committees;

(vi) The appropriate recommendation to the Board on the effectiveness of the Board as a whole and the contribution of each Director based on the findings from the Directors' Annual Evaluation;

(vii) The assessment of the independence of Independent Directors based on their objective judgement to Board deliberations;

Board Committees (cont'd.)

(iii) Nomination Committee, Remuneration Committee and Group Nomination & Remuneration Committee (cont'd.)

Nomination Committee (cont'd.)

(viii) The establishment of an appropriate succession plan for President & CEO and Board Appointments and ensure that there are programmes to provide for the orderly succession of President & CEO and Board Appointments;

(ix) The removal of a Director/President & CEO and Board Appointments from the Board/Company if the Director/President & CEO and/or Board Appointments is ineffective, errant and negligent in discharging his/her responsibilities;

(x) Re-election of the Directors subject for retirement by rotation based on the provisions in the Company's Constitution at every AGM; and

(xi) Any human resource matters as may be required from time to time including Employee Engagement.

For avoidance of doubt, the NC was not delegated with decision-making powers for the above matters but is required to report its recommendation to the Board for decision.

The NC Chairman should report on its proceedings and make any recommendations to the Board at the earliest Board meeting after each NC meeting.

The NC was empowered by the Board to review, decide on and approve the following matters:

(i) To assess training needs of the Board and each Director; and

(ii) To perform all obligations required to be undertaken by the NC under the Company's Fit and Proper Policy for Key Responsible Persons ("Fit & Proper Policy") which includes, among others, as follows:

- To review the Fit and Proper Policy once a year to ensure relevance and alignment with material changes in the business and risk profile and strategies of the Company; and
- To review the list of Key Responsible Persons (as defined in the Fit and Proper Policy) for the Company and be satisfied that the list is comprehensive and has taken into account all key positions.

Any other matters not covered under the Decision Making Mandates would be recommended by the NC for the Board's decision.

Board Committees (cont'd.)

(iii) Nomination Committee, Remuneration Committee and Group Nomination & Remuneration Committee (cont'd.)

Nomination Committee (cont'd.)

The Directors are able to devote full commitment to their roles and responsibilities as Directors of the Company, as no Director holds more than five (5) directorships in other public listed companies.

As prescribed in the PD CG, the NC undertook these key activities during the financial year until 31 December 2021:

- Assessed and made recommendations on the re-appointment of INEDs;
- Assessed and made recommendations on the re-election of Directors retiring by rotation at the AGM;
- Assessed and made recommendations on the re-appointment of NINED;
- Proposed Adoption of Talent Management and Succession Planning Framework;
- Assessed and made recommendations on the re-appointment of the Appointed Actuary;
- Reviewed the Renewal of Contract Beyond Retirement Age of Uniform Staff; and
- Assessed and made recommendations on the appointment of new President & CEO.

Remuneration Committee

The RC's primary objective was to establish a formal and transparent procedure for developing a remuneration policy for Directors and key senior officers and to ensure that their compensation was competitive and consistent with the Company's culture, objectives and strategies. Additionally, the RC is also responsible for recommending to the Board the specific remuneration packages for Directors and key senior officers to ensure that these packages are commensurate with the scope of responsibilities held.

The Board, as a whole, will determine the remuneration of the Directors. Each individual Director will abstain from the Board discussion and decision on his own remuneration.

RC comprised four (4) INEDs.

Board Committees (cont'd.)

(iii) Nomination Committee, Remuneration Committee and Group Nomination & Remuneration Committee (cont'd.)

Remuneration Committee (cont'd.)

During the year until 31 December 2021, the RC had reviewed and deliberated the following matters:

- Achievement of the Balanced Score Card ("BSC")/Key Performance Indicators ("KPI") for the bonus and performance of staff;
- Proposed salary scale and base salary revision for Executives;
- Proposed BSC/KPI and linkages to annual increment and bonus;
- Reviewed of medical benefits for the Board of Directors;
- Proposed Standard Operation Procedure of Critical Illness Management; and
- Proposed remuneration of new President and CEO.

During the financial year until 31 December 2021, two (2) RC meetings were held. Details of the RC's attendance at the meetings were as follows:

	Attendance	Percentage
Chairman		
Noor Rida Hamzah (Ceased with effect from 1 January 2022)	2/2	100%
Members		
George Oommen (Ceased with effect from 1 January 2022)	2/2	100%
Shareen Ooi Bee Hong (Ceased with effect from 1 January 2022)	2/2	100%
Professor Dato' Dr. Ahmad Hidayat Buang (Resigned with effect from 2 August 2021)	1/1	100%

The Board of the Company at its 180th Meeting held on 29 November 2021, had accepted MNRB’s proposal to leverage on the newly established GNRC and subsequently, had resolved to collapse the NC and RC of the Board effective 1 January 2022.

Shareen Ooi Bee Hong was appointed as a Permanent Invitee of GNRC representing the Company.

Board Committees (cont'd.)

(iii) Nomination Committee, Remuneration Committee and Group Nomination & Remuneration Committee (cont'd.)

Group Nomination & Remuneration Committee

The GNRC is established to support and advise the Board of Directors in fulfilling its responsibilities to ensure inter alia that the Board and the key management personnel of the Company comprise individuals with the appropriate mix of qualifications, skills and experience. Proposals by the Company to the GNRC shall be deliberated upon and its recommendations be cascaded to the Board of the Company for its decision.

Shareen Ooi Bee Hong was appointed as the Permanent Invitee of GNRC representing the Company.

Subsequent to the consolidation which became effective 1 January 2022, the GNRC had convened one (1) meeting during the financial year.

The GNRC comprises three (3) INED.

Details of the GNRC members' and Permanent Invitees' attendance at the GNRC meetings were as follows:

	Attendance	Percentage
<u>Chairman</u>		
Zaida Khalida Shaari	1/1	100%
INED, MNRB		
(Appointed with effect from 1 January, 2022)		
<u>Members</u>		
Junaidah Mohd Said	1/1	100%
INED, MNRB		
(Appointed with effect from 1 January, 2022)		
Khalid Sufat		
INED, MNRB		
(Appointed with effect from 1 January, 2022)	1/1	100%
Shareen Ooi Bee Hong		
Permanent Invitee representing the Company	1/1	100%
(Appointed with effect from 1 January, 2022)		
Dr. Wan Zamri Wan Ismail	1/1	100%
Permanent Invitee representing Takaful Ikhlas General Berhad		
(Appointed with effect from 1 January, 2022)		

Board Committees (cont'd.)

(iv) Other Oversight Committees

The Board also maintained another two (2) non-mandated oversight committee to support the Board in carrying out its functions as follows:

(a) Group Investment Committee (formerly Investment Committee)

Effective from 1 January 2022, the Board is advised by the GIC of MNRB. The GIC oversees, guides and monitors the investment operations of the MNRB Group as well as approves recommended investment related transactions. The Committee is also responsible to note and approve specific transactions of a nature that, by regulation, requires awareness of and sanctioning by the Board.

Datuk Johar Che Mat and George Oommen were appointed to represent the Company as members in the GIC.

The GIC comprises four (4) INEDs, one (1) NINED and one (1) NIED. The GIC is chaired by an INED.

(b) The Information Technology Oversight Committee

The Board is advised by the Information Technology Oversight Committee (“ITOC”) to assist the Board in discharging its responsibility to ensure that material investments in the Company’s technology projects and programs are aligned with its organisational strategy, achieve intended business outcomes, and are effectively managed in a way that mitigates risks.

The ITOC comprises three (3) Non-Executive Directors with the majority of whom are independent.

Group Shariah Committee

The Company is advised by the Group Shariah Committee of MNRB. The GSC as an integral function of Shariah governance is responsible to provide Shariah advisory oversights and to ensure compliance of the Group's Takaful and Retakaful business activities with Shariah principles during the reporting period.

The establishment of GSC is in compliance with IFSA 2013 and BNM's policy document BNM/RH/PD 028-100 Shariah Governance ("PD SG") which outlines the BNM's strengthened expectations for effective Shariah governance arrangements that are well-integrated with business and risk strategies of the Islamic financial institutions ("IFI").

Any Shariah non-compliance risk is reported to the GSC and the Board. The effective management of the Shariah non-compliance risk is ensured through the Shariah Control Function i.e. Shariah Review, Shariah Audit and Shariah Risk Management and presentation of a periodic report on Shariah non-compliance and highlights of action plans undertaken to address any Shariah non-compliance risk.

The GSC of MNRB consist of five (5) members with the majority of members are Shariah qualified person that fulfilled the requirement of BNM's PD SG under paragraph 12.2.

The GSC plays a significant role in providing objective and sound advice to the Company's Takaful business to ensure that its aims and operations, business, affairs and activities are in compliance with Shariah. This includes:

- Providing a decision or advice to the Company's management on the application of any rulings of the Shariah Advisory Council ("SAC") of BNM or standards on Shariah matters that are applicable to the operations, business, affairs and activities of the Company;
- Providing a decision or advice on matters which require a reference to be made to the SAC of BNM;
- Providing a decision or advice on the operations, business, affairs and activities of the Company's takaful business which may trigger a Shariah non-compliance event;
- Deliberating and affirming a Shariah non-compliance finding by any relevant functions; and
- Endorsing a rectification measure to address a Shariah non-compliance event.

Group Shariah Committee (cont'd.)

A total of seven (7) GSC meetings were held during the financial year. Details of the GSC attendance at the meetings held during the financial year are as follows:

	Attendance	Percentage
<u>Chairman</u>		
Prof. Dato' Dr. Ahmad Hidayat Buang (Resigned with effect from 13 July 2021)	1/1	100%
Assoc. Prof. Dr. Said Bouheraoua (Appointed with effect from 1 November 2021)	7/7	100%
<u>Members</u>		
Dr. Shamsiah Mohamad	7/7	100%
Shahrir Sofian	7/7	100%
Sahibus Samahah Datuk Dr. Luqman Haji Abdullah	5/7	71%
Yang Amat Arif Dato' Setia Dr. Haji Mohd. Na'im Haji Mokhtar	7/7	100%

Key information on each of the GSC member is set out under the section 'Group Shariah Committees Members Profile' on pages 44 to 45.

Whistleblowing

The Company is committed to carrying out its business in accordance with the highest standards of professionalism, honesty, integrity and ethics. Accordingly, the Company adopts the MNRB Group's Whistleblowing Policy which was established with the following objectives:

- To help develop a culture of accountability and integrity within the Company;
- To provide a safe and confidential avenue for all employees, external parties and other stakeholders to raise concerns about any misconduct;
- To reassure whistleblowers that they will be protected from detrimental action or unfair treatment for disclosing concerns in good faith; and
- To deter wrongdoing and promote standards of good corporate practices.

This Policy governs the disclosures, reporting and investigation of misconduct within the Company as well as the protection offered to the persons making those disclosures ("whistleblower") from detrimental action in accordance with the Whistleblower Protection Act, 2010.

It is the Company's policy to encourage its employees and external parties to disclose any misconduct, and to fully investigate reports and disclosures of such misconduct, as well as to provide the whistleblower protection in terms of confidentiality of information, and to safeguard the whistleblower from any act of interference that may be detrimental to the whistleblower. The Company assures whistleblowers that all reports will be treated with strict confidentiality and upon verification of genuine cases, prompt investigation will be carried out.

Whistleblowing (cont'd.)

The official avenues for disclosure by the whistleblower are via any of the following recipients:

- The Chairman of the Board of Directors of MNRB;
- The Chairman of the Audit Committee of MNRB; or
- The President and Group CEO of MNRB.

The disclosure of misconduct or wrongdoing shall be made in writing via email to disclosure@mnrb.com.my.

Anti-Bribery and Corruption Policy

The Company has zero tolerance for bribery and corruption and strictly follows the MNRB Group‘s Anti-Bribery and Corruption Policy (“ABC Policy”) where the Company’s associated persons shall not, directly or indirectly, offer, promise, give, solicit, accept, or agree to accept, or attempt to obtain bribes in order to achieve business or personal advantages for themselves or others, or engage in any transactions that can be construed as having contravened the anti-corruption laws of Malaysia.

Pursuant to the Malaysian Anti-Corruption Commission (Amendment) Act 2018 (“MACCA 2018”), specifically in lieu of the implementation of the corporate liability provisions which has taken effect from 1 June 2020, the Company had and will continue to carry out measures to ensure that the Company has adequate procedures put in place as per the MNRB Group’s Organisational Anti-Corruption Plan (“GACP”).

The above mentioned GACP follows the principle of **T.R.U.S.T** (**T**-Top level commitment; **R**–Risk assessment; **U**–Undertake control measures; **S**–Systematic review, monitoring and enforcement; and **T**-Training and communication) as promulgated by the Guidelines of Adequate Measures issued by the Prime Minister’s Department.

Accountability and Audit

(i) Financial reporting

The Board takes responsibility for presenting a balanced and comprehensive assessment of the Company’s operations and prospects each time it releases its annual financial statements. The Audit Committee of the Board assists by scrutinising the information to be disclosed to ensure accuracy, adequacy and completeness. The Directors are responsible for ensuring that the accounting records are kept properly and that the Company’s financial statements are prepared in accordance with applicable approved accounting standards in Malaysia.

The Statement by Directors pursuant to Section 251(2) of the Companies Act, 2016 is set out on page 46.

Accountability and Audit (cont'd.)

(ii) Internal control and risk management

Responsibility

The Board acknowledges its overall responsibility for the establishment and oversight of the Company's risk management and internal control system, as well as the review of its adequacy and effectiveness. The Board also recognises that risk management is a continuous process, designed to manage risks impacting the Company's business strategies and objectives, within the risk appetite and tolerance established by the Board. In pursuing these objectives, internal control systems can only provide reasonable, but not absolute, assurance against any material financial misstatement, fraud or losses.

The Board adopts the RM Framework that describes the structure, approach and process for identifying, evaluating, responding to, monitoring and managing the significant risks faced by the Company. RM Framework has been in place for the whole of the financial year ended 31 March 2022 and has continued up to the date on which this report was approved.

The RM Framework serves as a central risk management framework, supported by related sub-frameworks, policies and underlying procedures. It is consistent with the risk appetite defined by the Board, GMRCC and based on principles of risk governance stipulated in Bank Negara Malaysia ("BNM") Risk Governance Guidelines.

The Board is confident that the RM Framework provides reasonable assurance on the effectiveness and efficiency of the strategic, financial and operational aspects of the Company. The RM Framework is regularly reviewed by the Board.

Risk Management Governance

- A dedicated Board Committee known as RMCB has been established at the Company to support the Board in meeting the expectations and responsibilities on the risk and compliance management, provides assurance to the Board that the processes have been carried out effectively and inculcates a strong risk management culture. As part of the risk governance process, the Chairman of RMCB has provided his confirmation to the Chairman of MNRB that the necessary risk management framework had been put in place and operating adequately, in all material aspects, to safeguard shareholder's interests and the Company's assets, as well as to manage the risks of the Company for the entirety of the financial year ended 31 March 2022.

- The GSC was established to provide objective and sound advice to the Group to ensure that its aims and operations, business, affairs and activities are in compliance with Shariah.

- The Senior Management Committee ("SMC") will oversee the implementation of risk and compliance management processes, establish and implement appropriate organisational structures and systems for managing financial and non-financial risks.

- A dedicated Management Committee known as the GMRCC has been established to support the SMC to implement the risk and compliance management processes, establish clear guidance in managing the Company's risk to ensure its alignment to the Company's risk appetite for all business strategies and activities.

Accountability and Audit (cont'd.)

(ii) Internal control and risk management (cont'd.)

Risk Management Governance (cont'd.)

- The risk governance structure is aligned across the Group through the adoption of the RM Framework in order to embed a streamlined and coherent risk management culture. The day-to-day responsibility for the risk management function lies primarily with those entrusted with risk management responsibilities in the business and support units. The Head of Risk Management, together with Group Chief Risk Officer ("GCRO"), oversees risk governance at the Company and assists the GMRCC and RMCB in ensuring effective implementation and maintenance of the RM Framework and its sub-framework. The Head of Risk Management is supported by the Risk Management Department which was formed to provide the necessary infrastructure to carry out the risk management function and act as the central contact and guide for risk management issues.
- The Company adopts the 'Three Lines of Defence ("LOD")' governance model which provides a formal, transparent and effective risk governance structure to promote active involvement from the Board, Senior Management and all staff in the risk management process at the Company.

Risk Management and Internal Control Structure

The key features that the Board has established in reviewing the adequacy and effectiveness of the risk management framework and internal control system include the following:

(i) RM Framework

- RM Framework

  The Board believes that an effective RM Framework and strong internal control system are essential to the Company in its pursuit to achieve its business objectives, especially on the continued profitability and enhancement of shareholders' value in today's rapidly changing market environment.

- Risk Appetite

  Defining risk appetite is an essential element of the Company's risk management. When deciding on its risk appetite, the Company considers its risk capacity, i.e. the amount and type of risk the Company is able to support in pursuit of its business objectives, taking into account its capital structure and access to financial markets.

  The Risk Appetite Statement ("RAS") is established by the Board and reviewed on a yearly basis, according to the desired level of risk exposures. Management operationalises the RAS into risk tolerance levels for specific risks.

- Highlights on Key Risks

  The Company, through its normal day-to-day business, is exposed to different types of risks that could adversely affect the Company's operating results and financial position. Key risks are constantly monitored by the Management and escalated to the GMRCC and RMCB, and periodically reviewed by the Board.

  The Company's key risks are described in the relevant sections of the Financial Statements.

Accountability and Audit (cont'd.)

(ii) Internal control and risk management (cont'd.)

Risk Management and Internal Control Structure (cont'd.)

(ii) Internal Audit

- The Audit Committee ("AC") complements the oversight role of the Board by providing an independent assessment of the adequacy and effectiveness of governance, risk management and internal controls. The Audit Committee is assisted by an independent Internal Audit Department ("IAD") in performing its role.
- The internal audit function of the Company is undertaken by the IAD established at MNRB. The department reports directly to the Audit Committee of the Company.
- The IAD performs regular reviews of the business processes of the Company to assess the adequacy and effectiveness of governance, risk management and internal controls.
- IAD provides recommendations to improve on the effectiveness of risk management, controls and governance processes. Control lapses are escalated to Management and Board for deliberation, where necessary. Status of rectification is tracked and monitored by Management and Audit Committee, within the committed timeline. Management will accordingly follow through to ensure the resolution of recommendations agreed upon. Audit reviews are carried out on functions that are identified on a risk-based approach, in the context of the Company's evolving business and its regulatory environment, while also taking into consideration inputs of Senior Management and the Audit Committee.
- The Audit Committee meets at least once every quarter to review matters identified in reports prepared by the Internal Auditors, External Auditors and Regulatory Authorities. It further evaluates the effectiveness and adequacy of the Company's internal control system. The Audit Committee has active oversight on the Internal Auditors' independence, scope of work and resources. The activities undertaken by the Audit Committee during the year are highlighted in the Audit Committee Reports of the Company.

(iii) Other Key Elements of Internal Control

- The Board ensures that all decisions are communicated promptly to staff of all levels within the Company and vice versa where feedback and suggestions on improvements could be communicated to the Management and the Board.
- The Company has a well-defined organisational structure with clear lines of responsibility and accountability. Further, to minimise errors and reduce the possibilities of fraud, segregation of duties is practised by ensuring critical tasks are assigned to different employees.
- Annual business plans and budgets are developed in line with the Company's strategies and risk appetite, and submitted to the Board for approval. Financial performance and major variances against targets are reviewed by the Management on a regular basis and reported to the Board on a quarterly basis.

Accountability and Audit (cont'd.)

(ii) Internal control and risk management (cont'd.)

Risk Management and Internal Control Structure (cont'd.)

(iii) Other Key Elements of Internal Control (cont'd.)

- The Company’s financial systems record all transactions to produce performance reports that are submitted to the Management within internally stipulated timelines. These performance reports are tabled to the Audit Committee and approved by the Board.

- The Underwriting Guidelines for takaful businesses have been put in place to manage risks being underwritten.

- Retakaful programmes are in place as risk mitigation initiatives, supported by a spread of retakaful operators with acceptable ratings from accredited agencies. The credit ratings of these companies are reviewed on a regular basis.

- Departmental policies and procedures are available and act as guidance to employees on the necessary steps to be taken in a given set of circumstances. It also specifies relevant authority limits to be complied with by each level of Management.

- Every employee of the Company is contractually bound to observe the adopted MNRB Group Code of Ethics, which promotes a culture of compliance, professionalism, ethical standards and responsible conduct. The Company expects each employee to perform and work with honesty and integrity at all times and uphold the Company’s values without fail.

- The Company utilises the Skills Competency Matrix that provides a comprehensive view of the types and levels of skills and competencies needed for any particular job role. The competence of personnel is maintained through a structured recruitment process, a performance measurement and rewards system and a wide variety of training and development programmes.

- The Company implements the annual Mandatory Block Leave ("MBL") to create a positive talent management culture where the Company does not have an overreliance on any particular employee, and as a prudent operational risk management measure particularly with regard to employees posted in sensitive positions or areas of operations such as underwriting, treasury, procurement or investment.

- An annual employee engagement survey is conducted with the objective to gauge the engagement level of employees, to gather their feedback on the effectiveness/ineffectiveness of the various employee touch points and to develop the necessary action plans for improvement of those areas.

Accountability and Audit (cont'd.)

(ii) Internal control and risk management (cont'd.)

Risk management and internal control structure (cont'd.)

(iii) Other Key Elements of Internal Control (cont'd.)

- The Group Anti-Fraud Policy has been established to provide a consistent approach to prevent, detect and manage fraud, and to make a clear statement to all employees that the Company does not tolerate fraud of any form.

- The Group Anti-Bribery and Corruption ("Group ABC") Policy has also been established to state the Board's and Management's commitment and stance on bribery and corruption risks, which include disciplinary actions for non-compliance, misconduct or breach of the policy.

  The Group ABC Policy addresses general guidelines on both internal and external concerns on bribery and corruption risk, such as Conflict of Interest, Illegal Gratification and Corrupt Practices, Gift & Entertainment, Corporate Social Responsibility activities, sponsorship and donations, as well as dealing with public officials and third parties.

- The Company adopts the Group Anti-Money Laundering and Countering Financing of Terrorism ("AML/CFT") Policy Statement to reflect the Company's commitment in combating money laundering and financing of terrorism. The AML/CFT Policy Statement is further supported by the AML/CFT Standard Operating Procedures ("SOP").

- A Group Whistleblowing Policy is in place for employees, external parties and other stakeholders to raise concerns about illegal, unethical or unacceptable practices. This policy governs the disclosures, reporting, investigation of misconduct and protection offered to the person(s) making those disclosures in accordance with the Whistleblowing Protection Act, 2010.

- A structured Business Continuity Management ("BCM") programme is in place to ensure resumption of critical business operations within the pre-defined Maximum Tolerable Downtime ("MTD"). The Company has also established a Disaster Recovery Plan ("DRP") which outlines the processes and set of procedures to recover the Company's IT infrastructure within a set Recovery Time Objective ("RTO").

  The BCM Programme and the DRP are validated by conducting regular tests and updated as and when necessary.

- Sufficient takaful coverage, including covers for properties, employee-related, cyber security breaches, and Directors and Officers liabilities, are in place to ensure the Company is adequately protected against these risks and/or claims that could result in financial or reputational loss.

Accountability and Audit (cont'd.)

(ii) Internal control and risk management (cont'd.)

Risk management and internal control structure (cont'd.)

(iii) Other Key Elements of Internal Control (cont'd.)

- The Information Technology Steering Committee ("ITSC") is established to oversee the implementation of IT strategic plans and provide direction in support of IT related initiatives and activities.
- The Information Systems and Services Department is responsible for continuously monitoring and responding to IT security threats, conducting awareness programmes, as well as performing assessments and network penetration test programmes.

(iii) Relationship with auditors

Information on the role of the AC in relation to the External Auditors is set out under the section 'Audit Committee' on pages 19 to 21.

The Company has always maintained a professional and transparent relationship with its Auditors in seeking professional advice and ensuring compliance with the approved financial reporting standards.

(iv) Management accountability

The Company has an organisational structure showing all reporting lines as well as clearly documented job descriptions for all its Management and Executive employees and formal performance appraisals are done on a periodic basis.

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

Whilst the Board is responsible for creating the framework and policies within which the Company should be operating, the management is accountable for the execution of the enabling policies and attainment of the Company's corporate objectives.

(v) Corporate independence

Significant related party transactions and balances are disclosed in Note 35 to the financial statements.

(vi) Public accountability

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

Board of Directors' profile

Datuk Johar Che Mat, Non-Independent Non-Executive Chairman

Male, Malaysian, an Independent Non-Executive Chairman since 3 January 2019 and was subsequently redesignated as Non-Independent Non-Executive Chairman of the Company effective 1 July 2019. He is a member of the Risk Management Committee of the Board and Group Investment Committee of MNRB Holdings Berhad ("MNRB"). He obtained a Bachelor of Economics Degree from University of Malaya in 1975. He has thirty-six (36) years of experience in the banking industry. He began his career in 1975 as an Officer at the Prime Minister's Department. In 1976, he joined Malayan Banking Berhad ("Maybank") where he served in various divisions including in senior positions as the Manager/Senior Manager covering the transactional banking (operations), retail finance, retail marketing and private banking. From 1993 to 1995, he was appointed as the Regional Manager for Maybank branches in Selangor and Negeri Sembilan. In 1996, he was promoted as the General Manager, Commercial Banking Division and subsequently served as the Senior General Manager, Corporate Banking and Enterprise Banking Division in 2000. In 2002 he was promoted as the Senior Executive Vice President, Retail Financial Services and was thereafter appointed as the Chief Operating Officer of the Maybank Group from 2006 till 2010. In 2012, he was designated as the Board representative of Amanah Raya Berhad. He is also a Director of MBSB Bank Berhad, Dagang NeXchange Berhad, Ping Petroleum Ltd and Motordata Research Consortium Sdn. Bhd. He was appointed as an Independent Non-Executive Chairman/Director of Takaful Ikhlas General Berhad on 30 November 2018 and was subsequently redesignated as Non-Independent Non- Executive Chairman of Takaful Ikhlas General Berhad effective 1 July 2019 following his appointment as Non-Independent Non-Executive Chairman at MNRB Holdings Berhad on even date. He was appointed as the new Non-Independent Non-Executive Chairman/Director of Malaysian Reinsurance (Dubai) Ltd effective 5 January 2020. He attended all the ten (10) Board Meetings held during the financial year.

George Oommen, Independent Non-Executive Director

Male, Malaysian, an Independent Non-Executive Director since 1 May 2018. He is the Chairman of the Audit Committee and a member of the Group Investment Committee of MNRB Holdings Berhad ("MNRB"). He is a Fellow Member of Association of Chartered Certified Accountants (ACCA), Member of Malaysian Institute of Certified Public Accountants (MICPA) and Member of Malaysian Institute of Accountants (MIA). He has forty (40) years of experience in the insurance industry. He began his career in 1981 when he joined American International Assurance Company Ltd as an Accountant. In 1999, he was transferred to AIG Lippo Life Insurance Company, Indonesia as Vice President-Director. He then joined TATA AIG Life Insurance Company, India in 2000 as Managing Director. He later joined ACE INA Holdings Inc, India as Country Head/CEO in 2001. In 2003, he joined ACE Life, Cairo, Egypt as Chairman/Managing Director. In 2005, he joined ACE India Representative Office, India as Country Head/CEO. In 2006, he joined Signtech International Sdn. Bhd. as Chief Executive Officer. He later joined Dubai International Financial Centre (DIFC), United Arab Emirates (UAE) in 2007 where he was appointed as the Executive Director, Business Development. In 2010, he joined Assicurazioni Generali S.p.A. for the Middle East and North African Region based in Dubai as the CEO & General Representative. He is also a Director of MNRB, Malaysian Re (Dubai) Ltd. and Labuan Re Underwriting Ltd.On 30 November 2018, he was appointed as a Director of Takaful Ikhlas General Berhad and subsequently on 7 January 2019, he was appointed as an Independent Non-Executive Chairman/Director of Malaysian Reinsurance Berhad. He was also appointed as the Chairman of Labuan Reinsurance (L) Ltd on 25 October 2019. He attended all the ten (10) Board Meetings held during the financial year.

Board of Directors' profile (cont'd.)

Woon Tai Hai, Independent Non-Executive Director

Male, Malaysian, an Independent Non-Executive Director since 1 September 2019. He is the Chairman of the Risk Management Committee of the Board and a member of the Audit Committee. He also chairs the IT Oversight Committee (ITOC) advising the Board on IT related matters. He obtained a Masters Degree in Business Administration, a Post Graduate in Accounting and Finance from University of Technology, Sydney, Australia and a Bachelor of Science from University of New South Wales, Australia. He has over thirty-six (36) years in Information Technology and Risk Management related experience. Upon graduation, he spent eleven (11) years working in the Financial Services Industry in Australia including Lloyd's Bank NZA and Commonwealth Bank of Australia before returning to Malaysia in 1993. He later spent five (5) years working in a large local System Integrator and Solution provider focusing in the Malaysian Banking and Finance sector. In 1998, he joined KPMG Malaysia as a Director and held various positions including Chief Information Officer and Chief Knowledge Officer before he retired in 2013. Over his sixteen (16) years tenure with KPMG, he was admitted into the Partnership and led multi-disciplinary (including cross regional engagements) team in assisting multi-national companies, small and medium enterprises, Government Ministries and Agencies and local clientele. Post retirement, he was appointed as Executive Director of BDO Consulting where he continued as Management Consultant for clients on IT and operational improvement and also led a team in successfully developed a Big Data Analytics Management Framework for a key local Government Agency. In 2017, he opted for an early retirement from BDO Consulting to pursue other areas of interests and during the year 2018, he was appointed advisor, committee member and board member respectively to the National Tech Industry Association, National Productivity Corporation (NPC) and Malaysia Australia Business Council (MABC). He was also appointed as an Independent Non-Executive Director of Takaful Ikhlas General Berhad since 1 October 2019. He attended all the ten (10) Board Meetings held during the financial year.

Noor Rida Hamzah, Independent Non-Executive Director

Female, Malaysian, an Independent Non-Executive Director since 1 October 2019. She is a member of the Audit Committee. She obtained a Bachelor of Arts (Hons) Degree in Accounting and Finance from Liverpool Polytechnic (now known as Liverpool John Moores University) in 1984. She is an Associate member of Chartered Tax Institute, Malaysia. Upon her return to Malaysia, she embarked on a career in taxation when she joined Arthur Andersen in 1985. She then left to join BP Malaysia in 1995 where as National Tax Manager, she was in charge of the tax matters of the BP Group. She rejoined Arthur Andersen in 1997 and was made a tax partner in 2001. Subsequently, in 2002, she joined Ernst & Young and served as a tax partner until her early retirement in 2011. Currently, she is a Director of Goodwill Upstream Sdn. Bhd. and Linfox Transport (Malaysia) Sdn. Bhd. She was appointed as Director of MNRB Holdings Berhad from 1 January 2017 until 30 September 2019. She attended all the ten (10) Board Meetings held during the financial year.

Board of Directors' profile (cont'd.)

Shareen Ooi Bee Hong, Independent Non-Executive Director

Female, Malaysian, an Independent Non-Executive Director since 1 October 2019. She is a member of the Risk Management Committee of the Board and a Permanent Invitee of the Group Nomination & Remuneration Committee of MNRB Holdings Berhad. She obtained a Master's Degree in Business Administration from University of Applied Science, Bern Switzerland and a Diploma in Marketing from the Institute of Marketing, Malaysia. Being a dynamic and result-oriented person, she is known for her proven track record in sales and marketing having had more than thirty-one (31) years of experience in the field. She joined Sistem Televisyen Malaysia Berhad (TV3) in May 1985. She was later appointed as General Manager Marketing, Sistem Televisyen Malaysia Berhad in 2000 and had expanded her roles in spearheading four (4) television networks (TV3, ntv7, 8TV & TV9) under Media Prima TV (MPTV) Networks as Group General Manager in 2005. Her outstanding performance and vast contributions to MPTV saw her in a more challenging role as the Group Chief Marketing Officer, Media Prima Berhad leading the multi platforms and multi contents group marketing. Among her key contributions, she was appointed as a Board member of Joint Industry Committee Television Audience Research (JICTAR), Malaysian Advertising Association (MAA) council member, Audit Bureau of Circulation (ABC) and Association of Accredited Advertising Agents (4As) council member. She attended all the ten (10) Board Meetings held during the financial year.

Zaharudin Daud, Non-Independent Executive Director

Male, Malaysian, a Non-Independent Executive Director since 23 November 2020. He is a President and Group Chief Executive Officer of MNRB Holdings Berhad. He obtained Advanced Diploma in Business Studies from Institut Teknologi Mara and is an Associate of The Chartered Insurance Institute (ACII) since 1992. He started his career in an insurance Broking house and has exposures in Sales and Marketing, Operations, Retail Underwriting and Product Design in his thirty-one (31) years' experience in the general insurance business. He was also the Management Committee member of the Persatuan Insuran Am Malaysia (PIAM) and Life Insurance Association of Malaysia (LIAM) until 2018, and was also a Board member of ISM Insurance Services Malaysia Berhad (ISM) until August 2020. In early 2010, he was redeployed to Singapore to be the Principal Officer of Etiqa Singapore before returning to Malaysia to assume the position of the Chief Executive Officer of Etiqa Insurance Berhad in September 2014. Prior to joining MNRB Group, he was the Chief Executive Officer of Etiqa General Takaful Berhad from January 2018 to August 2020. He was also appointed as a Director of Malaysian Reinsurance Berhad, Takaful Ikhlas General Berhad and Motordata Research Consortium Sdn. Bhd. effective 23 November 2020. On 21 January 2021, he was appointed as a Director of Malaysian Re Dubai (L) Ltd. He attended ten (10) Board Meetings held during the financial year.

Group Shariah Committee Members' profile

Assoc. Prof. Dr. Said Bouheraoua

Male, Algerian. Appointed as the Group Shariah Committee member on 2nd November 2015. Shariah Committee member for Sinar Seroja Berhad (formerly known as MNRB Retakaful Berhad) since 1st April 2011 until its dissolution on 2 November 2015. He completed his Ph.D in Islamic Law (Shariah), from the International Islamic Unicersity Malaysia (IIUM),Malaysia. He is a member of the Shariah Committee at Affin Islamic Bank Berhad. He is a Director of Affin Islamic Bank Berhad and also a member of Higher Shariah Committee at the Central Bank of the Oman Sultanate. He is also a Chairman of Shariah Committee of SunTrust Bank Nigeria and Trust Bank Amanah Suriname. He was also an Associate Professor at Department of Islamic Law, Ahmad Ibrahim Kulliyyah of Laws, IIUM. He is currently a Director of Research, Development and innovation Department at the International Shariah Research Academy for Islamic Finance (ISRA) and the editor-in-chief of ISRA International Journal of Islamic Finance. He has published several books and articles in international referred journals throughout his career as Lecturer/Researcher. He has also presented papers in international conferences and conducted training sessions in Islamic Finance in Malaysia and abroad.

Dr. Shamsiah Mohamad

Female, Malaysian. Appointed as a Group Shariah Committee member on 3rd November 2020. Obtained her Ph.D specialising in Fiqh & Usul Fiqh from University of Jordan. She was an Associate Professor at the Academy of Islamic Studies in University of Malaya and a Senior Researcher at International Shari'ah Research Academy for Islamic Finance (ISRA). She sits on several Shariah Committee of prestigious financial institutions and has vast experience handling Shariah issues. She is also appointed as a Member of Shariah Advisory Council of Securities Commission Malaysia, Shariah Committee of Bursa Malaysia Securities Berhad, Shariah Supervisory Council of Bank Islam Malaysia Berhad, Shariah Committee of SME Bank and Shariah Committee of Association of Islamic Banking Institutions Malaysia (AIBIM). She was also a Shariah Advisory Council of Bank Negara Malaysia (BNM) from 2013 to 2019, specialising in Islamic Transaction.

Shahrir Sofian

Male, Malaysian. Appointed as a Group Shariah Committee member on 3 November 2020. Obtained his Master in Actuarial Science (with distinction) at City University, London. He also holds a double degree in Economics and Islamic Studies (majoring in Shariah) from local universities. He had serve in various departments with Bank Negara Malaysia (BNM) since 1987. He served as Manager in the Financial Sector Development Department and Manager of Insurance Development Department of BNM. He also managed and led the compliance review processes. He was involved in the formulation of Balance Score Card for Life Insurance/Family Takaful Agents under the LIFE framework, Development of Business Plan of the Insurance Development Department to be part of the Bank's Business Plan, formulation of the policy document on direct channel, and the establishment of dedicated department (that is Islamic Banking and Takaful Department) to steer the progress and development of Islamic Financial System by providing justification for the establishment. He also has extensive experience in insurance regulations and operations.

Group Shariah Committee Members' profile (cont'd.)

Sahibus Samahah Datuk Dr. Luqman Haji Abdullah

Male, Malaysian. Appointed as a Group Shariah Committee member on 3rd November 2020. Obtained his Ph.D in Islamic Law of Property from University of Edinburgh, Scotland. He was the Head of Fiqh and Usul / Islamic Jurisprudence Department at University of Malaya. He currently serves as the Mufti of Wilayah Persekutuan. Sahibus Samahah Dr. Luqman is also appointed as Shariah Committee Member of MBSB Bank, Shariah Panel Expert of Jabatan Kemajuan Islam Malaysia (JAKIM), Member of Association of Shariah Advisor in Islamic Finance (ASAS), Committee Member of Shariah Advisory Council of Amanah Raya Berhad (ARB) and Member of Administrative Committee for Wakaf MAIK – Muamalat. He is the Chairman of Madrasah Rahmaniah Pondok Lubuk Tapah, Pasir Mas, Kelantan and was a visiting Scholar at University of Edinburgh, Scotland in 2013. His areas of specialisation are Islamic Law of Property, Islamic Jurisprudence/Legal Theories and Shariah/Fiqh Textual Studies (Dirasah Nassiyyah).

Yang Amat Arif Dato' Setia Dr. Hj. Mohd. Na'im Hj. Mokhtar

Male, Malaysian. Appointed as the Group Shariah Committee member on 1 April 2021. Graduated with a Bachelor of Laws (LLB) from International Islamic University, Malaysia (IIUM). Obtained Masters in Laws (LLM) from University of London United Kingdom, and a Doctor of Philosophy (PhD) in Syariah from National University of Malaysia (UKM).YAA Dato' Setia Dr. is currently presiding as the Chief Justice of Syariah Courts as well as Director General of Department of Syariah and Judiciary Malaysia since 1 April 2019. YAA Dato' Setia was honoured by being appointed as a Member of the Selangor Royal Council from December 2019 to November 2022. He also being appointed as a Committee Member of the Islamic Religious Council of the Federal Territory of the session begins February 2021 until February 2024. He was chosen and served as Malaysian Cheavening Visiting Fellow at Oxford Centre For Islamic Studies, Oxford University, United Kingdom for 2008/2009 and as Visiting Fellow at Harvard Law School, Harvard University, USA for 2012/2013. YAA Dato' Setia Dr. has participated in many local and international seminars on his subject areas of specialisation.

200201025412 (593075-U)

Takaful Ikhlas Family Berhad
(Incorporated in Malaysia)

Statement by Directors
Pursuant to Section 251(2) of the Companies Act, 2016

We, Datuk Johar Che Mat and Zaharudin Daud, being two of the Directors of Takaful Ikhlas Family Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 53 to 195 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and comply with Shariah requirements and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 March 2022 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 14 June 2022.

Datuk Johar Che Mat

Zaharudin Daud

Kuala Lumpur, Malaysia

Statutory Declaration
Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Norhafizah Ahmad (MIA membership no. CA 31201), being the officer primarily responsible for the financial management of Takaful Ikhlas Family Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 53 to 195 are in my opinion 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 Norhafizah Ahmad at Kuala Lumpur in Wilayah Persekutuan on 14 June 2022

Norhafizah Ahmad

Before me,

PESURUHJAYA SUMPAH
W530
TAN SEOK KETT
BC/T/301
1/1/2022-30/9/2022
MALAYSIA

Commissioner for Oaths

Lot 333, 3rd Floor
Wisma New Asia
Jalan Raja Chulan
50200 Kuala Lumpur

Report of the Group Shariah Committee

بسم الله الرحمن الرحيم

In the name of Allah, the most beneficent, the most merciful

We, Assoc. Prof. Dr. Said Bouheraoua and Shahrir Sofian, on behalf of the members of the Group Shariah Committee of MNRB Holdings Berhad, which provides oversight over the management of Shariah matters of the Company, do hereby submit the following report on behalf of the members of the Committee:

Pursuant to our letter of appointment and terms of reference, we have reviewed the principles and the contracts relating to the transactions and applications introduced by the Company during the financial year ended 31 March 2022. We have also conducted our review to form an opinion pursuant to Section 30(1) of the IFSA 2013, as to whether the Company has complied with the principles of Shariah, Shariah rulings issued by the Shariah Advisory Council ("SAC") of Bank Negara Malaysia ("BNM"), Shariah guidelines issued by BNM pursuant to Section 29 of the IFSA 2013, as well as Shariah decisions resolved by us.

The management of the Company is responsible for ensuring that the Company conducts its business in accordance with the principles of Shariah. It is our responsibility to form an independent opinion, based on our review of the operations of the Company.

We have assessed the work carried out by Shariah review and Shariah audit which included examining, on a test basis, each type of transaction, the relevant documentations and procedures adopted by the Company.

We have planned and performed our review so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Company has not violated any principles of Shariah.

In our opinion:

1. the contracts, transactions and dealings entered into by the Company during the financial year ended 31 March 2022 that we have reviewed are in compliance with the principles of Shariah;

2. the allocation of profit and surplus distribution between Shareholder's Fund, Participants' Investment Fund and Participants' Risk Fund conform to the basis that had been approved by us in accordance to the principles of Shariah;

3. there were no earnings that have been realised/unrealised from sources or by means prohibited by the principles of Shariah that have been considered for disposal to charitable causes;

Report of the Group Shariah Committee (cont'd.)

4. The calculation, payment and distribution of zakat are in compliance with the principles of Shariah, and

5. During the financial year, no Shariah non-compliant event was identified.

This opinion is rendered based on what had been presented to us by the management of the Company and its Shariah and Business Advisory Department. We, the members of the Group Shariah Committee, do hereby confirm, to our level best that the operations of the Company for the financial year ended 31 March 2022 have been conducted in conformity with the principles of Shariah.

Signed on behalf of the Group Shariah Committee.

Assoc. Prof. Dr. Said Bouheraoua

Shahrir Sofian

Kuala Lumpur, Malaysia
14 June 2022

EY
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200201025412 (593075-U)

Independent auditors' report to the member of Takaful Ikhlas Family Berhad (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Takaful Ikhlas Family Berhad ("the Company"), which comprise the statement of financial position as at 31 March 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 53 to 195.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2022, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report (including the Corporate Governance Disclosures) and the Report of the Group Shariah Committee, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

200201025412 (593075-U)

Independent auditors' report to the member of
Takaful Ikhlas Family Berhad (cont'd.)
(Incorporated in Malaysia)

Information other than the financial statements and auditors' report thereon (cont'd.)

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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**Independent auditors' report to the member of
Takaful Ikhlas Family Berhad (cont'd.)
(Incorporated in Malaysia)**

Auditors' responsibilities for the audit of the financial statements (cont'd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Building a better
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200201025412 (593075-U)

**Independent auditors' report to the member of
Takaful Ikhlas Family Berhad (cont'd.)
(Incorporated in Malaysia)**

Other matters

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Ahmad Hammami Bin Muhyidin
No. 03313/07/2023 J
Chartered Accountant

Kuala Lumpur, Malaysia
14 June 2022

200201025412 (593075-U)
Takaful Ikhlas Family Berhad
(Incorporated in Malaysia)

Statement of comprehensive income
For the year ended 31 March 2022

		2022			2021		
	Note	**Shareholder's fund RM '000**	**Family takaful fund RM '000**	**Company RM '000**	**Shareholder's fund RM '000**	**Family takaful fund RM '000**	**Company RM '000**
Gross earned contributions	4	-	714,618	713,762	-	688,196	687,471
Earned contributions ceded to retakaful operators	4	-	(96,166)	(96,166)	-	(77,025)	(77,025)
Net earned contributions		-	618,452	617,596	-	611,171	610,446
Investment income	5	13,666	133,244	143,083	15,264	126,823	139,708
Realised gains/(losses)	6	931	6,252	7,183	2,466	8,711	11,177
Fair value (losses)/gains	7	(786)	(47,113)	(47,635)	1,020	(39,523)	(38,503)
Fee and commission income	8	234,717	-	-	237,492	2	2
Other operating income	12	9,748	12,883	24,079	2,564	524	3,088
Other revenue		258,276	105,266	126,710	258,806	96,537	115,472
Gross claims and benefits paid		-	(398,193)	(398,193)	-	(287,931)	(287,931)
Claims and benefits ceded to retakaful operators		-	71,486	71,486	-	59,747	59,747
Gross change in certificate liabilities		-	(172,294)	(172,294)	-	(236,841)	(236,841)
Change in certificate liabilities ceded to retakaful operators		-	13,331	13,331	-	31,863	31,863
Net claims and benefits		-	(485,670)	(485,670)	-	(433,162)	(433,162)
Fee and commission expenses	9	(93,965)	(234,717)	(93,965)	(92,565)	(237,492)	(92,565)
Management expenses	10	(130,582)	(3,415)	(133,010)	(132,442)	(1,107)	(132,637)
Finance costs	17	(148)	-	(21)	(209)	-	(79)
Change in expense liabilities	13	(6,742)	-	(6,742)	(4,822)	-	(4,822)
Tax borne by participants	14	-	(6,120)	(6,120)	-	(7,043)	(7,043)
Other expenses		(231,437)	(244,252)	(239,858)	(230,038)	(245,642)	(237,146)
Operating profit/(loss)		**26,839**	**(6,204)**	**18,778**	**28,768**	**28,904**	**55,610**
Deficit/(surplus) attributable to participants	30	-	6,204	8,299	-	(28,904)	(26,861)
Profit before zakat and taxation		**26,839**	**-**	**27,077**	**28,768**	**-**	**28,749**
Zakat		(191)	-	(191)	(470)	-	(470)
Taxation	15	3,962	-	3,899	(8,771)	-	(8,771)
Net profit for the year		**30,610**	**-**	**30,785**	**19,527**	**-**	**19,508**
Basic and diluted earnings per share (sen)	31			7.6			4.8

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

Statement of comprehensive income
For the year ended 31 March 2022 (cont'd.)

		2022			2021		
	Note	**Shareholder's fund RM '000**	**Family takaful fund RM '000**	**Company RM '000**	**Shareholder's fund RM '000**	**Family takaful fund RM '000**	**Company RM '000**
Net profit for the year from:		30,610	-	30,785	19,527	-	19,508
Other comprehensive income:							
Items that will not be reclassified subsequently to profit or loss:							
Revaluation reserves:							
Net gains on fair value changes	16	-	-	2,095	-	-	2,043
Deferred tax on fair value changes	20	-	-	(168)	-	-	(163)
Items that may be subsequently reclassified to profit or loss:							
Fair value reserves:							
Net gains on fair value changes		(3,582)	-	(3,582)	(1,627)	-	(2,843)
Deferred tax on fair value changes	20	903	-	903	1,015	-	1,307
Realised gains on fair value changes transferred to profit or loss	6	(181)	-	(181)	(2,602)	-	(2,602)
Other comprehensive (income) attributable to participants		-	-	(1,927)	-	-	(1,880)
Total comprehensive income for the year		**27,750**	**-**	**27,925**	**16,313**	**-**	**15,370**

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

200201025412 (593075-U)
Takaful Ikhlas Family Berhad
(Incorporated in Malaysia)

Statement of financial position
As at 31 March 2022

		2022			2021		
	Note	**Shareholder's fund RM '000**	**Family takaful fund RM '000**	**Company RM '000**	**Shareholder's fund RM '000**	**Family takaful fund RM '000**	**Company RM '000**
Assets							
Property and equipment	16	2,204	-	83,824	1,226	-	82,846
Right-of-use assets	17	6,346	-	437	2,090	-	603
Investment properties	18	-	81,620	-	-	81,620	-
Intangible assets	19	53,395	-	53,395	52,926	-	52,926
Deferred tax assets	20	16,627	-	16,627	65	-	-
Financial and other assets	21	522,900	3,744,872	4,222,926	494,954	3,515,361	3,977,334
Retakaful certificate assets	24	-	97,802	97,802	-	84,471	84,471
Takaful certificate receivables	22	-	41,048	41,048	-	48,085	48,085
Tax recoverable	23	6,803	-	6,803	19,112	-	19,112
Cash and bank balances		2,049	10,981	13,030	2,161	37,412	39,573
Total assets		610,324	3,976,323	4,535,892	572,534	3,766,949	4,304,950
Liabilities							
Takaful certificate liabilities	24	-	3,584,276	3,574,276	-	3,411,982	3,401,982
Expense liabilities	25	45,650	-	45,650	38,908	-	38,908
Lease liabilities	17	6,395	-	442	2,136	-	578
Takaful certificate payables	26	-	34,193	34,193	-	32,504	32,504
Commissions due to agents, retakaful and brokers		2,285	-	2,285	8,823	-	8,823
Deferred tax liabilities	20	-	2,628	3,323	-	6,444	6,843
Zakat payable		415	-	415	534	-	534
Tax payable		-	424	424	-	510	510
Other payables	27	43,535	161,357	173,957	32,839	115,860	129,894
Total liabilities		98,280	3,782,878	3,834,965	83,240	3,567,300	3,620,576
Participants' fund							
Family takaful fund	30	-	193,445	191,811	-	199,649	198,183
Total participants' fund		-	193,445	191,811	-	199,649	198,183
Equity							
Share capital	28	405,000	-	405,000	405,000	-	405,000
Reserves	29	107,044	-	104,116	84,294	-	81,191
Total equity		512,044	-	509,116	489,294	-	486,191
Total liabilities, participants' funds and equity		610,324	3,976,323	4,535,892	572,534	3,766,949	4,304,950

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

200201025412 (593075-U)
Takaful Ikhlas Family Berhad
(Incorporated in Malaysia)

Statement of changes in equity
For the year ended 31 March 2022

Shareholder's fund	Share capital RM '000	Non distributable fair value reserves RM '000	Distributable retained profits RM '000	Total RM '000
At 1 April 2020	405,000	4,637	98,344	507,981
Net profit for the year	-	-	19,527	19,527
Other comprehensive loss for the year	-	(3,214)	-	(3,214)
Total comprehensive (loss)/income for the year	-	(3,214)	19,527	16,313
Dividend paid	-	-	(35,000)	(35,000)
At 31 March 2021	405,000	1,423	82,871	489,294
At 1 April 2021	405,000	1,423	82,871	489,294
Net profit for the year	-	-	30,610	30,610
Other comprehensive loss for the year	-	(2,860)	-	(2,860)
Total comprehensive (loss)/income for the year	-	(2,860)	30,610	27,750
Dividend paid	-	-	(5,000)	(5,000)
At 31 March 2022	405,000	(1,437)	108,481	512,044

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

200201025412 (593075-U)
Takaful Ikhlas Family Berhad
(Incorporated in Malaysia)

Statement of changes in equity
For the year ended 31 March 2022 (cont'd.)

Company	Share capital RM '000	Non distributable fair value reserves RM '000	Non distributable revaluation reserve RM '000	Distributable retained profits RM '000	Total RM '000
At 1 April 2020	405,000	2,387	-	98,434	505,821
Net profit for the year	-	-	-	19,508	19,508
Other comprehensive (loss)/income for the year	-	(4,138)	1,880	-	(2,258)
Attributable to participants	-	-	(1,880)	-	(1,880)
Total comprehensive (loss)/income for the year	-	(4,138)	-	19,508	15,370
Dividend paid	-	-	-	(35,000)	(35,000)
At 31 March 2021	405,000	(1,751)	-	82,942	486,191
At 1 April 2021	405,000	(1,751)	-	82,942	486,191
Net profit for the year	-	-	-	30,785	30,785
Other comprehensive (loss)/income for the year	-	(2,860)	1,927	-	(933)
Attributable to participants	-	-	(1,927)	-	(1,927)
Total comprehensive (loss)/income for the year	-	(2,860)	-	30,785	27,925
Dividend paid	-	-	-	(5,000)	(5,000)
At 31 March 2022	405,000	(4,611)	-	108,727	509,116

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

200201025412 (593075-U)
Takaful Ikhlas Family Berhad
(Incorporated in Malaysia)

Statement of cash flows
For the year ended 31 March 2022

	Note	2022 RM '000	2021 RM '000
Cash flows from operating activities			
Profit before zakat and taxation		27,077	28,749
Adjustments for:			
Depreciation of property and equipment	10	2,841	2,429
Depreciation right-of-use assets	10	718	2,016
Finance costs	17	21	79
Amortisation of intangible assets	10	8,798	7,830
Intangible assets written off	12	105	-
Net amortisation of premiums	5	2,034	3,521
Profit income	5	(139,056)	(136,535)
Rental income	12	(1,448)	(1,448)
Dividend income	5	(6,311)	(5,473)
Fair value losses on financial assets at FVTPL	7	47,635	38,503
(Reversal of)/allowance for impairment on financial assets at FVOCI	12	(38)	35
(Reversal of)/allowance for impairment on financial assets at amortised cost	12	(57)	58
Gains on disposal of investments	6	(7,183)	(11,177)
(Decrease)/increase in allowance for impairment of takaful certificate receivables	12	(2,517)	1,494
Writeback of impairment of other receivables	12	-	(151)
Tax borne by participants	14	6,120	7,043
Increase in expense liabilities	13	6,742	4,822
(Decrease)/Increase in family takaful fund	30	(8,299)	26,861
Operating cash flows before working capital changes		(62,818)	(31,344)
Changes in working capital:			
Net proceeds from net purchase of financial assets		(128,423)	(148,517)
Increase in placement of Islamic investment accounts		(138,969)	(76,496)
Decrease in staff financing		803	906
Increase in retakaful certificate assets		(13,331)	(31,863)
Decrease/(increase) in takaful certificate receivables		9,554	(21,719)
(Increase)/decrease in other receivables and deposits		(18,728)	5,373
Increase in gross claims and certificate liabilities		172,294	236,841
(Decrease)/increase in takaful certificate payables and commissions due to agents, retakaful and brokers		(4,849)	17,454
Increase/(decrease) in other payables		42,545	(27,591)
Net change in balance with related companies		(3,553)	(187)
Operating cash flows after working capital changes		(145,475)	(77,143)

Statement of cash flows
For the year ended 31 March 2022 (cont'd.)

	Note	2022 RM '000	2021 RM '000
Cash flows from operating activities (cont'd.)			
Operating cash flows after working capital changes		(145,475)	(77,143)
Profit income received		137,649	142,662
Rental income received		1,448	1,504
Dividend income received		6,311	5,425
Income tax paid		(9,360)	(20,501)
Zakat paid		(310)	(732)
Payment of profit portion of lease liabilities	17	(21)	(79)
Net cash (used in)/generated from operating activities		**(9,758)**	**51,136**
Cash flows from investing activities			
Purchase of property and equipment	16	(1,724)	(468)
Purchase of intangible assets	19	(9,372)	(34,249)
Net cash used in investing activities		**(11,096)**	**(34,717)**
Cash flows from financing activity			
Payment of principal portion of lease liabilities	17	(689)	(1,770)
Dividend paid	36	(5,000)	(35,000)
Net cash used in financing activities		**(5,689)**	**(36,770)**
Net decrease in cash and cash equivalents		**(26,543)**	**(20,351)**
Cash and cash equivalents at beginning of year		**39,573**	**59,924**
Cash and cash equivalents at end of year		**13,030**	**39,573**
Cash and cash equivalents comprise:			
Cash and bank balances of:			
Shareholder's fund		2,049	2,161
Family takaful fund		10,981	37,412
		13,030	39,573

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

Notes to the financial statements

1. Corporate information

The Company is principally engaged in the management of family takaful businesses and investment-linked takaful business.

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at 9th Floor, IKHLAS Point, Tower 11A, Avenue 5, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

The ultimate holding and financial holding company is MNRB Holdings Berhad ("MNRB"), a company incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The number of employees in the Company at the end of the financial year was 309 (2021: 322).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 14 June 2022.

2. Significant accounting policies

2.1 Basis of preparation

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia.

At the beginning of the current financial year, the Company had adopted the amended MFRSs applicable for annual financial periods beginning on or after 1 January 2021 as described fully in Note 2.25.

As at the financial year end, the Company has met the minimum capital requirements as prescribed by the RBCT issued by BNM.

In preparing the Company-level financial statements, the balances and transactions of the shareholder's fund are consolidated with those of the takaful fund. Interfund assets and liabilities, income, and expenses relating to transactions between the funds are eliminated in full during consolidation. The accounting policies adopted for the shareholder's and takaful funds are uniform for like transactions and events in similar circumstances.

The financial position and financial performance information of the shareholder's fund and family takaful fund which are presented on pages 53 to 54 and page 55 of the financial statements respectively have been provided as supplementary financial information and to comply with the requirements of BNM/RH/STD 033-5: Financial Reporting for Takaful Operators and BNM/RH/PD 029-36: Investment-linked Business issued by BNM. The Islamic Financial Services Act, ("IFSA") 2013 in Malaysia requires the clear segregation of the assets, liabilities, income and expenses of the shareholder’s fund and the respective takaful funds. Accordingly, the financial position and financial performance information of the shareholder's fund and family takaful fund as referred to above reflect only the assets, liabilities, income, expenses and other comprehensive income or losses of the individual funds.

2. Significant accounting policies (cont'd.)

2.1 Basis of preparation (cont'd.)

(b) Basis of measurement

The financial statements of the Company have been prepared on a historical cost basis, unless otherwise stated in the accounting policies.

(c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Takaful operations and its funds

Under the concept of takaful, individuals make contributions to a pool which is managed by a third party with the overall aim of using the monies to aid fellow participants in times of need. Accordingly, as a takaful operator, the Company manages the family takaful fund in line with the principles of Wakalah (agency), which is the business model used by the Company. Under the Wakalah model, the takaful operator is not a participant in the fund but manages the funds (including the relevant assets and liabilities) towards the purpose outlined above.

In accordance with the IFSA 2013, the assets and liabilities of the takaful fund are segregated from those of the takaful operator, a concept known as segregation of funds. However, in compliance with MFRS 10 *Consolidated Financial Statements* , the assets, liabilities, income and expenses of the takaful fund are consolidated with those of the takaful operator to represent the control possessed by the operator over the respective funds.

The takaful funds are consolidated from the date of control and will continue to be consolidated until the date such control ceases which will occur when the Company's licence to manage takaful business is withdrawn or surrendered.

The inclusion of separate information of the takaful funds and the takaful operator together with the consolidated financial information of the Company in the statement of financial position and the profit and loss as well as certain relevant notes to the financial statements represents additional supplementary information required for BNM reporting.

2.3 Product classification

Financial risk is the risk of a possible future change in one or more of a specified profit rate, financial instrument price, commodity price, foreign exchange rate, index of price or rate, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Underwriting risk is risk other than financial risk.

Takaful certificates are those certificates that contain significant underwriting risk. A takaful certificate is a certificate under which the participants' fund has accepted significant risk from the participants by agreeing to compensate the participants if a specified uncertain future event adversely affects the participants. As a general guideline, the Company determines whether significant underwriting risk has been accepted by comparing benefits paid with benefits payable if the event had not occurred. If the ratio of the former exceeds the latter by 5% or more, the Takaful risk accepted is deemed to be significant.

2. Significant accounting policies (cont'd.)

2.3 Product classification (cont'd.)

Conversely, investment contracts are those contracts that transfer financial risk with no significant takaful risk. Once a certificate has been classified as a takaful certificate, it remains a takaful certificate for the remainder of its life-time, even if the underwriting risk reduces significantly during this period, unless all rights and obligations are extinguished or expired. Investment contracts can, however, be reclassified as takaful certificates after inception if takaful risk becomes significant.

When takaful certificates contain both a financial risk component and a significant underwriting risk component and the cash flows from the two components are distinct and can be measured reliably, the underlying amounts are unbundled. Any contributions relating to the underwriting risk component are accounted for on the same basis as takaful certificates and the remaining element is accounted for as a deposit in the statement of financial position similar to investment contracts.

Based on the Company's product classification review, all products meet the definition of a takaful certificate.

2.4 Family takaful underwriting results

The family takaful underwriting results are determined after taking into account contributions, retakaful costs, net benefits incurred and wakalah fees.

The family takaful fund is maintained in accordance with the requirements of the IFSA 2013 and includes the amount attributable to participants.

The family takaful fund surplus/deficit is determined by an annual actuarial valuation of the family takaful fund. Any actuarial deficit in the family takaful fund will be made good by the shareholder's fund via a Qard.

Surplus distributable to the participants is determined after deducting benefits paid and payable, retakaful, provisions, reserves, wakalah fees, taxation and surplus administration charge transferred to the shareholder's fund. The surplus may be distributed to the shareholder and participants in accordance with the terms and conditions prescribed by the Group Shariah Committee.

Family takaful fund's revenue consists of gross contributions and investment income. Revenue is accounted for on accrual basis and as approved by the Group Shariah Committee. Unrealised income is deferred and receipts in advance are treated as liabilities on the statement of financial position.

(i) Contribution recognition

Contribution is recognised as soon as the amount of contribution can be reliably measured in accordance with the principles of Shariah. First year contribution is recognised on the assumption of risks and subsequent contributions are recognised on due dates. Contributions outstanding at the financial year end are recognised as income for the period provided they are within the grace period allowed for payment and there are sufficient funds available in the participants' accounts to cover such contributions due.

2. Significant accounting policies (cont'd.)

2.4 Family takaful underwriting results (cont'd.)

(ii) Retakaful assets

The Company, as the operator of the participants' fund, cedes underwriting risk in the normal course of business for its takaful family business. Ceded retakaful arrangements do not relieve the Company from its obligations to participants. For both ceded and assumed retakaful, contributions and benefits paid or payable are presented on a gross basis.

Retakaful assets represent balances due from retakaful operators for takaful certificate liabilities which have yet to be settled at the financial year. Amounts recoverable from retakaful operators are estimated in a manner consistent with the outstanding claims provisions or settled claims associated with the underlying takaful certificate and the term of the relevant retakaful arrangement.

Retakaful assets are assessed for impairment at each financial year end or more frequently when an indication of impairment arises during the financial year. Impairment is recognised when there is objective evidence as a result of an event that occurred after initial recognition of the retakaful assets that the Company may not receive all outstanding amounts due under the terms of the certificate and the event has a reliably measurable impact. The impairment loss is recorded in the profit and loss, if any.

Retakaful liabilities represent balances due to retakaful operators. Amounts payable are estimated in a manner consistent with the related retakaful certificates.

Retakaful assets or liabilities are derecognised when the contractual rights are extinguished or expired or when the contract is transferred to another party.

Retakaful certificates that do not transfer significant underwriting risk are accounted for directly in the statement of financial position. These are deposit assets or financial liabilities that are recognised based on the consideration paid or received less any explicit identified contributions or fees to be retained by the retakaful operators.

(iii) Net benefit incurred

The net certificate benefits comprise of all payments to participants, comprising claims and participant fund values payable upon takaful events, or surrender and withdrawals.

(iv) Wakalah fee expense

Wakalah fee expense are recognised as soon as the amount of contribution can be reliably measured in accordance with the principles of Shariah.

2. Significant accounting policies (cont'd.)

2.4 Family takaful underwriting results (cont'd.)

(v) Family takaful certificate liabilities

(a) Provision for outstanding claims

Claims and benefits paid that are incurred during the financial year are recognised when a claimable event occurs and/or the Company is notified.

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

(a) Maturity or other certificate benefit payments due on specified dates are treated as claims payable on those due dates; and

(b) Death, surrender and other benefits without due dates are treated as claims payable on receipt of intimation of death of the certificate holder or occurrence of contingency covered.

(b) Participants investment fund and participants risk fund

Family takaful certificate liabilities are recognised when certificates are in-force and contributions are charged to the participants.

For a one-year family certificate or a one-year extension to a family certificate covering contingencies other than life or survival, the liabilities for such family takaful certificates comprise contribution and claim liabilities with an appropriate allowance for Provision of Risk Margin for Adverse Deviation ("PRAD") from the expected experience.

Liabilities of family takaful business are determined in accordance with valuation guidelines for takaful operators issued by BNM. All family takaful liabilities are valued using a prospective actuarial valuation based on the sum of the present value of future benefits and expenses less future gross considerations arising from the certificates, discounted at the appropriate risk discount rate. In the case of a family certificate where a part of, or the whole of the contributions are accumulated in a fund, the accumulated amount as declared to the participants are set as the liabilities. Zeroisation is applied at certificate level and no certificate is treated as an asset under the valuation method adopted.

The family takaful certificate liabilities are derecognised when the certificates expired, discharged or cancelled. At each financial year end, an assessment is made of whether the recognised family takaful certificate liabilities are adequate by using an existing liability adequacy test.

2. Significant accounting policies (cont'd.)

2.4 Family takaful underwriting results (cont'd.)

(b) Participants investment fund and participants risk fund (cont'd.)

In respect of the family takaful risk fund, the expected future cash flows of benefits are determined using best estimate assumptions with an appropriate allowance for PRAD from expected experience such that an overall level of sufficiency of certificate reserves at a 75% confidence level is secured. For investment-linked business, the fund value is treated as liabilities.

Surplus arising from the difference between the value of the family takaful fund and the liabilities, including retained surplus, will be distributed to the participants after deducting the Company's surplus administration charge, if applicable.

If the difference between the value of the family takaful fund and the liabilities results in a deficit, the Company will arrange a Qard which will be repaid to the shareholder's fund when the returns to a surplus position.

(c) Net asset value attributable to participants (creation/cancellation of units)

Amounts received for units creation represent contributions paid by participants after deducting the wakalah fees or unitholders as payment for new certificates. Creation/cancellation of units are recognised in the financial statements at the next valuation date, after the request to purchase/sell units are received from the participants or unitholders.

2.5 Shareholder's fund

(i) Revenue

Revenue is recognised when the performance obligation is satisfied at an amount that reflects the consideration to which the Company expect to be entitled.

(a) Wakalah fee income

Wakalah fee income are recognised as soon as the amount of contribution can be reliably measured in accordance with the principles of Shariah.

(b) Investment performance fee

The Investment performance fee is the charge on the participants' investment fund's investment returns, which is payable to the shareholder’s fund.

(c) Surplus administration charges

The surplus administration charge is the fee charged by the Company for managing the participants risk fund.

(ii) Commission expenses

Commission expenses, which are costs directly incurred in securing contributions of family takaful certificates, are recognised as incurred and properly allocated to the periods in which the future economic benefit arises. Commission expenses are recognised in profit or loss of the shareholder's fund at an agreed percentage for each certificate underwritten. This is in accordance with the principles of wakalah as approved by the Group Shariah Committee and as agreed between the participants and the Company.

2. Significant accounting policies (cont'd.)

2.5 Shareholder's fund (cont'd.)

(iii) Expense liabilities

The expense liabilities is determined by Appointed Actuary based on the expected future expenses payable from the shareholder's fund in managing the family takaful fund for the full contractual obligation of the unexpired takaful certificates as at the end of the financial year, less any expected income of the shareholder's fund. The movement in expense liabilities is released over the term of the takaful certificates and recognised in profit or loss. The method used for the expense liabilities valuation is consistent with the method used to value family takaful liabilities valuation as detailed in Note 2.4(v)(b).

At each financial year end, the Company reviews the expense liabilities of the shareholder's fund to ensure that the carrying amounts are sufficient or adequate to cover the obligations of the shareholder's fund for all managed in-forced takaful certificates as at the financial year.

In performing this review, the Company considers all contractual cash flows and compares the result against the carrying value of expense liabilities. Any deficiency is recognised in profit or loss.

The estimation of the expense liabilities of the shareholder's fund performed at the financial year is part of the liability adequacy test performed by the Company.

2.6 Property and equipment

(i) Recognition and measurement

All items of property and equipment are initially recorded at cost. The cost of an item of property and equipment are recognised as an asset, if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Subsequent to recognition, equipment are stated at cost less accumulated depreciation and any impairment losses, whilst properties (which comprise land and buildings) are stated at revalued amount less subsequent accumulated depreciation and any impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

In respect of buildings, valuations are performed with sufficient frequency to ensure that the carrying amount does not differ materially from the fair value of the buildings at the financial year end.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. On disposal of property and equipment, the difference between net proceeds and the carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item, if any, is transferred directly to retained profits.

2. Significant accounting policies (cont'd.)

2.6 Property and equipment (cont'd.)

(i) Recognition and measurement (cont'd.)

Only assets costing above RM300 will be capitalised. Assets costing RM300 and below are charged to the profit or loss in the year of purchase.

Assets costing more than RM300 up to a maximum of RM1,000 are written down to RM1 in the year of purchase. The write down is charged to the profit or loss as depreciation.

Work-in-progress are not depreciated as these assets are not available for use. When work-in-progress is completed and the asset is available for use, it will be reclassified to the relevant category of property and equipment and depreciation of the asset begins.

(ii) Subsequent costs

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation of property and equipment is provided for on a straight-line basis to write down the cost of each asset to its residual value over its estimated useful life, at the following annual rates:

Buildings	2%
Computer equipment - hardware	33.3%
Furniture, fittings and office equipment	15%
Motor vehicles	20%

The residual values, useful lives and depreciation method are reviewed at end of each financial year to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property and equipment.

(iv) Derecognition

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. On disposal of equipment, the difference between net proceeds and the carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

2. Significant accounting policies (cont'd.)

2.7 Investment properties

Investment properties are properties which are owned or held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value.

Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in fair value of investment properties are recognised in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property is recognised in profit or loss in the year in which they arise.

2.8 Intangible assets

Intangible assets comprise software development costs, computer software and licences and preferred partnership fee in relation to bancatakaful arrangement.

All intangible assets are initially recorded at cost. Subsequent to initial recognition, intangible assets are stated at cost less any accumulated amortisation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

On disposal of intangible assets, the difference between net proceeds and the carrying amount is recognised in profit or loss.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives. The preferred partnership fees are amortised based on actual contribution received over total committed contribution or a straight-line basis over the estimated economic useful lives depending on the pattern in which the future economic benefit are expected to be consumed by the Company. Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least annually at the end of each financial year. Amortisation is charged to the profit or loss.

2. Significant accounting policies (cont'd.)

2.8 Intangible assets (cont'd.)

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

(i) Software development-in-progress

Software development-in-progress represent development expenditure on software.

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated impairment losses. When development is complete and the asset is available for use, it is reclassified to computer software and amortisation of the asset begins. It is amortised over the period of expected future use. During the period in which the assets is not available for use, it is tested for impairment annually.

(ii) Computer software and licences

The useful lives of computer software and licences are considered to be finite because computer software and licences are susceptible to technological obsolescence.

The acquired computer software and licences are amortised using the straight-line method over their estimated useful lives. Impairment is assessed whenever there is indication of impairment and the amortisation period and method are also reviewed at least annually at the end of each financial year.

(iii) Preferred partnership fee in relation to bancatakaful arrangement

The preferred partnership fee represents an upfront fee paid by the Company to two Islamic banks under a 5-years preferred bancatakaful arrangement as follows:

(a) Following the initial recognition of the cost of preferred partnership fee, the fee is amortised based on the actual contribution received over the total committed contribution, until the expiry of the contract which is within five (5) years. Upon the expiry of the contract, if the total projected production is not met, the contract may be renewed for another year or the bank will compensate the Company on a pro-rated basis on the balance of the 'unamortised' fee.

(b) Following the initial recognition of the cost of preferred partnership fee, the fee is amortised based on the straight-line method, until the expiry of the contract which is within five (5) years. Upon the expiry of the contract, if the total projected production is not met, the contract may be extended for an additional period of time as mutually agreed between the Company and the bank.

2. Significant accounting policies (cont'd.)

2.9 Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

(a) Classification of financial assets

The classification of financial assets at initial recognition depends on the Company's business model for managing the financial assets and the financial asset's contractual cash flow characteristics, as described in Notes 2.9(b) and 2.9(c). All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets are classified, at initial recognition, as financial assets measured at amortised cost ("AC"), fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL").

In order for a financial asset to be classified and measured at AC or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Despite the above, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- The Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

- The Company may irrevocably designate a debt investment that meets the amortised cost or FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2. Significant accounting policies (cont'd.)

2.9 Financial assets (cont'd.)

(a) Classification of financial assets (cont'd.)

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at AC (for debt instruments);
- Financial assets at FVOCI with recycling of cumulative gains and losses (for debt instruments);
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (for equity instruments); or
- Financial assets at FVTPL.

(i) Financial assets at AC

Debt instruments that meet the following conditions are measured at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective profit method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The effective profit method is a method of calculating the amortised cost of a debt instrument and of allocating profit income over the relevant period. For financial assets other than purchased or originated credit impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective profit rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective profit rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit impaired financial assets, a credit adjusted effective profit rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

2. Significant accounting policies (cont'd.)

2.9 Financial assets (cont'd.)

(a) Classification of financial assets (cont'd.)

(i) Financial assets at AC (cont'd.)

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation (using the effective profit method) of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Profit income is recognised using the effective profit method for debt instruments measured subsequently at AC and at FVOCI. For financial assets other than purchased or originated credit impaired financial assets, profit income is calculated by applying the effective profit rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired. For financial assets that have subsequently become credit impaired, profit income is recognised by applying the effective profit rate to the amortised cost of the financial asset. If, in subsequent financial years, the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit impaired, profit income is recognised by applying the effective profit rate to the gross carrying amount of the financial asset.

For purchased or originated credit impaired financial assets, the Company recognises profit income by applying the credit adjusted effective profit rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired.

The financial assets at AC include Islamic accounts with licensed banks, secured staff financing and other receivables.

(ii) Financial assets at FVOCI with recycling of cumulative gains and losses

Debt instruments that meet the following conditions are measured at FVOCI:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

For debt instruments at FVOCI, profit income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at AC. The remaining fair value changes are recognised in other comprehensive income ("OCI"). Upon derecognition, the cumulative fair value change recognised in OCI is recycled to the profit or loss.

Financial assets classified as FVOCI with recycling include unquoted debt instruments and government investment issues.

2. Significant accounting policies (cont'd.)

2.9 Financial assets (cont'd.)

(a) Classification of financial assets (cont'd.)

(iii) Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition

Upon initial recognition, the Company can make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in equity instrument within the scope of MFRS 9 *Financial Instruments* that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination. The classification is determined on an instrument-by-instrument basis.

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the fair value reserve. Gains and losses on these financial assets are never recycled to the profit or loss. Dividends are recognised as investment income in profit or loss when the right to receive payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Company has not elected to classify any equities under this category.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVOCI are measured at FVTPL, specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVOCI on initial recognition.
- Debt instruments that fail the SPPI test are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces an accounting mismatch that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has designated debt instruments under the family takaful fund as financial assets at FVTPL.

2. Significant accounting policies (cont'd.)

2.9 Financial assets (cont'd.)

(a) Classification of financial assets (cont'd.)

(iv) Financial assets at FVTPL (cont'd.)

Financial assets at FVTPL are measured at fair value at the end of each financial year, with any fair value gains or losses recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or profit earned on the financial asset.

(b) Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company holds financial assets to generate returns and provide a capital base to provide for settlement of claims as they arise. The Company considers the timing, amount and volatility of cash flow requirements to support takaful liability portfolios in determining the business model for the assets as well as the potential to maximise return for shareholders and participants as well as for future business development.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios that is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel;
- How certificate holders are compensated - e.g. whether compensation is based on the fair value of the assets management or the contractual cash flows collected;
- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual profit income, maintaining a particular profit rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets; and
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case’ scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

2. Significant accounting policies (cont'd.)

2.9 Financial assets (cont'd.)

(b) Business model assessment (cont'd.)

The Company should assess its business models at each financial year in order to determine whether the models have changed since the preceding period. Changes to business models are not expected to be frequent but should such event take place, it must be:

- Determined by the Company's key management as a result of external or internal changes;
- Significant to the Company's operations; and
- Demonstrable to external parties.

A change in the business model will occur only when the Company begins or ceases to perform an activity that is significant to its operations. Changes in the objective(s) of the business models must be effective before the reclassification date.

(c) The SPPI Test

The Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

‘Principal’ for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation/accretion of the premium/discount).

The most significant elements of profit within a debt arrangement are typically the consideration for the time value of money and credit risk. In assessing the SPPI test, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set.

(d) Reclassifications

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line.

2. Significant accounting policies (cont'd.)

2.9 Financial assets (cont'd.)

(e) Derecognition

A financial asset is derecognised when:

(i) The contractual right to receive cash flows from the asset has expired; or

(ii) The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(a) The Company has transferred substantially all the risks and rewards of the asset; or

(b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

When assessing whether or not to derecognise an instrument, amongst others, the Company considers the following factors:

- Change in currency of the debt instrument
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original effective profit rate, the Company records a modification gain or loss.

(f) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

2. Significant accounting policies (cont'd.)

2.10 Fair value measurement

The Company measures financial instruments such as financial assets at FVTPL, financial assets at FVOCI and non-financial assets such as self-occupied properties at fair value at each financial year. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 21.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability; or

(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs that are based on observable market data, either directly or indirectly

Level 3 - Inputs that are not based on observable market data

An annual valuation is performed to reflect the fair value of the Company’s self-occupied property and the investment properties of the family takaful fund. At the end of each financial year, accredited independent valuers having appropriate recognised professional qualification are appointed to perform the annual valuation. The valuation techniques used by the accredited independent valuers are verified to ensure that they are in accordance with the requirements of MFRS 13 *Fair Value Measurement* .

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each financial year. The fair values hierarchy of assets that are measured at fair value and/or for which fair value are disclosed is presented in Note 41(vi).

2. Significant accounting policies (cont'd.)

2.11 Impairment of assets

The Company recognises an allowance for expected credit losses (“ECL”) for all financial assets not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the appropriate effective profit rate.

The ECL model applies to all financial assets held by the Company except for:

- Financial assets measured at FVTPL; and
- Equity instruments.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company will generally be required to apply the 'three-bucket' approach based on the change in credit quality since initial recognition:

	Stage 1	**Stage 2**	**Stage 3**
	Performing	Under-Performing	Non-Performing
ECL Approach	12-month ECL	Lifetime ECL	Lifetime ECL
Criterion	No significant increase in credit risk	Credit risk increased significantly	Credit-impaired assets
Recognition of profit income	Gross carrying amount	Gross carrying amount	Net carrying amount

Forward-looking information and ECL measurement

The amount of credit loss recognised is based on forward-looking estimates that reflect current and forecast economic conditions. The forward-looking adjustment is interpreted as an adjustment to the expected future economic conditions, as indicated by different macroeconomic factors and/or expert experienced in credit judgement.

2. Significant accounting policies (cont'd.)

2.11 Impairment of assets (cont'd.)

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- PD The ***Probability of Default*** is an estimate of the likelihood of default over a given time horizon. It is estimated with consideration of economic scenarios and forward-looking information.
- EAD The ***Exposure at Default*** is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the financial year end, including repayments of principal and profit, whether scheduled by contract or otherwise, and accrued profit from missed payments.
- LGD The ***Loss Given Default*** is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive. It is usually expressed as a percentage of the EAD.

In its ECL models, the Company relies on a broad range of forward looking information as economic inputs, such as government debt, consumer sentiment index, residential property index, consumer price index, net foreign direct investment, Gross Domestic Product ("GDP"), inflation, currency rate, base lending rate and stock index.

(i) Debt instruments at AC and FVOCI

In accordance to the 'three-bucket' approach, all newly purchased financial assets shall be classified in Stage 1, except for credit impaired financial assets. It will move from Stage 1 to Stage 2 when there is significant increase in credit risk ("SICR"), and Stage 2 to Stage 3 when there is an objective evidence of impairment. Financial assets which have experience a SICR since initial recognition are classified as Stage 2, and are assigned a lifetime ECL.

The ECLs for debt instruments at AC and at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI with a corresponding charge to the profit or loss. The accumulated gain recognised in OCI is recycled to the profit or loss upon derecognition of the assets.

(ii) Takaful certificate receivables

The impairment on takaful certificate receivables is measured using the simplified approach at initial recognition and throughout its life at an amount equal to lifetime ECL. The ECL is calculated using a provision matrix based on historical data where the takaful certificate receivables are grouped based on different sales channel and different retakaful contribution type's arrangement respectively. The impairment is to be calculated on the total outstanding balance including all aging buckets from current to 12 months and above. Roll rates are applied on the outstanding balance of the ageing bucket which forms the base of the roll rate. A forward-looking factor is to be included in the calculation of ECL.

Takaful certificate receivables are considered in default when contractual payments are past due more than 12 months.

2. Significant accounting policies (cont'd.)

2.11 Impairment of assets (cont'd.)

(iii) Non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each financial year to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”).

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the 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. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of a cash-generating unit is allocated first to reduce the goodwill of the assets, then the carrying amount of the other assets in the unit (or groups of units) and finally, to reduce the carrying amount of the other assets in the unit on a pro rata basis.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. 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 had been recognised. Reversals of impairment losses are credited to the profit or loss in the period in which the reversals are recognised.

(iv) Write-offs

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense. There were no write-offs over the periods reported in these financial statements.

2. Significant accounting policies (cont'd.)

2.12 Measurement and impairment of Qard

Any deficits in the takaful funds are made good via a benevolent profit-free loan, or Qard, granted by the shareholder's fund to the takaful fund. The Qard is stated at cost less any impairment losses in the shareholder's fund. In the takaful fund, the Qard is stated at cost.

The Qard shall be repaid from future surpluses of the takaful fund.

The Qard is tested for impairment on an annual basis via an assessment of the estimated surpluses or cash flows from the affected takaful funds to determine whether there is objective evidence of impairment. If the Qard is impaired, an amount comprising the difference between its cost and its recoverable amount, less any impairment losses previously recognised, is recognised in profit or loss.

Impairment losses are subsequently reversed in profit or loss if objective evidence exists that the Qard is no longer impaired.

2.13 Share capital and dividend expenses

An equity instrument is any contract that evidences residual interest in the assets of the Company after deducting all its liabilities.

Ordinary shares are recorded at all of the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.14 Cash and cash equivalents

Cash and cash equivalents include cash in hand and at banks, excluding fixed and call deposits with licensed financial institutions, which have an insignificant risk of changes in value. The statement of cash flows has been prepared using the indirect method.

2.15 Takaful certificate receivables

Takaful certificate receivables are recognised when due and measured on initial recognition at the fair value of the consideration receivable. Subsequent to initial recognition, takaful certificate receivables are measured at amortised cost, using the effective profit rate method.

The Company recognises an allowance for ECL for takaful certificate receivables and recognises that impairment loss in profit or loss. The policy for the recognition and measurement of impairment losses for takaful certificate receivables is in accordance with Note 2.11(ii).

Takaful certificate receivables are derecognised when the derecognition criteria for financial assets, as described in Note 2.9(e), have been met.

2.16 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. Leases arise when the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2. Significant accounting policies (cont'd.)

2.16 Leases (cont'd.)

(i) The Company as lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use ("ROU") assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. ROU assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. All ROU assets recognised by the Company have shorter lease terms than estimated useful life.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The ROU assets are presented as a separate line in the statement of financial position.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed lease payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, it was discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate ("IBR"). After the commencement date, the amount of lease liabilities is increased to reflect the accretion of profit and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Company did not make any such adjustment during the financial year.

2. Significant accounting policies (cont'd.)

2.16 Leases (cont'd.)

(i) The Company as lessee (cont'd.)

Lease liabilities (cont'd.)

The lease liability is presented as a separate line in the statement of financial position.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of equipment that are considered to be low-value (such as laptops and personal computers, small items of office furniture and telephones). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(ii) The Company as lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other operating income in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2. Significant accounting policies (cont'd.)

2.17 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 9 *Financial Instruments* , are recognised in the statement of financial position when, and only when, the Company and/or the takaful funds become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

(a) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities held for trading include derivatives entered into by the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Company has not designated any financial liabilities as at FVTPL.

(b) Other financial liabilities

The Company's other financial liabilities include takaful certificate payables and other payables.

Takaful certificate payables and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective profit method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.18 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each financial year end and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation.

2. Significant accounting policies (cont'd.)

2.19 Income tax

Income tax for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is computed using the tax rates that have been enacted at the end of the financial year.

Deferred tax is provided for, using the liability method, on temporary differences at the end of the financial year between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of financial year. Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in other comprehensive income/participants' fund, in which case the deferred tax is also charged or credited directly in other comprehensive income/participants' fund.

2.20 Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. 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 balances. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plan

As required by law, the Company makes contributions to the national pension scheme, the Employees Provident Fund ("EPF"). The Company also makes additional contributions to the EPF for eligible employees by reference to their earnings. Such contributions are recognised as an expense in profit or loss as incurred.

2. Significant accounting policies (cont'd.)

2.21 Foreign currencies

(i) Foreign currency transactions

In preparing the financial statements, transactions in currencies other than the functional currency ("foreign currencies") are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At each financial year end, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the financial year end. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value are determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items during the financial year are recognised in profit or loss.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the profit and loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised directly in other comprehensive income.

2.22 Other revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled when the performance obligation is satisfied. The following specific recognition criteria must also be met before revenue is recognised.

(i) Profit and investment income

Profit and investment income on Shariah compliant investments are recognised on an accrual basis using the effective profit of the asset.

(ii) Dividend income

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

(iii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iv) Management fees

Management fees are recognised when services are rendered.

2.23 Zakat

Zakat represents an obligatory amount payable by the Company to comply with the principles of Shariah. Zakat is computed using a method as recommended by the GSC and approved by the Board. Only the zakat that is attributable to the individual and corporate Muslim shareholders of the holding company was provided for in the financial statements. The zakat computation is reviewed by the GSC. The Board has the discretion to pay additional sum above the obligatory amount payable.

2.24 Balances with related companies

Balances with related companies are stated at the amounts which are due and expected to be settled.

2. Significant accounting policies (cont'd.)

2.25 Changes in accounting policies

The accounting policies adopted by the Company are consistent with those of the previous financial year except for the following:

Amendments to MFRSs

At the beginning of the current financial year, the Company adopted the following Amendments which are mandatory for annual periods beginning on or after 1 January 2021.

Amendments to MFRS 3 *Business Combinations Reference to the Conceptual Framework*
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 *Interest Rate Benchmark Reform-Phase 2*
Amendments to MFRS 16 *Leases Covid-19-Related Rent Concessions beyond 30 June 2021*
Amendments to MFRS 116 *Property, Plant and Equipment—Proceeds before Intended Use*
Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets Onerous Contract—Cost of Fulfilling a Contract*

The adoption of the above pronouncements did not have any significant effect on the disclosures or amounts recognised in the Company's financial statements.

2.26 Standards issued but not yet effective

The Standards and Amendments to Standards that are issued but not yet effective up to the date of issuance of the Company’s financial statements are disclosed below. The Company intends to adopt these new pronouncements, if applicable, when they become effective:

Description	**Effective for annual periods beginning on or after**
Amendments to MFRS 101 *Presentation of Financial Statements Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to MFRS 101 *Presentation of Financial Statements Disclosure of Accounting Policies*	1 January 2023
MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Insurance Contracts Initial Application of MFRS 17 and MFRS 9—Comparative Information*	1 January 2023
Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*	1 January 2023
Amendments to MFRS 112 *Income Taxes Deferred Tax related to Assets and Liabilities arising from Single Transaction*	1 January 2023
Amendments to MFRS 10 *Consolidated Financial Statements and MFRS 128 Investment in Associates and Joint Ventures*	To be announced by MASB

2. Significant accounting policies (cont'd.)

2.26 Standards issued but not yet effective (cont'd.)

The Directors are of the opinion that the adoption of the above pronouncements are not expected to have a material impact on the financial statements of the Company in the period of initial application except for those discussed below:

MFRS 17 Insurance Contracts and Amendments to MFRS 17

MFRS 17 will replace MFRS 4 Insurance Contracts issued in 2005. MFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

The main features of the new accounting model for insurance contracts are as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured at every financial year end (the fulfilment cash flows);
- A Contractual Service Margin ("CSM") that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profitability of the insurance contracts to be recognised in profit or loss over the service period (i.e., coverage period);
- The immediate recognition of the loss arising from onerous contracts in profit or loss, with no CSM recognised on the statement of financial position on initial recognition;
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period;
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice;
- The presentation of insurance revenue and insurance service expenses in profit or loss will be based on the concept of services provided during the period;
- Amounts that the policyholders will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in profit or loss, but are recognised directly on the statement of financial position;
- Insurance services results (earned revenue less incurred claims and expenses) are presented separately from the insurance finance income or expense; and
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

2. Significant accounting policies (cont'd.)

2.26 Standards issued but not yet effective (cont'd.)

MFRS 17 Insurance Contracts and Amendments to MFRS 17 (cont'd.)

The Malaysian Accounting Standards Board issued a paper titled MFRS 17 Insurance Contracts: Definition and Scope for Takaful. The paper concluded that MFRS 17 is applicable to a takaful contract because:

- MFRS 17 applies to those contracts that fall within the ‘insurance contract’ definition, regardless of their legal form or the legal form of the issuing entity. Accordingly, takaful contracts would fall within the scope of MFRS 17 because a takaful fund or entity is separate from the participants (takaful policyholders) and the fund or entity is accepting significant insurance risk from the participants in the same way that a mutual conventional insurer accepts significant insurance risk from its policyholders. As MFRS 17 deems that a mutual entity accepts insurance risk, it is considered that the mutuality aspect of takaful contracts is consistent with takaful entity also accepting insurance risk.

- In the context of MFRS 17, insurance risk is being transferred from participants (takaful policyholders) to another entity – either represented by the takaful fund or funds or the takaful operator as the entity managing the takaful business as a whole.

- The acceptance of significant insurance risk need not be a direct, overt acceptance but may result from the presence of factors and circumstances indicating that insurance risk has been transferred. This is consistent with the objective of MFRS 17 that considers an entity’s substantive rights and obligations when applying MFRS 17.

As a result of the above, the Company has assessed the takaful contracts issued and concluded that MFRS 17 is applicable. Consequently, the Company has established a project team with the assistance from consultants to plan and manage the MNRB Group wide implementation of MFRS 17. The Company is in the midst of implementing the relevant systems solution, architecture and processes to ensure compliance to the said standard.

3. Significant accounting estimates and judgements

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities at the financial year. However, uncertainty about these assumptions and estimates could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Critical judgements made in applying accounting policies

The preparation of financial statements in conformity with MFRS requires management to exercise judgement on the use of estimates and make assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The following judgements, which have the most significant effect on the amounts recognised in the financial statements are discussed below:

(i) Classification between investment property and self occupied property

The Company has developed certain criteria based on MFRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Company would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(ii) Valuation of self occupied and investment properties

The Company had carried out a valuation on the investment properties based on the comparison approach method conducted by an independent qualified valuer.

In the comparison approach method, the market value is based on the sales and listing of comparable properties registered within the vicinity. This valuation method requires the establishment of a comparable property by reducing reasonable comparative sales and listing to a common denominator. The details are explained in Notes 16 and 18.

3. Significant accounting estimates and judgements (cont'd.)

3.1 Critical judgements made in applying accounting policies (cont'd.)

The preparation of financial statements in conformity with MFRS requires management to exercise judgement on the use of estimates and make assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The following judgements, which have the most significant effect on the amounts recognised in the financial statements are discussed below (cont'd.):

(iii) Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Company included the renewal period as part of the lease term for leases of equipments and office buildings with shorter non-cancellable period (i.e., three to five years). The Company typically exercises its option to renew these leases because there will be a significant negative effect on production if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

(iv) Property lease classification – Company as lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases based on the evaluation of the terms and conditions of the arrangements, such as the lease term does not constitute a major part of the economic life of the commercial property, and the present value of the lease payments does not amount to substantially all of the fair value of the commercial property.

3. Significant accounting estimates and judgements (cont'd.)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial year end that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Uncertainty in accounting estimates for family takaful certificate liabilities (Note 24)

The estimation of the ultimate liability arising from claims made under family takaful certificates is a critical accounting estimate. There are several sources of uncertainty that need to be considered in estimation of the liabilities that the family takaful fund will ultimately be required to pay as claims.

For family takaful certificates, estimates are made for future deaths, disabilities, maturities, investment returns, voluntary terminations and expenses in accordance with contractual and regulatory requirements. The family takaful fund bases the estimate of expected number of deaths on statutory mortality tables, adjusted where appropriate to reflect the fund's unique risk exposures. The estimated number of deaths determines the value of possible future benefits to be paid out, which will be factored into ensuring sufficient cover by reserves, which in return is monitored against current and future contributions.

For those certificates that cover risks related to disability, estimates are made based on recent past experience and emerging trends. However, epidemic as well as wide ranging changes to lifestyle, could result in significant changes to the expected future exposures.

All of this will give rise to estimation uncertainties in the projected ultimate liability of the family takaful fund. The sensitivity of the actuarial liabilities of the family takaful fund to changes in assumptions are detailed in Note 38(d).

(ii) Uncertainty in accounting estimates for shareholder's fund expense liabilities (Note 25)

The principal uncertainty in the shareholder's fund takaful certificate liabilities arises from the technical provisions which include the expense liabilities of the family takaful funds as explained in Note 2.5(iii).

(a) Expense liabilities of family takaful fund

An allowance is made to record certain future expected losses, if any, to the Company arising from servicing of individual certificates with participants.

For single contribution products, the allowance is estimated based on the actuarial present value of future maintenance expenses. For other products, provisions are estimated based on discounted future net cash flows of the Company using an actuarial method consistent with that used for non-unit reserving called the sterling reserves methodology.

The assumptions used are consistent with that used in the valuation of the family takaful certificate liabilities and the Company's expense assumptions are based on the Company's experience study with an appropriate allowance of PRAD.

4. Net earned contributions

2022	Family takaful fund RM '000	Company RM '000
Gross earned contribution	714,618	713,762
Earned contributions ceded to retakaful operators	(96,166)	(96,166)
Net earned contributions	618,452	617,596
2021		
Gross earned contribution	688,196	687,471
Earned contributions ceded to retakaful operators	(77,025)	(77,025)
Net earned contributions	611,171	610,446

5. Investment income

2022	Shareholder's fund RM '000	Family takaful fund RM '000	Company RM '000
Financial assets at FVTPL:			
Designated upon initial recognition:			
Profit income	-	114,421	114,421
Mandatorily measured:			
Profit income	58	-	58
Dividend income			
- Quoted shares in Malaysia	395	4,158	4,553
- Shariah approved unit trust funds	47	1,461	1,508
- Property trust funds	25	225	250
Financial assets at FVOCI:			
Profit income	9,629	-	9,629
Financial assets at amortised costs:			
Profit income	3,703	11,245	14,948
Rental income	-	3,827	-
Net amortisation of premiums	(166)	(1,868)	(2,034)
Investment expenses	(25)	(225)	(250)
	13,666	133,244	143,083

5. Investment income (cont'd.)

2021	**Shareholder's fund RM '000**	**Family takaful fund RM '000**	**Company RM '000**
Financial assets at FVTPL:			
Designated upon initial recognition:			
Profit income	-	107,025	107,025
Mandatorily measured:			
Profit income	59	-	59
Dividend income			
- Quoted shares in Malaysia	388	4,312	4,700
- Shariah approved unit trust funds	-	643	643
- Property trust funds	20	110	130
Financial assets at FVOCI:			
Profit income	8,250	-	8,250
Financial assets at amortised costs:			
Profit income	6,876	14,325	21,201
Rental income	-	3,827	1,448
Net amortisation of premiums	(317)	(3,204)	(3,521)
Investment expenses	(12)	(215)	(227)
	15,264	126,823	139,708

6. Realised gains/(losses)

2022	Shareholder's fund RM '000	Family takaful fund RM '000	Company RM '000
Financial assets at FVTPL:			
Designated upon initial recognition:			
Government investment issues	-	3,612	3,612
Unquoted Islamic private debt securities	-	820	820
Mandatorily measured:			
Quoted Shariah approved equities in Malaysia	605	(415)	190
Shariah approved unit trust funds	-	2,326	2,326
Property trust funds	145	(91)	54
Financial assets at FVOCI:			
Government investment issues	181	-	181
	931	6,252	7,183
2021			
Financial assets at FVTPL:			
Designated upon initial recognition:			
Government investment issues	-	1,824	1,824
Unquoted Islamic private debt securities	-	1,222	1,222
Mandatorily measured:			
Quoted Shariah approved equities in Malaysia	(188)	1,150	962
Shariah approved unit trust funds	-	3,660	3,660
Property trust funds	52	855	907
Financial assets at FVOCI:			
Government investment issues	2,219	-	2,219
Unquoted Islamic private debt securities	383	-	383
	2,466	8,711	11,177

7. Fair value (losses)/gains

2022	Shareholder's fund RM '000	Family takaful fund RM '000	Company RM '000
Financial assets at FVTPL	(786)	(47,113)	(47,635)
2021			
Financial assets at FVTPL	1,020	(39,523)	(38,503)

8. Fee and commission income

2022	Shareholder's fund RM '000	Family takaful fund RM '000	Company RM '000
Wakalah fee income	217,801	-	-
Investment performance fee from family takaful fund	16,916	-	-
	234,717	-	-
2021			
Wakalah fee income	221,440	-	-
Investment performance fee from family takaful fund	16,052	-	-
Retakaful commission income	-	2	2
	237,492	2	2

9. Fee and commission expenses

2022	Shareholder's fund RM '000	Family takaful fund RM '000	Company RM '000
Wakalah fee expenses	-	(217,801)	-
Investment performance fee	-	(16,916)	-
Commission paid to agents	(93,965)	-	(93,965)
	(93,965)	(234,717)	(93,965)
2021			
Wakalah fee expenses	-	(221,440)	-
Investment performance fee	-	(16,052)	-
Commission paid to agents	(92,565)	-	(92,565)
	(92,565)	(237,492)	(92,565)

10. Management expenses

2022	Shareholder's fund RM '000	Family takaful fund RM '000	Company RM '000
Staff costs:			
Salaries, bonus, and other related costs	34,828	-	34,828
President & CEO, Directors and Group Shariah Committee members' remuneration (Note 11)	2,208	-	2,208
Pension costs - Employees Provident Fund ("EPF")	4,755	-	4,755
Social security costs	270	-	270
Short-term accumulating compensated absences	152	-	152
Auditors' remuneration			
- audit fees	464	-	464
- regulatory related fees	20	-	20
- other services	30	-	30
- other assurance services	379	-	379
	43,106	-	43,106

10. Management expenses (cont'd.)

2022 (cont'd.)	Shareholder's fund RM '000	Family takaful fund RM '000	Company RM '000
Expense relating to short-term leases	8	-	8
Amortisation of intangible assets	8,798	-	8,798
Depreciation of property and equipment	746	-	2,841
Depreciation of right-of-use assets	2,944	-	718
Management fees paid to holding company	17,326	-	17,326
Management fees paid to related company	51	-	51
Professional and legal fees	2,697	-	2,697
Marketing and promotional costs	17,952	-	17,952
Electronic data processing costs	8,064	-	8,064
Agency expenses	12,346	-	12,346
Other expenses	16,544	3,415	19,103
	130,582	3,415	133,010

2021	Shareholder's fund RM '000	Family takaful fund RM '000	Company RM '000
Staff costs:			
Salaries, bonus, and other related costs	33,601	-	33,601
President & CEO, Directors and Group Shariah Committee members' remuneration (Note 11)	2,170	-	2,170
Pension costs - EPF	4,671	-	4,671
Social security costs	267	-	267
Short-term accumulating compensated absences	683	-	683
Auditors’ remuneration			
- audit fees	474	-	474
- regulatory related fees	20	-	20
- other services	30	-	30
- other assurance services	300	-	300
Expense relating to short-term leases	8	-	8
Amortisation of intangible assets	7,830	-	7,830
Depreciation of property and equipment	386	-	2,429
Depreciation of right-of-use assets	4,246	-	2,016
Management fees paid to holding company	13,629	-	13,629
Professional and legal fees	2,398	-	2,398
Marketing and promotional costs	30,203	-	30,203
Electronic data processing costs	8,788	-	8,788
Agency expenses	10,210	-	10,210
Other expenses	12,528	1,107	12,910
	132,442	1,107	132,637

11. President & CEO, Directors' and Group Shariah Committee members' remuneration

Shareholder's fund/Company			2022 RM '000	2021 RM '000
(a)	**President & CEO:**			
	Salary and bonus		1,035	935
	Pension costs - EPF		176	159
	Benefits-in-kind		25	12
	Allowances and other emoluments		60	17
			1,296	1,123
	Total President & CEO's remuneration excluding benefits-in-kind	A	1,271	1,111
(b)	**Executive Director's remuneration:**			
	Fees	B	-	21
(c)	**Non-Executive Directors' remuneration:**			
	Fees		627	723
	Allowances and other emoluments		235	232
		B	862	955
(d)	**Shariah Committee members' remuneration:**			
	Fees		57	60
	Allowances and other emoluments		18	23
		C	75	83
	Total remuneration of President & CEO, Directors and Shariah Committee members excluding benefits-in-kind	A+B+C	2,208	2,170

	2022	2021
President & CEO and Executive Director:		
RM500,001 - RM1,500,000	1	1
RM100,001 - RM500,000	1	1
Non-executive Directors:		
RM150,001 - RM200,000	4	4
RM100,001 - RM150,000	1	2
Below RM50,000	1	-

11. President & CEO, Directors and Group Shariah Committee members' remuneration (cont'd.)

	Salary and bonus RM'000	Fees RM'000	Pension costs RM'000	Benefits-in-kind RM'000	Others RM'000	Total RM'000
2022						
President & CEO:						
Muhammad Fikri Mohamad Rawi (Appointed with effect from 14 January 2022)	163	-	28	-	1	192
Nor Azman Zainal (Resigned with effect from 29 December 2021)	872	-	148	25	59	1,104
	1,035	-	176	25	60	1,296
Executive Director:						
Zaharudin Daud*	-	-	-	-	-	-
Non-executive Directors:						
Datuk Johar Che Mat	-	115	-	-	50	165
George Oommen	-	130	-	-	53	183
Woon Tai Hai	-	118	-	-	51	169
Noor Rida Hamzah	-	122	-	-	39	161
Shareen Ooi Bee Hong	-	109	-	-	35	144
Professor Dato' Dr. Ahmad Hidayat Buang (Resigned with effect from 2 August 2021)	-	33	-	-	7	40
	-	627	-	-	235	862
Total Directors' remuneration	-	627	-	-	235	862

* The Executive Director, Zaharudin Daud is not entitled to receive Directors remuneration.

11. President & CEO, Directors and Group Shariah Committee members' remuneration (cont'd.)

	Salary and bonus RM'000	Fees RM'000	Pension costs RM'000	Benefits-in-kind RM'000	Others RM'000	Total RM'000
2022 (cont'd.)						
Group Shariah Committee members:						
Assoc. Prof. Dr. Said Bouheraoua	-	12	-	-	4	16
Dr. Shamsiah Mohamad	-	11	-	-	4	15
Shahrir Sofian	-	10	-	-	3	13
Sahibus Samahah Datuk Dr. Luqman Haji Abdullah	-	10	-	-	3	13
Yang Amat Arif Dato' Setia Dr. Haji Mohd. Na'im Haji Mokhtar	-	11	-	-	3	14
Prof. Dato' Dr. Ahmad Hidayat Buang (Resigned with effect from 13 July 2021)	-	3	-	-	1	4
	-	57	-	-	18	75
Total remuneration of President & CEO, Directors and GSC members	1,035	684	176	25	313	2,233

11. President & CEO, Directors and Group Shariah Committee members' remuneration (cont'd.)

2021	Salary and bonus RM'000	Fees RM'000	Pension costs RM'000	Benefits-in-kind RM'000	Others RM'000	Total RM'000
President & CEO:						
Nor Azman Zainal (Appointed on 1 September 2020)	574	-	98	12	17	701
Mohd Din Merican (Resigned with effect from 1 September 2020)	361	-	61	-	-	422
	935	-	159	12	17	1,123
Executive Directors:						
Zaharudin Daud (Appointed with effect from 23 November 2020)*	-	-	-	-	-	-
Mohd Din Merican (Retired with effect from 23 November 2020)	-	21	-	-	-	21
	-	21	-	-	-	21
Non-executive Directors:						
Datuk Johar Che Mat	-	121	-	-	45	166
George Oommen	-	138	-	-	51	189
Woon Tai Hai	-	121	-	-	45	166
Noor Rida Hamzah	-	133	-	-	37	170
Professor Dato' Dr. Ahmad Hidayat Buang	-	99	-	-	24	123
Shareen Ooi Bee Hong	-	111	-	-	30	141
	-	723	-	-	232	955
Total Directors' remuneration	-	744	-	-	232	976

* The Executive Director, Mohd Din Merican is not entitled to receive Directors remuneration.

Shariah Committee members:						
Prof. Dato' Dr. Ahmad Hidayat Buang	-	12	-	-	4	16
Assoc. Prof. Dr. Said Bouheraoua	-	11	-	-	4	15
Sahibus Samahah Datuk Dr. Luqman Haji Abdullah (Appointed with effect from 3 November 2020)	-	5	-	-	2	7
Dr. Shamsiah Mohamad (Appointed with effect from 3 November 2020)	-	4	-	-	2	6
Shahrir Sofian (Appointed with effect from 3 November 2020)	-	5	-	-	3	8
Assoc. Prof. Dr. Syed Musa Syed Jaafar Alhabshi (Resigned with effect from 3 November 2020)	-	6	-	-	2	8
Datuk Nik Moustpha Nik Hassan (Resigned with effect from 3 November 2020)	-	6	-	-	2	8
Assisstant Prof. Dr. Muhammad Naim Omar (Resigned with effect from 3 November 2020)	-	6	-	-	2	8
Assoc. Prof. Dr. Mohamed Fairooz Abdul Khir (Resigned with effect from 25 September 2020)	-	5	-	-	2	7
	-	60	-	-	23	83
Total remuneration of President & CEO, Directors and GSC members	935	804	159	12	272	2,182

12. Other operating income

2022	Shareholder's fund RM '000	Family takaful fund RM '000	Company RM '000
Miscellaneous income	5,969	10,321	16,290
Management fee income	3,834	-	3,834
Rental income	-	-	1,448
Reversal of impairment losses on takaful certificate receivable (Note 22)	-	2,517	2,517
Reversal of impairment on financial assets at FVOCI	38	-	38
Reversal of impairment on financial assets at amortised cost	12	45	57
Write-off of intangible assets	(105)	-	(105)
	9,748	12,883	24,079

2021	Shareholder's fund RM '000	Family takaful fund RM '000	Company RM '000
Miscellaneous income	2,461	2,063	4,524
Allowance for impairment losses on takaful certificate receivable (Note 22)	-	(1,494)	(1,494)
Writeback of impairment of other receivables	151	-	151
Allowance for impairment on financial assets at FVOCI	(35)	-	(35)
Allowance for impairment on financial assets at amortised cost	(13)	(45)	(58)
	2,564	524	3,088

13. Change in expense liabilities

	Shareholder's fund		Company	
	2022 RM '000	2021 RM '000	2022 RM '000	2021 RM '000
Family takaful fund				
Increase in unexpired expense reserve	6,742	4,822	6,742	4,822
	6,742	4,822	6,742	4,822

14. Tax borne by participants

Family takaful fund/Company	2022 RM '000	2021 RM '000
Current income tax:		
Current year's provision	9,931	10,401
Under/(over) provision of tax expense in prior year	5	(24)
	9,936	10,377
Deferred income tax (Note 20):		
Deferred tax relating to origination and reversal of temporary differences	(3,816)	(3,334)
Tax expense for the year	6,120	7,043

Domestic income tax for family takaful fund is taxed at the preferential tax rate of 8% (2021: 8%) of taxable investment income for the year.

A reconciliation of income tax expenses applicable to (deficit)/surplus before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

Family takaful fund/Company	2022 RM '000	2021 RM '000
(Deficit)/surplus before taxation	(84)	35,947
Taxation at Malaysian statutory tax rate	(7)	2,876
Income not subject to tax	(51,329)	(148,989)
Expenses not deductible for tax purposes	58,067	153,483
Utilisation of capital allowances allocated from Shareholder's fund	(616)	(303)
Under/(over) provision of tax expense in prior year	5	(24)
Tax expense for the year	6,120	7,043

15. Taxation

Shareholder's fund	**2022 RM '000**	**2021 RM '000**
Current income tax:		
Current year's provision	14,432	5,489
(Over)/under provision of tax expense in prior year	(2,735)	2,589
	11,697	8,078
Deferred income tax (Note 20):		
Deferred tax relating to origination and reversal of temporary differences	(15,659)	693
Tax (credit)/expense for the year	(3,962)	8,771

Company	**2022 RM '000**	**2021 RM '000**
Current income tax:		
Current year's provision	14,432	5,489
(Over)/under provision of tax expense in prior year	(2,735)	2,589
	11,697	8,078
Deferred income tax (Note 20):		
Deferred tax relating to origination and reversal of of temporary differences	(15,596)	693
Tax (credit)/expense for the year	(3,899)	8,771

Domestic income tax for Shareholder's fund and Company is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the year.

The amendments to section 60AA of the Income Tax Act 1967 has been introduced in Budget 2022 and subsequently gazetted on 31 December 2021 via the Finance Act 2021. Consequent to the amendments, management expenses incurred by the shareholder's fund of the family takaful operators are now allowed as deductible for the purpose of computing taxable income from YA 2022 onwards. Since management expenses are now deductible under the new amendments, the Company has recognised a deferred tax assets of RM10,956,000 in the shareholder's fund as disclosed.

15. Taxation (cont'd.)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

Shareholder's fund	2022 RM '000	2021 RM '000
Profit before taxation and after zakat	26,648	28,298
Taxation at Malaysian statutory tax rate	6,396	6,792
Income not subject to tax	(346)	(53,239)
Expenses not deductible for tax purposes	2,062	52,629
Effect of changes in tax law	(9,339)	-
(Over)/under provision of tax in prior year	(2,735)	2,589
Tax (credit)/expense for the year	(3,962)	8,771

Company	2022 RM '000	2021 RM '000
Profit before taxation and after zakat	26,886	28,279
Taxation at Malaysian statutory tax rate	6,453	6,787
Income not subject to tax	(1,463)	(53,239)
Expenses not deductible for tax purposes	3,185	52,634
Effect of changes in tax law	(9,339)	-
(Over)/under provision of tax in prior year	(2,735)	2,589
Tax (credit)/expense for the year	(3,899)	8,771

16. Property and equipment

Shareholder's fund

	Computer equipment RM '000	Furniture, fittings and office equipment RM '000	Motor vehicles RM '000	Total RM '000
Cost				
At 1 April 2020	2,143	22,642	180	24,965
Additions	86	19	363	468
At 31 March 2021	2,229	22,661	543	25,433
Additions	1,450	274	-	1,724
At 31 March 2022	3,679	22,935	543	27,157
Accumulated depreciation				
At 1 April 2020	1,895	21,747	179	23,821
Charge for the year	152	212	22	386
At 31 March 2021	2,047	21,959	201	24,207
Charge for the year	460	213	73	746
At 31 March 2022	2,507	22,172	274	24,953
Net book value				
At 31 March 2022	1,172	763	269	2,204
At 31 March 2021	182	702	342	1,226

16. Property and equipment (cont'd.)

Company

	Self occupied properties RM '000	Computer equipment RM '000	Furniture, fittings and office equipment RM '000	Motor vehicles RM '000	Total RM '000
Revaluation/cost					
At 1 April 2020	81,620	2,143	22,642	180	106,585
Additions	-	86	19	363	468
Revaluation surplus	2,043	-	-	-	2,043
Elimination of accumulated depreciation	(2,043)	-	-	-	(2,043)
At 31 March 2021	81,620	2,229	22,661	543	107,053
Additions	-	1,450	274	-	1,724
Revaluation surplus	2,095	-	-	-	2,095
Elimination of accumulated depreciation	(2,095)	-	-	-	(2,095)
At 31 March 2022	81,620	3,679	22,935	543	108,777

16. Property and equipment (cont'd.)

Company (cont'd.)

	Self occupied properties RM '000	Computer equipment RM '000	Furniture, fittings and office equipment RM '000	Motor vehicles RM '000	Total RM '000
Accumulated depreciation					
At 1 April 2020	-	1,895	21,747	179	23,821
Charge for the year	2,043	152	212	22	2,429
Elimination of accumulated depreciation	(2,043)	-	-	-	(2,043)
At 31 March 2021	-	2,047	21,959	201	24,207
Charge for the year	2,095	460	213	73	2,841
Elimination of accumulated depreciation	(2,095)	-	-	-	(2,095)
At 31 March 2022	-	2,507	22,172	274	24,953
Net book value					
At 31 March 2022	81,620	1,172	763	269	83,824
At 31 March 2021	81,620	182	702	342	82,846

16. Property and equipment (cont'd.)

Revaluation of self occupied properties

Self occupied properties have been revalued based on valuations performed by an accredited independent valuer. The valuations are based on the comparison approach method, as decribed below.

The fair value of self occupied properties is classified under Level 3 of the fair value hierarchy as disclosed under Note 2.10 and Note 41(vi). The fair value gains are recognised in other comprehensive income.

Description of valuation techniques used and significant unobservable input to valuation of self occupied properties are as set out below:

	Valuation technique	Significant unobservable input	Range per square feet
2022			
Self occupied properties	Comparison approach	Sales price per square feet for similar properties	RM692 to RM1,281
2021			
Self occupied properties	Comparison approach	Sales price per square feet for similar properties	RM641 to RM1,511

In the comparison approach, the market value is based on the sales and listing of comparable properties registered within the vicinity. The technique of the approach requires the establishment of a comparable property by reducing reasonable comparative sales and listing to a common denominator. This is done by adjusting the differences between the subject property and those regarded as comparable. The comparison was premised on the factors of location, size, lease, restrictive covenants age and condition of the building as well as the time element.

A significant increase or decrease in the unobservable input used in the valuation would result in a correspondingly higher or lower fair value of the self occupied properties.

16. Property and equipment (cont'd.)

Revaluation of self occupied properties (cont'd.)

If the self occupied properties were measured using the cost model, the carrying amounts would be as follows:

Company Cost	Self occupied properties RM '000
At 1 April 2020/ 31 March 2021/ 31 March 2022	59,498
Accumulated depreciation	
At 1 April 2020	11,925
Charge for the year	1,190
At 31 March 2021	13,115
Charge for the year	1,190
At 31 March 2022	14,305
Net carrying amount	
At 31 March 2022	45,193
At 31 March 2021	46,383

17. Leases

(a) Company as a lessee

The Company has lease contracts for various items of equipments and office building used in its operations, with lease terms within 3 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension options, which are further discussed below.

The Company also has leases of office building with lease term 12 months or less and leases of low-value. The Company applies 'short-term lease' and lease of 'low-value assets' recognition for these leases.

17. Leases (cont'd.)

(a) Company as a lessee (cont'd.)

(i) Right-of-use of assets ("ROU"):

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Shareholder's fund	**Data centre**	**Office buildings**	**Computers and office equipments**	**Total**
Cost	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 April 2020	1,074	5,949	3,668	10,691
Additions during the year	-	426	-	426
Lease derecognised during the year	-	-	(2,925)	(2,925)
At 31 March 2021	1,074	6,375	743	8,192
Additions during the year	553	6,647	-	7,200
Lease derecognised during the year	(1,074)	(6,375)	(743)	(8,192)
At 31 March 2022	553	6,647	-	7,200
Accumulated depreciation				
At 1 April 2020	416	2,231	2,134	4,781
Charge for the year	416	2,515	1,315	4,246
Lease derecognised during the year	-	-	(2,925)	(2,925)
At 31 March 2021	832	4,746	524	6,102
Charge for the year	358	2,367	219	2,944
Lease derecognised during the year	(1,074)	(6,375)	(743)	(8,192)
At 31 March 2022	116	738	-	854
Net carrying amount				
At 31 March 2022	437	5,909	-	6,346
At 31 March 2021	242	1,629	219	2,090

Company	**Data centre**	**Office buildings**	**Computers and office equipments**	**Total**
Cost	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 April 2020	1,074	-	3,668	4,742
Additions during the year	-	426	-	426
Lease derecognised during the year	-	-	(2,925)	(2,925)
At 31 March 2021	1,074	426	743	2,243
Additions during the year	553	-	-	553
Lease derecognised during the year	(1,074)	-	(743)	(1,817)
At 31 March 2022	553	426	-	979

17. Leases (cont'd.)

(a) Company as a lessee (cont'd.)

(i) Right-of-use of assets ("ROU") (cont'd.):

Company **Accumulated depreciation**	**Data centre RM'000**	**Office buildings RM'000**	**Computers and office equipments RM'000**	**Total RM'000**
At 1 April 2020	416	-	2,134	2,550
Charge for the year	416	285	1,315	2,016
Lease derecognised during the year	-	-	(2,926)	(2,926)
At 31 March 2021	832	285	523	1,640
Charge for the year	358	141	219	718
Lease derecognised during the year	(1,074)	-	(742)	(1,816)
At 31 March 2022	116	426	-	542
Net carrying amount				
At 31 March 2022	437	-	-	437
At 31 March 2021	242	141	220	603

(ii) Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Shareholder's fund RM '000	**Company RM '000**
At 1 April 2021	2,136	578
Additions	7,200	553
Finance costs	148	21
Payments	(3,089)	(710)
At 31 March 2022	6,395	442
At 1 April 2020	5,730	1,922
Additions	426	426
Finance costs	209	79
Payments	(4,229)	(1,849)
At 31 March 2021	2,136	578

17. Leases (cont'd.)

(a) Company as a lessee (cont'd.)

(ii) Lease liabilities (cont'd.)

The following table sets out a maturity analysis of lease liabilities, showing contractual discounted and undiscounted cash flows (future minimum lease payments):

As at 31 March 2022

Contractual discounted cash flow	Shareholder's fund RM '000	Company RM '000
Within 1 year	2,422	275
After 1 year but not more than 5 years	3,973	167
	6,395	442

Undiscounted cash flow	Shareholder's fund RM '000	Company RM '000
Within 1 year	2,667	288
After 1 year but not more than 5 years	4,133	168
	6,800	456

As at 31 March 2021

Contractual discounted cash flow	Shareholder's fund RM '000	Company RM '000
Within 1 year	2,136	578

Undiscounted cash flow	Shareholder's fund RM '000	Company RM '000
Within 1 year	2,176	590

17. Leases (cont'd.)

(a) Company as a lessee (cont'd.)

(iii) Amount recognised in the statement of comprehensive income

As at 31 March 2022	Shareholder's fund RM '000	Company RM '000
Depreciation expense of right-of-use assets	2,944	718
Finance costs	148	21
Expense relating to short-term leases (Note 10)	8	8
Total amount recognised in profit or loss	3,100	747

As at 31 March 2021	Shareholder's fund RM '000	Company RM '000
Depreciation expense of right-of-use assets	4,246	2,016
Finance costs	209	79
Expense relating to short-term leases (Note 10)	8	8
Expense relating to leases of low-value assets	281	281
Total amount recognised in profit or loss	4,744	2,384

The shareholder's fund and Company have total cash outflow for leases of RM3,097,000 (2021: RM4,518,000) and RM717,000 (2021: RM2,138,000), respectively and non-cash additions to ROU and leases liabilities of RM7,200,000 and RM553,000, respectively.

(iv) Extension option

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company’s business needs. Management has assessed that there are no extension options expected to be exercised as at the end of the financial year.

(b) Company as a lessor

The family takaful fund and the Company have entered into non-cancellable operating lease agreements on its portfolio of self-occupied property. The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the financial year but not recognised as receivables, are as follows:

Family takaful fund

	2022 RM '000	2021 RM '000
Within 1 year	2,776	2,551
After 1 year but not more than 5 years	4,110	-
	6,886	2,551

Company

	2022 RM '000	2021 RM '000
Within 1 year	397	965
After 1 year but not more than 5 years	145	-
	542	965

18. Investment properties

Family takaful fund	2022 RM '000	2021 RM '000
<u>At fair value:</u>		
At beginning of year/end of year	81,620	81,620

The rental income and operating expenses in relation to the investment properties are as disclosed below:

Family takaful fund	2022 RM '000	2021 RM '000
Rental income	3,827	3,827
Operating expenses	(383)	(383)
	3,444	3,444

These investment properties are stated at fair value as at 31 March 2022 in accordance with the accounting policy disclosed in Note 2.7.

The fair value of investment properties is classified under Level 3 of the fair value hierarchy as disclosed under Notes 2.10 and Note 41(vi). The fair value gains are recognised in the statement of comprehensive income.

Description of valuation techniques used and significant unobservable input to valuation of investment property are disclosed in Note 16.

This investment properties of the family takaful fund are the same self-occupied properties of the Company.

19. Intangible assets

Shareholder's fund/Company

	Software development in progress RM '000	Computer software and licences RM '000	Preferred partnership fee RM '000	Total RM '000
Cost				
At 1 April 2020	13,693	36,793	6,000	56,486
Additions	8,177	2,172	23,900	34,249
At 31 March 2021	21,870	38,965	29,900	90,735
Additions	6,745	2,627	-	9,372
Reclassifications	(11,978)	11,978	-	-
Disposal	-	-	(6,000)	(6,000)
Written off	-	(471)	-	(471)
At 31 March 2022	16,637	53,099	23,900	93,636

19. Intangible assets (cont'd.)

Shareholder's fund/Company (cont'd.)

	Software development in progress RM '000	Computer software and licences RM '000	Preferred partnership fee RM '000	Total RM '000
Accumulated amortisation				
At 1 April 2020	-	25,121	4,858	29,979
Charge for the year	-	3,354	4,476	7,830
At 31 March 2021	-	28,475	9,334	37,809
Charge for the year	-	3,368	5,430	8,798
Disposal	-	-	(6,000)	(6,000)
Written off	-	(366)	-	(366)
At 31 March 2022	-	31,477	8,764	40,241
Net carrying amount				
At 31 March 2022	16,637	21,622	15,136	53,395
At 31 March 2021	21,870	10,490	20,566	52,926

20. Deferred tax assets/(liabilities)

	Shareholder's fund RM '000	Family takaful fund RM '000	Company RM '000
2022			
At 1 April 2021	65	(6,444)	(6,843)
Recognised in:			
FVOCI reserves	903	-	903
Revaluation reserve	-	-	(168)
Statement of profit or loss (Notes 14 and 15)	15,659	3,816	19,412
At 31 March 2022	16,627	(2,628)	13,304
2021			
At 1 April 2020	(257)	(9,778)	(10,628)
Recognised in:			
FVOCI reserves	1,015	-	1,307
Revaluation reserve	-	-	(163)
Statement of profit or loss (Notes 14 and 15)	(693)	3,334	2,641
At 31 March 2021	65	(6,444)	(6,843)

20. Deferred tax assets/(liabilities) (cont'd.)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority. The net deferred tax assets/(liabilities) shown in the statement of financial position have been determined after appropriate offsetting as follows:

	Shareholder's fund RM '000	Family takaful fund RM '000	Company RM '000
2022			
Deferred tax assets	16,627	-	16,627
Deferred tax liabilities	-	(2,628)	(3,323)
	16,627	(2,628)	13,304

	Shareholder's fund RM '000	Family takaful fund RM '000	Company RM '000
2021			
Deferred tax assets	516	-	1,503
Deferred tax liabilities	(451)	(6,444)	(8,346)
	65	(6,444)	(6,843)

The components and movements of deferred tax assets/(liabilities) during the financial year are as follows:

Shareholder's fund

	Expense liabilities RM '000	Financial assets RM '000	Payables RM '000	Total RM '000
2022				
At 1 April 2021	-	(451)	516	65
Recognised in fair value reserves	-	903	-	903
Recognised in statement of profit or loss (Note 15)	10,956	175	4,528	15,659
At 31 March 2022	10,956	627	5,044	16,627
2021				
At 1 April 2020	-	(1,244)	987	(257)
Recognised in fair value reserves	-	1,015	-	1,015
Recognised in statement of profit or loss (Note 15)	-	(222)	(471)	(693)
At 31 March 2021	-	(451)	516	65

20. Deferred tax assets/(liabilities) (cont'd.)

The components and movements of deferred tax assets/(liabilities) during the financial year are as follows (cont'd.):

Family takaful fund

	Financial assets RM '000	Investment properties RM '000	Total RM '000
2022			
At 1 April 2021	(4,609)	(1,835)	(6,444)
Recognised in statement of profit or loss (Note 14)	3,816	-	3,816
At 31 March 2022	(793)	(1,835)	(2,628)
2021			
At 1 April 2020	(7,943)	(1,835)	(9,778)
Recognised in statement of profit or loss (Note 14)	3,334	-	3,334
At 31 March 2021	(4,609)	(1,835)	(6,444)

The amendments to section 60AA of the Income Tax Act 1967 has been introduced in Budget 2022 and subsequently gazetted on 31 December 2021 via the Finance Act 2021. As a consequence from the amendments, management expenses incurred by the shareholder’s fund of the family takaful operators are now allowed as deductible for the purpose of computing taxable income from YA 2022 onwards. Since management expenses are now deductible under the new amendments, the Company has recognised a deferred tax assets of RM10,956,000 in the shareholder’s fund as disclosed.

20. Deferred tax assets/(liabilities) (cont'd.)

The components and movements of deferred tax assets/(liabilities) during the financial year are as follows (cont'd.):

Company

	Expense liabilities RM '000	Financial assets RM '000	Payables RM '000	Property and equipment RM '000	Total RM '000
2022					
At 1 April 2021	-	(5,045)	1,503	(3,301)	(6,843)
Recognised in fair value reserves	-	903	-	-	903
Recognised in revaluation reserve	-	-	-	(168)	(168)
Recognised in statement of profit or loss	10,956	3,928	4,528	-	19,412
At 31 March 2022	10,956	(214)	6,031	(3,469)	13,304
2021					
At 1 April 2020	-	(8,477)	987	(3,138)	(10,628)
Recognised in fair value reserves	-	1,307	-	-	1,307
Recognised in revaluation reserve	-	-	-	(163)	(163)
Recognised in statement of profit or loss	-	2,125	516	-	2,641
At 31 March 2021	-	(5,045)	1,503	(3,301)	(6,843)

21. Financial and other assets

The following table summarises the fair values and carrying values of financial assets of the Company other than cash and bank balances and takaful certificate receivables:

	2022			2021		
	Shareholder's fund RM '000	Family takaful fund RM '000	Company RM '000	Shareholder's fund RM '000	Family takaful fund RM '000	Company RM '000
Unquoted Islamic private debt securities	134,914	1,373,461	1,508,375	97,482	1,362,102	1,459,584
Government investment issues	115,299	1,166,339	1,281,638	76,831	1,136,789	1,213,620
Quoted shares in Malaysia:						
Shariah approved equities	9,574	82,071	91,645	9,007	107,142	116,149
Property trust funds	384	3,592	3,976	419	4,772	5,191
Shariah approved unit trust funds	5,047	232,779	237,826	-	186,951	186,951
Golf club memberships	118	-	118	118	-	118
Islamic commercial papers	-	-	-	14,942	44,804	59,746
Islamic investment accounts with licensed:						
Islamic banks	105,730	555,041	660,771	148,790	402,558	551,348
Investment banks	-	-	-	-	5,903	5,903
Development bank	85,201	290,954	376,155	105,817	234,889	340,706
Units held in investment-linked fund	13,911	-	-	14,176	-	-
Secured staff financing:						
Receivable within 12 months	272	-	272	564	-	564
Receivable after 12 months	262	-	262	773	-	773
Due from:						
Family takaful fund*	23,404	-	-	9,578	-	-
Investment-linked fund*	7,531	-	-	9,227	-	-
Amount due from holding company	4,213	-	4,213	216	-	216
Amount due from related companies	1,108	-	1,108	34	-	34
Income due and accrued	3,735	30,300	34,035	3,652	28,976	32,628
Sundry receivables, prepayment and deposits	12,197	10,335	22,532	3,328	475	3,803
	522,900	3,744,872	4,222,926	494,954	3,515,361	3,977,334

* The amounts due from family takaful fund, investment-linked fund and related companies are unsecured, not subject to any profit elements and are repayable on demand.

21. Financial and other assets (cont'd.)

The following table summarises the fair values and carrying values of financial assets of the Company other than cash and bank balances and takaful certificate receivables (cont'd.):

	2022			2021		
	Shareholder's fund RM '000	**Family takaful fund RM '000**	**Company RM '000**	**Shareholder's fund RM '000**	**Family takaful fund RM '000**	**Company RM '000**
Financial assets at FVTPL (Note 21(a))	29,569	2,858,242	2,873,900	24,210	2,797,756	2,807,790
Financial assets at FVOCI (Note 21(b))	249,678	-	249,678	173,823	-	173,823
Amortised cost and other assets (Note 21(c))	243,653	886,630	1,099,348	296,921	717,605	995,721
	522,900	3,744,872	4,222,926	494,954	3,515,361	3,977,334

(a) Financial assets at FVTPL

At fair value:

	2022 Shareholder's fund RM '000	2022 Family takaful fund RM '000	2022 Company RM '000	2021 Shareholder's fund RM '000	2021 Family takaful fund RM '000	2021 Company RM '000
Designated upon initial recognition:						
Unquoted Islamic private debt securities	-	1,373,461	1,373,461	-	1,362,102	1,362,102
Government investment issues	-	1,166,339	1,166,339	-	1,136,789	1,136,789
Mandatorily measured:						
Unquoted Islamic private debt securities	653	-	653	608	-	608
Quoted shares in Malaysia:						
Shariah approved equities	9,574	82,071	91,645	9,007	107,142	116,149
Units held in investment-linked fund	13,911	-	-	14,176	-	-
Property trust funds	384	3,592	3,976	419	4,772	5,191
Shariah approved unit trust funds	5,047	232,779	237,826	-	186,951	186,951
	29,569	2,858,242	2,873,900	24,210	2,797,756	2,807,790

21. Financial and other assets (cont'd.)

The following table summarises the fair values and carrying values of financial assets of the Company other than cash and bank balances and takaful certificate receivables (cont'd.):

	2022			2021		
	Shareholder's fund RM '000	Family takaful fund RM '000	Company RM '000	Shareholder's fund RM '000	Family takaful fund RM '000	Company RM '000
(b) Financial assets at FVOCI						
At fair value:						
Unquoted Islamic private debt securities	134,261	-	134,261	96,874	-	96,874
Government investment issues	115,299	-	115,299	76,831	-	76,831
Golf club memberships	118	-	118	118	-	118
	249,678	-	249,678	173,823	-	173,823

21. Financial and other assets (cont'd.)

The following table summarises the fair values and carrying values of financial assets of the Company other than cash and bank balances and takaful certificate receivables (cont'd.):

(c) Amortised cost and other assets

	2022			2021		
	Shareholder's fund RM '000	**Family takaful fund RM '000**	**Company RM '000**	**Shareholder's fund RM '000**	**Family takaful fund RM '000**	**Company RM '000**
At amortised cost/fair value						
Mandatorily measured:						
Islamic commerical papers	-	-	-	14,942	44,804	59,746
Islamic investment accounts with licensed:						
Islamic banks	105,730	555,041	660,771	148,790	402,558	551,348
Investment banks	-	-	-	-	5,903	5,903
Development banks	85,201	290,954	376,155	105,817	234,889	340,706
Secured staff financing:						
Receivable within 12 months	272	-	272	564	-	564
Receivable after 12 months	262	-	262	773	-	773
Due from:						
Family takaful fund*	23,404	-	-	9,578	-	-
Investment-linked fund*	7,531	-	-	9,227	-	-
Amount due from holding company*	4,213	-	4,213	216	-	216
Amount due from related companies*	1,108	-	1,108	34	-	34
Income due and accrued	3,735	30,300	34,035	3,652	28,976	32,628
Sundry receivables	12,025	10,335	22,360	3,111	203	3,314

***** The amounts due from family takaful fund, investment-linked fund and related companies are unsecured, not subject to any profit elements and are repayable on demand.

21. Financial and other assets (cont'd.)

The following table summarises the fair values and carrying values of financial assets of the Company other than cash and bank balances and takaful certificate receivables (cont'd.):

(c) Amortised cost and other assets (cont'd.)

	2022			2021		
	Shareholder's fund RM '000	Family takaful fund RM '000	Company RM '000	Shareholder's fund RM '000	Family takaful fund RM '000	Company RM '000
Other assets:						
Prepayments	103	-	103	198	-	198
Advance	36	-	36	12	-	12
Other receivables	33	-	33	7	272	279
	243,653	886,630	1,099,348	296,921	717,605	995,721

All items above, other than other receivables and prepayments, are financial assets measured at amortised cost. The carrying amount disclosed above approximate fair values due to their relatively short-term nature.

(d) Average effective profit rates

The average effective profit rates for each class of profit-bearing investment and placements with licensed financial institutions, at net carrying amounts are as below:

	2022			2021		
	Shareholder's fund %	Family takaful fund %	Company %	Shareholder's fund %	Family takaful fund %	Company %
Islamic private debt securities	4.0	4.4	4.4	4.4	4.4	4.4
Secured staff financing	3.0	-	3.0	3.0	-	3.0
Deposits with Islamic investment accounts	1.8	1.8	1.8	2.8	2.5	2.6

22. Takaful certificate receivables

Family takaful fund/Company

	2022 RM '000	2021 RM '000
Due contributions including agents/brokers	42,201	51,443
Due from retakaful operators	1,445	1,757
	43,646	53,200
Allowance for impairment losses	(2,598)	(5,115)
	41,048	48,085

Amounts due from retakaful operators which have been offset against amounts due to retakaful operators are as follows:

	Gross carrying amount RM'000	Gross amounts offset in the statement of financial position RM'000	Net amounts in the statement of financial position RM'000
Family takaful fund/Company			
2022			
Due from retakaful operators	155,743	(154,298)	1,445
2021			
Due from retakaful operators	148,369	(146,612)	1,757

The carrying amounts disclosed above approximate fair value at the financial year due to the relatively short-term nature.

Included in takaful certificate receivables are amounts due from related parties as disclosed in Note 35. The amounts receivable are subject to settlement terms stipulated in the takaful and retakaful certificates.

22. Takaful certificate receivables (cont'd.)

The movement in the allowance for impairment losses in relation to takaful certificate receivables are as follows:

Family takaful fund/Company

	2022 RM '000	2021 RM '000
At 1 April	5,115	3,621
(Decrease)/increase in allowance for impairment losses during the year (Note 12)	(2,517)	1,494
At 31 March	2,598	5,115

Details of impairment losses are shown in Note 39(a).

23. Tax recoverable

Included in the tax recoverable is the pending appeal case, the Inland Revenue Board of Malaysia ("IRB") had, on 28 December 2018, issued notices of additional assessments to the Company for years of assessment ("YA") 2011 and YA 2013 for RM3,052,000 and RM2,147,000 respectively.

The Company disagreed with the additional assessment imposed by IRB for the above YA and had submitted a notice of appeal by filing Form Q with the Special Commisioner of Income Tax (“SCIT”) on 24 January 2019. The SCIT had fixed a preliminary hearing of the appeal by the Company on 24 April 2020 but it was later postponed due to the Movement Control Order ("MCO"). The new case mention date was re-scheduled to 9 September 2020 but was subsequently postponed to 31 March 2021.

The Company's legal advisor had appeared before the SCIT on 16 August 2021 in order to attempt settlement in this matter as parties are desirous to settle the case amicably. The SCIT then fixed 7 October 2021 which had been vacated to 4 January 2022 for parties to update on the progress of the settlement proposal as well as for parties to file in the respective cause papers, in the event a settlement could not be reached. The Company's legal advisor had attended the case management on 4 January 2022 and informed the SCIT that a draft Questions for Determination ("QFD") had been shared with the IRB for their comments and confirmation.The SCIT then fixed 2 March 2022 which had been further vacated to 13 July 2022 for the next case management for parties to update the status of the draft QFD.

Notwithstanding the appeal and the proposed hearing before the SCIT, the Company had paid the total amount payable of RM5,199,000. The Company is also at liberty to pursue an amicable settlement of this matter.

The Company is of the view that there are strong justifications for its appeal and have treated the said payment as tax recoverable. As at the date of the financial statements, there have been no further developments on this matter.

24. Takaful certificate liabilities

	Family takaful fund			Company		
	Gross	Retakaful	Net	Gross	Retakaful	Net
2022	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Provision for claims reported by certificate holders	114,255	(22,294)	91,961	114,255	(22,294)	91,961
Participants' Investment Fund ("PIF")	2,893,271	-	2,893,271	2,893,271	-	2,893,271
Participants' Risk Fund ("PRF")	359,500	(75,508)	283,992	359,500	(75,508)	283,992
NAV attributable to unitholders	217,250	-	217,250	207,250	-	207,250
	3,584,276	(97,802)	3,486,474	3,574,276	(97,802)	3,476,474
2021						
Provision for claims reported by certificate holders	82,316	(13,630)	68,686	82,316	(13,630)	68,686
Participants' Investment Fund ("PIF")	2,808,666	-	2,808,666	2,808,666	-	2,808,666
Participants' Risk Fund ("PRF")	326,719	(70,841)	255,878	326,719	(70,841)	255,878
NAV attributable to unitholders	194,281	-	194,281	184,281	-	184,281
	3,411,982	(84,471)	3,327,511	3,401,982	(84,471)	3,317,511

24. Takaful certificate liabilities (cont'd.)

The movements of takaful certificate liabilities are presented as follows:

	Family takaful fund			Company		
	Gross	Retakaful	Net	Gross	Retakaful	Net
2022	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
At 1 April 2021	3,411,982	(84,471)	3,327,511	3,401,982	(84,471)	3,317,511
Net earned contributions	653,935	(96,166)	557,769	653,079	(96,166)	556,913
Net creation of units	60,683	-	60,683	60,683	-	60,683
Liabilities paid for death, maturities, surrenders, benefits and claims	(398,193)	71,486	(326,707)	(398,193)	71,486	(326,707)
Net cancellation of units	(18,703)	-	(18,703)	(18,703)	-	(18,703)
Benefits and claims experience variation	31,939	(8,664)	23,275	31,939	(8,664)	23,275
Fees deducted	(217,801)	-	(217,801)	(217,801)	-	(217,801)
Other revenue and expenses	(19,011)	-	(19,011)	(18,155)	-	(18,155)
Transfer to shareholder's fund	(16,916)	-	(16,916)	(16,916)	-	(16,916)
Increase in reserve	96,361	20,013	116,374	96,361	20,013	116,374
At 31 March 2022	3,584,276	(97,802)	3,486,474	3,574,276	(97,802)	3,476,474

24. Takaful certificate liabilities (cont'd.)

The movements of takaful certificate liabilities are presented as follows (cont'd.):

	Family takaful fund			Company		
	Gross	**Retakaful**	**Net**	**Gross**	**Retakaful**	**Net**
2021	**RM '000**	**RM '000**	**RM '000**	**RM '000**	**RM '000**	**RM '000**
At 1 April 2020	3,175,141	(52,608)	3,122,533	3,165,141	(52,608)	3,112,533
Net earned contributions	628,971	(77,025)	551,946	628,246	(77,025)	551,221
Net creation of units	59,225	-	59,225	59,225	-	59,225
Liabilities paid for death, maturities, surrenders, benefits and claims	(287,931)	59,747	(228,184)	(287,931)	59,747	(228,184)
Net cancellation of units	(21,870)	-	(21,870)	(21,870)	-	(21,870)
Benefits and claims experience variation	7,878	(244)	7,634	7,878	(244)	7,634
Fees deducted	(221,440)	-	(221,440)	(221,440)	-	(221,440)
Other revenue and expenses	11,246	-	11,246	11,971	-	11,971
Transfer to shareholder's fund	(16,052)	-	(16,052)	(16,052)	-	(16,052)
Increase in reserve	76,814	(14,341)	62,473	76,814	(14,341)	62,473
At 31 March 2021	3,411,982	(84,471)	3,327,511	3,401,982	(84,471)	3,317,511

25. Expense liabilities

Shareholder's fund/Company	2022 RM '000	2021 RM '000
Unexpired expense reserve ("UER")	45,650	38,908

The movement of expense liabilities is presented as follows:

Shareholder's fund/Company	2022 RM '000	2021 RM '000
At 1 April	38,908	34,086
Movement in provision for UER	6,742	4,822
At 31 March	45,650	38,908

26. Takaful certificate payables

Family takaful fund/Company	2022 RM '000	2021 RM '000
Due to retakaful operators	34,193	32,504

Amounts due to retakaful operators which have been offset against amounts due from retakaful operators are as follows:

Family takaful fund/Company	Gross carrying amount RM'000	Gross amounts offset in the statement of financial position RM'000	Net amounts in the statement of financial position RM'000
2022			
Due to retakaful operators	188,491	(154,298)	34,193
2021			
Due to retakaful operators	179,116	(146,612)	32,504

Included in amounts due to retakaful operators are amounts due to related parties as presented under Note 35. The amounts payable are subject to settlement terms stipulated in the retakaful certificates.

27. Other payables

2022	Shareholder's fund RM '000	Family takaful fund RM '000	Company RM '000
Provisions	29,240	-	29,240
Deposit contributions	-	50,110	50,110
Amount due to shareholder's fund (i)	-	30,935	-
Amount due to fellow subsidiaries (i)	13	2,498	2,511
Agency provident fund (ii)	4,277	-	4,277
Other accruals and payables	10,005	77,814	87,819
	43,535	161,357	173,957

2021	Shareholder's fund RM '000	Family takaful fund RM '000	Company RM '000
Provisions	17,329	-	17,329
Deposit contributions	-	54,092	54,092
Amount due to shareholder's fund (i)	-	18,805	-
Amount due to fellow subsidiaries (i)	263	730	993
Agency provident fund (ii)	5,642	-	5,642
Other accruals and payables	9,605	42,233	51,838
	32,839	115,860	129,894

(i) The amounts due to the shareholder's fund and the holding company/fellow subsidiaries are unsecured, not subject to any profit elements and are repayable on demand.

(ii) These represent fringe benefits to agents upon the achievement of certain persistency and production targets.

28. Share capital

Shareholder's fund/Company

	Number of ordinary shares		Amount	
	2022	2021	2022	2021
	'000	'000	RM '000	RM '000
Issued and fully paid:				
At beginning/end of the year	405,000	405,000	405,000	405,000

29. Reserves

	2022	2021
Shareholder's fund	RM '000	RM '000
Distributable retained profits	108,481	82,871
Non-distributable fair value reserves	(1,437)	1,423
	107,044	84,294

	2022	2021
Company	RM '000	RM '000
Distributable retained profits	108,727	82,942
Non-distributable fair value reserves	(4,611)	(1,751)
	104,116	81,191

The entire distributable retained profits as at 31 March 2022 can be distributed as dividends under the single tier system.

30. Participants' fund - Family takaful fund

	Family takaful fund	Company
	RM '000	RM '000
2022		
Unallocated surplus		
At 1 April 2021	199,649	162,222
Deficit attributable to participants	(6,204)	(8,299)
At 31 March 2022	193,445	153,923

30. Participants' fund - Family takaful fund (cont'd.)

2022 (cont'd.)	Family takaful fund RM '000	Company RM '000
Revaluation reserve		
At 1 April 2021	-	35,961
Net gains on fair value changes	-	2,095
Deferred tax on fair value changes	-	(168)
At 31 March 2022	-	37,888
Family takaful fund at end of the year		
Unallocated surplus	193,445	153,923
Revaluation reserve	-	37,888
	193,445	191,811

2021	Family takaful fund RM '000	Company RM '000
Unallocated surplus		
At 1 April 2020	170,745	135,361
Surplus attributable to participants	28,904	26,861
At 31 March 2021	199,649	162,222
Revaluation reserve		
At 1 April 2020	-	34,081
Net gains on fair value changes	-	2,043
Deferred tax on fair value changes	-	(163)
At 31 March 2021	-	35,961
Family takaful fund at end of the year		
Unallocated surplus	199,649	162,222
Revaluation reserve	-	35,961
	199,649	198,183

31. Earnings per share

The basic and diluted earnings per share ("EPS") is calculated based on the net profit for the financial year divided by the number of ordinary shares in issue during the year as follows:

	2022 RM '000	2021 RM '000
Profit attributable to ordinary shareholder (RM '000)	30,785	19,508
Number of ordinary shares in issue ('000)	405,000	405,000
Basic and diluted earnings per share (sen)	7.6	4.8

32. Cash flows by funds

2022	Shareholder's fund RM '000	Family takaful fund RM '000	Company RM '000
Net cash flows generated from/(used in)			
Operating activities	18,925	(26,431)	(9,758)
Investing activities	(11,096)	-	(11,096)
Financing activities	(7,941)	-	(5,689)
	(112)	(26,431)	(26,543)
Net decrease in cash and cash equivalents	(112)	(26,431)	(26,543)
At 1 April 2021	2,161	37,412	39,573
At 31 March 2022	2,049	10,981	13,030
2021			
Net cash flows generated from/(used in):			
Operating activities	74,679	(21,293)	51,136
Investing activities	(34,717)	-	(34,717)
Financing activities	(39,020)	-	(36,770)
	942	(21,293)	(20,351)
Net increase/(decrease) in cash and cash equivalents	942	(21,293)	(20,351)
At 1 April 2020	1,219	58,705	59,924
At 31 March 2021	2,161	37,412	39,573

33. Capital commitments and contingencies

Capital commitments

	2022 RM '000	2021 RM '000
Shareholder's fund and Company		
Authorised and contracted for:		
Intangible assets	4,351	3,030
Authorised but not contracted for:		
Intangible assets	3,225	5,860
Payable within 12 months	4,351	3,030
Payable after 12 months	3,225	5,860
	7,576	8,890

Contingencies

The Company has provided the following guarantees at 31 March 2022:

- Bank guarantees on the services contracts with external parties of RM67,248 in the form of cash deposit in marginal accounts.

34. Regulatory capital requirement

The capital structure of the Company, as prescribed under the Risk-Based Capital Framework for Takaful Operators ("RBCT Framework") is provided below:

2022	Shareholder's fund RM '000	Family takaful fund RM '000	Total RM'000
Eligible Tier-1 capital			
Share capital	405,000	-	405,000
Reserves, including retained earnings	108,481	193,445	301,926
Tier-2 capital			
Fair value reserves	(1,437)	-	(1,437)
Amount deducted from capital	(70,022)	-	(70,022)
Total capital available	442,022	193,445	635,467

34. Regulatory capital requirement (cont'd.)

2021	Shareholder's fund RM '000	Family takaful fund RM '000	Total RM'000
Eligible Tier-1 capital			
Share capital	405,000	-	405,000
Reserves, including retained earnings	82,871	199,649	282,520
Tier-2 capital			
Fair value reserves	1,423	-	1,423
Amount deducted from capital	(52,233)	-	(52,233)
Total capital available	437,061	199,649	636,710

35. Related party disclosures

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or to exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

(a) Related party transactions

The significant related party transactions during the period are as follows:

2022	Shareholder's fund RM '000	Family takaful fund RM '000	Company RM '000
Income/(expenses):			
Transactions with MNRB:			
Gross contribution received	-	329	329
Dividend paid	(5,000)	-	(5,000)
Rental paid	(8)	-	(8)
Management expenses chargeback	(2,553)	-	(2,553)
Management fees paid	(17,326)	-	(17,326)

35. Related party disclosures (cont'd.)

(a) Related party transactions (cont'd.)

2022	Shareholder's fund RM '000	Family takaful fund RM '000	Company RM '000
Income/(expenses) (cont'd.):			
Transactions with Takaful Ikhlas General Berhad ("Takaful IKHLAS General"), a fellow subsidiary:			
Rental income from property	-	1,448	1,448
Gross contribution received	-	310	310
Management fees received	3,339	-	3,339
Management expenses chargeback	5,203	-	5,203
Gross contribution paid for takaful cover	(106)	-	(106)
Transactions with Malaysian Reinsurance Berhad ("Malaysian Re"), a fellow subsidiary:			
Gross contribution received	-	274	274
Rental paid	(142)	-	(142)
Management fees received	495	-	495
Management fees paid	(51)	-	(51)
Management expenses chargeback	(103)	-	(103)
Transactions with MMIP Services Sdn. Bhd. ("MSSB"), a fellow subsidiary:			
Gross contribution received	-	23	23

35. Related party disclosures (cont'd.)

(a) Related party transactions (cont'd.)

2021	Shareholder's fund RM '000	Family takaful fund RM '000	Company RM '000
Income/(expenses):			
Transactions with MNRB:			
Gross contribution received	-	312	312
Dividend paid	(35,000)	-	(35,000)
Rental paid	(8)	-	(8)
Management fees paid	(13,629)	-	(13,629)
Management expenses chargeback	(1,293)	-	(1,293)
Transactions with Takaful IKHLAS General, a fellow subsidiary:			
Rental income from property	-	1,448	1,448
Gross contribution received	-	305	305
Management expenses chargeback	3,360	-	3,360
Gross contribution paid for takaful cover	(104)	-	(104)
Transactions with Malaysian Re, a fellow subsidiary:			
Gross contribution received	-	256	256
Rental paid	(184)	-	(184)
Management expenses chargeback	(14)	-	(14)
Transactions with MSSB, a fellow subsidiary:			
Gross contribution received	-	56	56

35. Related party disclosures (cont'd.)

(b) Related party balances

Included in the statement of financial position are amounts due from/(to) related parties represented by the following:

2022	Shareholder's fund RM '000	Family takaful fund RM '000	Company RM '000
Amount due from (Note 21):			
Takaful Ikhlas General Berhad	1,108	-	1,108
MNRB Holdings Berhad	4,213	-	4,213
	5,321	-	5,321
Takaful certificate receivables:			
MNRB Holdings Berhad	-	2	2
Takaful Ikhlas General Berhad	-	5	5
Sinar Seroja Berhad	-	10	10
	-	17	17
Takaful certificate payables:			
MMIP Services Sdn. Bhd.	-	(7)	(7)
Malaysian Reinsurance Berhad	-	(2)	(2)
	-	(9)	(9)
Other payables (Note 27):			
Malaysian Reinsurance Berhad	(13)	-	(13)
Takaful Ikhlas General Berhad	-	(2,498)	(2,498)
	(13)	(2,498)	(2,511)

35. Related party disclosures (cont'd.)

(b) Related party balances (cont'd.)

Included in the statement of financial position are amounts due from/(to) related parties represented by the following (cont'd.):

2021	**Shareholder's fund RM '000**	**Family takaful fund RM '000**	**Company RM '000**
Amount due from (Note 21):			
MNRB Holdings Berhad	216	-	216
Sinar Seroja Berhad	34	-	34
	250	-	250
Takaful certificate receivables:			
MNRB Holdings Berhad	-	25	25
Takaful Ikhlas General Berhad	-	3	3
	-	28	28
Takaful certificate payables:			
MNRB Holdings Berhad	-	(8)	(8)
MMIP Services Sdn. Bhd.	-	(10)	(10)
Malaysian Reinsurance Berhad	-	(3)	(3)
	-	(21)	(21)
Other payables (Note 27) :			
Takaful Ikhlas General Berhad	(261)	(730)	(991)
Malaysian Reinsurance Berhad	(2)	-	(2)
	(263)	(730)	(993)

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

35. Related party disclosures (cont'd.)

(c) Directors and other members of key management

The remuneration of Directors and other members of key management during the year are as follows:

	2022 RM '000	2021 RM '000
President & CEO and Executive Director's remuneration (Note 11(a)(b)):		
Fees	-	21
Allowances and other emoluments	60	17
Salaries and bonus	1,035	935
Pension costs - EPF	176	159
Benefits-in-kind	25	12
	1,296	1,144
Non-executive Directors' remuneration (Note 11(c)):		
Fees	627	723
Allowances and other emoluments	235	232
	862	955
Shariah Committee member's remuneration (Note 11(d)):		
Fees	57	60
Allowances and other emoluments	18	23
	75	83
Other key management personnel's remuneration:		
Salaries and bonus	3,565	2,843
Pension costs - EPF	587	467
Benefits-in-kind	380	373
Total	4,532	3,683

36. Dividends

The amount of dividends paid by the Company since the end of the previous financial years was as follows:

	RM '000
In respect of financial year ended 31 March 2021:	
Final single tier dividend of 1.23 sen per ordinary shares on 405,000,000 ordinary shares, declared on 22 September 2021 and paid on 4 October 2021.	5,000
In respect of financial year ended 31 March 2020:	
Final single tier dividend of 8.64 sen per ordinary shares on 405,000,000 ordinary shares, declared on 18 September 2020 and paid on 26 September 2020.	35,000

37. Risk management framework

The Company adopts MNRB's Group Risk Management Framework and Policy ("RM Framework") which was established to provide a set of guidelines for implementing risk management throughout the Group. It encompasses the Company's risk management:

(i) **Strategy**, by having appropriate risk management objectives, policy and appetite;

(ii) **Architecture**, by setting up risk management roles and responsibilities, communication and reporting structure; and

(iii) **Protocols**, by describing the procedures, methodologies, tools and techniques for risk management.

Risk management is the process of identifying, assessing, measuring, controlling, mitigating, and continuous monitoring the risks in respect of the Company as a whole. It involves regular self-assessments of all reasonably foreseeable and material risks that the Company faces, including their inter-relationships and the maintenance of a link between ongoing risk management and mid to long term business goals, strategies and capital needs.

The RM Framework aims to serve as a guide for the effective management of risks throughout the Company. The Framework is intended to provide guidance to the Company in performing its risk management roles and responsibilities and ultimately aims to support the achievement of the Company's strategic and financial objectives.

37. Risk management framework (cont'd.)

The primary objectives of the RM Framework are as follows:

(i) Embeds the Risk Management process and ensures it is an integral part of the Company's planning process at a strategic and operational level;

(ii) Facilitates effective risk oversight through a clear internal risk governance structure and responsibilities;

(iii) Create a risk awareness culture from a strategic, operational, and individual perspective;

(iv) Give credibility to the process and engage management's attention to the treatment, monitoring, reporting and review of identified risks as well as considering new and emerging risks on a continuous basis;

(v) Allow the Company to proactively manage its risks in a systematic and structured way and to continually refine its processes to reduce its risk profile, thereby maintaining a safer environment for its stakeholders;

(vi) Allow the Company to proactively manage its risks in a systematic and structured way and to continually refine its processes to reduce its risk profile, thereby maintaining a safer environment for its stakeholders;

(vii) Aligns the Company's risk management practices with its sustainability principles;

(viii) Provides a single point of reference for managing risks in a systematic and structured way; and

(ix) Standardises risk terminologies across the Company to facilitate a consistent and uniform approach in managing risks.

In pursuit of the above objectives, it is the Company's policy to adhere to, and comply with, all relevant governance and regulatory requirements and implement best practices with regards to risk management principles. The Company also aims to uphold high standards of business practices in all its activities.

37. Risk management framework (cont'd.)

(a) Risk management governance

The Risk Management Governance structure is as follows:

(i) The Board had established a dedicated Board Committee known as the Risk Management Committee of the Board ("RMCB") to support the Board in meeting the expectations and responsibilities on the risk and compliance management, provides assurance to the Board that the processes have been carried out effectively and inculcates a risk management culture;

(ii) The Audit Committee was established to complement the role of the Board by providing independent assessments of the adequacy and effectiveness of governance, risk management and internal control. The Audit Committee is assisted by an independent Internal Audit Department in performing its role;

(iii) The Group Shariah Committee ("GSC") was established to provide objective and sound advice to the Group to ensure that its aims and operations, business, affairs and activities are in compliance with Shariah;

(iv) The Senior Management Committee ("SMC") will oversee the implementation of risk and compliance management processes, establish and implement appropriate organisational structures and systems for managing financial and non-financial risks;

(v) The Group Management Risk & Compliance Committee ("GMRCC"), which comprises the President & Group Chief Executive Officer, the President & Chief Executive Officers and selected members of Senior Management from MNRB and its main operating subsidiaries to support the SMC to implement the risk and compliance management processes, establish clear guidance in managing the Company's risk to ensure its alignment to the Company's risk appetite for all business strategies and activities;

(vi) The Group Chief Risk Officer ("GCRO") and Risk Management Department ("RMD") establish the infrastructure and provide oversight on risk management process in the Company through the adoption of the RM Framework; and

37. Risk management framework (cont'd.)

(a) Risk management governance (cont'd.)

The Risk management governance structure is as follows (cont'd.):

(vii) At the operational level, the implementation of risk management processes in the day-to-day operations of the Company is facilitated by the Heads of Department as well as the embedded risk managers of each department, guided by various components of RM Framework.

The Board had also established a dedicated Group Investment Committee to further oversee risks associated with investments and assets allocation strategies. Further, the Company had established an Investment Policy to ensure proper risk management associated with investments and asset allocation. These are managed by investing in low-risk assets, deposits with licensed Islamic financial institutions, Islamic debt securities and other marketable securities.

(b) Capital management

The Internal Capital Adequacy Assessment Process ("ICAAP") encompasses the overall process where the Company ensures adequate capital is available to meet its capital requirements on an ongoing basis, under normal and stressed conditions, in line with BNM's Policy Document on Internal Capital Adequacy Assessment Process for Takaful Operators, the RBCT Framework and the Policy Document on Stress Testing.

The ICAAP Policy also requires the Company to set an Individual Target Capital Level ("ITCL") based on its business strategies, risk profiles and risk management practices. The Company's prevailing ITCL is above the minimum regulatory capital requirement outlined under the RBCT Framework.

Based on the material risks identified, the Company assesses the overall capital adequacy, and develops the Capital Management Plan ("CMP"), where the main objective is to monitor and maintain, at all times, an appropriate level of capital which commensurate with the Company's business operations and the resultant risk profile.

The CMP outlines the criteria, mechanism and process flow to manage the level of Capital Adequacy Ratio ("CAR") of the Company. This includes the thresholds, triggers, and action plans in place which could be undertaken to reduce the level of risks or strengthen capital available. The action plans shall be triggered upon the CAR reaching the respective thresholds. These actions are chosen with consideration to the possible adverse scenarios relative to normal operating conditions.

37. Risk management framework (cont'd.)

(c) Regulatory framework

The Company is required to comply with the Islamic Financial Services Act (“IFSA”) 2013, the Companies Act 2016, any other relevant Acts, and as applicable, Policy Documents issued by BNM from time to time.

In line with the RBCT Framework requirements on capital adequacy, the Company actively manages its capital by taking into account the potential impact of business exposure on the Company's business strategies, risk profile and overall resilience of the Company. BNM’s Guidelines on Takaful Operational Framework ("TOF") 2019, specifies the parameters to govern the operational processes of takaful operators and defines in detail, where necessary, the various rules and requirements for takaful operators without limiting or specifying particular contracts to apply to the takaful operations. As required by TOF, the Company’s respective components of the operational model were endorsed by the GSC and approved by the Board.

The Company is also a member of Perbadanan Insuran Deposit Malaysia ("PIDM"), which was established under the PIDM Act 2011 which administers the protection system for takaful and insurance benefits in the event of failure of a member institution.

37. Risk management framework (cont'd.)

(d) Asset-liability management (“ALM”) Framework

The main risk that the Company faces due to the nature of its investments and liabilities is the mismatch of assets to liabilities (investment risks). The Company manages these positions within the ALM framework to achieve long-term investment returns in excess of its obligations under the takaful certificates. The principal technique identified is to match assets to the liabilities arising from takaful certificates by reference to the type of benefits payable to participants. Amongst the mechanism to manage the ALM framework is the assessment and monitoring of the investment portfolio duration as well as the liability duration for specific risks. An Asset-Liability Committee ("ALCO") has been established to manage and monitor asset-liability mismatch risks. The ALCO ultimately reports to the Board through the Group Investment Committee.

38. Takaful risk

Family takaful fund

(a) Nature of risk

The Company principally writes the following types of family takaful certificates: Ordinary Takaful Plans, Mortgage Takaful Plans, Group Takaful Plans and Investment-linked Takaful Plans. The takaful contributions are segregated into 2 separate funds: Participants’ Risk Fund ("PRF") and Participants’ Investment Fund ("PIF").

The PRF is compulsory for all certificates and refers to the fund used to pool the portion of contributions paid by participants on the basis of tabarru’ (donation) for the purpose of meeting claims on events/risks covered under the takaful certificates. Under the tabarru’ contract, the fund is collectively owned by the pool of participants. In managing the PRF, the Company adopts an appropriate set of policies and procedures to ensure the availability of funds to meet takaful benefits when due.

The PIF refers to the fund in which a portion of the contributions paid by takaful participants for a takaful certificate is allocated for the purpose of savings and/or investment. The PIF is individually owned by the participants. In managing the PIF, the Company adopts the appropriate investment and management strategies to achieve returns that are in line with the participants’ reasonable expectations and, where relevant, to ensure the availability of funds for future tabarru’ apportionment into the PRF. The investment risk exposures for the PIF is borne by the participants. For investment-linked takaful, the PIF refers to the unit fund(s).

Family takaful risk exists from the anti-selection process and inadequacy of PRF to meet future claims arising from family takaful certificates. The risk arises when actual claims experience is different from the assumptions used in setting the prices for products and establishing the technical provisions and liabilities for claims. Other sources of risk include certificate lapses and certificate claims such as mortality and morbidity experience if they were to differ significantly from assumptions.

38. Takaful risk (cont'd.)

Family takaful fund (cont'd.)

(a) Nature of risk (cont'd.)

The Company utilises retakaful arrangements to manage the mortality and morbidity risks. Retakaful structures are set based on the risk appetite of the Company. Due to the nature of the business, the retakaful arrangements are reviewed as and when required, especially with the introduction of new products.

The Company reviews the actual experience of mortality, morbidity, lapses and surrenders, as well as expenses to ensure that appropriate policies, guidelines and limits are put in place to manage these risks.

The PIF is supported by the investment profit from the fund and the distribution surplus from PRF, if any. In the event of volatile investment climate and/or unusual claims experience, the investment profit and surplus distribution to the participants may reduce.

Stress Testing is performed on a quarterly basis. The purpose of the Stress Testing is to test the solvency and financial viability of the family takaful fund under various scenarios according to regulatory guidelines, simulating drastic changes in major parameters such as new business volume, investment environment, and mortality/morbidity patterns.

The table below discloses the contribution of the PIF and PRF liabilities (as disclosed in Note 24) by type of certificates:

	Gross RM '000	Retakaful RM '000	Net RM '000
2022			
Family takaful plans	1,376,289	(405)	1,375,884
Investment-linked takaful plans	39,045	(832)	38,213
Mortgage takaful plans	1,418,941	(345)	1,418,596
Group credit takaful plans	256,640	(33,586)	223,054
Others	161,856	(40,340)	121,516
	3,252,771	(75,508)	3,177,263
2021			
Family takaful plans	1,325,625	(6,475)	1,319,150
Investment-linked takaful plans	67,203	(15,059)	52,144
Mortgage takaful plans	1,384,478	(47)	1,384,431
Group credit takaful plans	242,879	(24,029)	218,850
Others	115,200	(25,231)	89,969
	3,135,385	(70,841)	3,064,544

(b) Catastrophe Risk

The risk that a single or a series of catastrophe events, usually over a short period, which leads to a high number of claims or single large loss or combination of both.

38. Takaful risk (cont'd.)

Family takaful fund (cont'd.)

(c) Contribution risk

Contribution risk arises when contributions charged are insufficient to meet expected claims and expenses. This risk is mitigated by adhering to the pricing policy and ceding the risk above the Company's risk appetite to retakaful operators with strong financial standing.

(d) Impact on liabilities, profit and equity

Key assumptions

The Company is being guided by the regulations and relevant guidelines in determining the liabilities of the family takaful fund and in the selection of assumptions. Assumptions used are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The assumptions that have significant effects on the financial position and financial performance of the family takaful fund are described below:

Type of business	Mortality and morbidity	2022 Discount rates	2021 Discount rates
Credit related products and individual regular contribution plans	Base mortality (i), adjusted for retakaful rates and actual experience (ii)	GII discount rate	GII discount rate
Others	Base mortality (i)	N/A*	N/A*

(i) These rates are obtained from the various industry mortality and morbidity experience tables that are used to determine the contribution rates; and

(ii) Retakaful rates are derived from the fund's retakaful arrangements with respect to the credit related products and individual regular contribution plans.

* No discounting rates used for short-term product.

38. Takaful risk (cont'd.)

Family takaful fund (cont'd.)

(d) Impact on liabilities, profit and equity (cont'd.)

Key assumptions (cont'd.)

The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

(i) Mortality and morbidity rates

Assumptions are based on mortality rates as set out in the product documentation submitted to BNM. They reflect the historical experience and are adjusted, when appropriate, to reflect the participants' expected experience. Assumptions are differentiated by gender, occupational class and product group.

An increase in mortality/morbidity will lead to a claims cost (as claims could be larger, or occur sooner than anticipated).

To the extent that the actual mortality/morbidity incidence rate is worse than that priced for, the expected surplus arising in the PRF would be lower, leading to lower surplus administration charge income. If the poor experience persists, the PRF may go into deficit, requiring the shareholder's fund to provide Qard. This is mitigated with adequate retakaful arrangements as well as contract design (in some circumstances) that builds in repricing mechanisms.

(ii) Discount rates

Family takaful liabilities of credit-related products, for example, Mortgage Reducing Term Takaful ("MRTT") and Group Credit Takaful ("GCT"), are determined as the sum of the discounted value of the expected benefits less the discounted value of the expected tabarru' (risk charge) that would be required to meet these future cash outflows. The valuation of liabilities will be discounted to valuation date using the Government Investment Issues zero coupon spot yields which are obtained from Bond Pricing Agency Malaysia as prescribed in the valuation guidelines.

A decrease in the discount rate will increase the value of family takaful liabilities and consequently, reduces the surplus distribution to participants and shareholder.

38. Takaful risk (cont'd.)

Family takaful fund (cont'd.)

(d) Impact on liabilities, profit and equity (cont'd.)

Sensitivity analysis

The analysis below is performed on possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, surplus before tax and the resulting participants' fund. The correlations of assumptions will have a significant effect on the sensitivity analysis but to demonstrate the impact due to changes in specific assumptions, the sensitivity analysis are performed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions.

	Change in assumptions %	Impact on gross liabilities RM '000	Impact on net liabilities RM '000	Impact on surplus before tax RM '000	Impact on participants' fund* RM '000
2022		---Increase/(decrease)---		-----(Decrease)/increase-----	
Mortality/morbidity	+ 10%	135,924	83,295	(83,295)	(83,295)
Discount rates	+ 1%	(19,101)	(21,054)	21,054	21,054
Mortality/morbidity	- 10%	(98,423)	(52,743)	52,743	52,743
Discount rates	- 1%	23,630	25,480	(25,480)	(25,480)
2021					
Mortality/morbidity	+ 10%	152,791	83,813	(83,813)	(83,813)
Discount rates	+ 1%	(24,727)	(23,731)	23,731	23,731
Mortality/morbidity	- 10%	(114,693)	(58,528)	58,528	58,528
Discount rates	- 1%	30,026	28,876	(28,876)	(28,876)

* The tax impact on the participants' fund is presumed to be nil as the family takaful fund is taxed only on investment income.

The method used and significant assumptions made in deriving sensitivity information did not change from those used in the previous year.

39. Financial risk

Transactions in financial instruments may result in the Company assuming financial risks. These include credit risk, liquidity risk and market risk. This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing such risks.

39. Financial risk (cont'd.)

(a) Credit risk

Credit risk is the risk of a counterparty failing to perform its obligations.

Credit risk includes the following major elements:

(i) Investment credit risk which is the risk of financial loss arising from a change in the value of an investment. This is linked to the creditworthiness and the expected ability of the issuer and/or financial institution ("counterparty") to make timely payment of profit and/or principal. Any adverse situations faced by the counterparty may result in rating downgrades and default which may impact the value as well as liquidity of the investments;

(ii) Retakaful counterparty risk which is the risk of financial loss arising from the default or the deterioration of the solvency position of the retakaful operator; and

(iii) Contribution credit risk which is the risk of financial loss arising from the non-payment of takaful contribution.

The Company is exposed to investment credit risk on its investment portfolio, primarily from investments in Islamic corporate sukuk. Creditworthiness assessments for new and existing investments are undertaken by the Company in accordance with the Investment Policy as approved by the Board. In addition, the credit ratings of the sukuk portfolios are regularly monitored and any downgrade in credit ratings will be evaluated to determine the required actions.

The Company is exposed to retakaful counterparty risk of two different types:

(i) As a result of recoveries owing from the retakaful operators for claims; and

(ii) As a result of reserves held by the retakaful operators which would have to be met by the Company in the event of default.

Credit risk in respect of customer balances incurred on non-payment of takaful contributions will only persist during the contribution warranty period specified in the certificate or until expiry, when the certificate expires or is terminated.

39. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Management of credit risk

In order to manage and mitigate credit risk, the following policies and procedures were set in place:

(i) Investment policies prescribe the minimum credit rating for sukuks that may be held. In addition, the policies are further aimed at investing in a diverse portfolio of sukuks in order to reduce the potential impact that may arise from individual companies defaulting;

(ii) Counterparty limits are set for investments and cash deposits to ensure that there is no concentration of credit risk;

(iii) The Company's investment portfolio is managed to ensure diversification and focuses on high quality investment grade fixed income securities and equity with good fundamentals; and

(iv) To mitigate retakaful counterparty risk, the Company will give due consideration to the credit quality of a retakaful operator. To facilitate this process, a list of acceptable retakaful operators based on their rating is maintained within the Company. The Company regularly reviews the financial security of its retakaful operators.

Credit exposure by credit rating

The table below provides information regarding the credit risk exposures of the Company by classifying assets according to the Company's credit ratings of counterparties.

39. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Credit exposure by credit rating (cont'd.)

Shareholder's fund	**Investment grade** [i]					**Non-investment grade** [i]			
2022	**Government guaranteed RM '000**	**AAA/P1 RM '000**	**AA RM '000**	**A RM '000**	**BBB RM '000**	**(C to BB) RM '000**	**Not Rated RM '000**	**Not subject to credit risk RM '000**	**Total RM '000**
Financial assets at FVTPL									
Mandatorily measured:									
Quoted shares in Malaysia	-	-	-	-	-	-	-	9,574	9,574
Shariah approved unit trust funds	-	-	-	-	-	-	-	5,047	5,047
Units held in investment-linked fund	-	-	-	-	-	-	-	13,911	13,911
Property trust funds	-	-	-	-	-	-	-	384	384
Unquoted Islamic private debt securities	-	-	-	-	-	653	-	-	653
Financial assets at FVOCI									
Unquoted Islamic private debt securities	49,026	72,123	3,124	9,988	-	-	-	-	134,261
Government investment issues	115,299	-	-	-	-	-	-	-	115,299
Golf club memberships	-	-	-	-	-	-	-	118	118
Financial assets at AC									
Islamic investment accounts with licensed:									
Islamic banks	-	69,884	21,953	13,893	-	-	-	-	105,730
Development bank	-	29,667	55,534	-	-	-	-	-	85,201
Secured staff financing	-	-	-	-	-	-	534	-	534
Due from takaful funds	-	-	-	-	-	-	30,935	-	30,935
Amount due from holding company	-	4,213	-	-	-	-	-	-	4,213
Amount due from related company	-	1,108	-	-	-	-	-	-	1,108
Income due and accrued	1,687	1,073	505	336	-	15	119	-	3,735
Sundry receivables	-	-	-	-	-	-	12,025	-	12,025
Cash and bank balances	-	287	1,757	5	-	-	-	-	2,049
	166,012	178,355	82,873	24,222	-	668	43,613	29,034	524,777

39. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Credit exposure by credit rating (cont'd.)

Shareholder's fund (cont'd.)	Investment grade [i]					Non-investment grade [i]			
2021	**Government guaranteed RM '000**	**AAA/P1 RM '000**	**AA RM '000**	**A RM '000**	**BBB RM '000**	**(C to BB) RM '000**	**Not Rated RM '000**	**Not subject to credit risk RM '000**	**Total RM '000**
Financial assets at FVTPL									
Mandatorily measured:									
Quoted shares in Malaysia	-	-	-	-	-	-	-	9,007	9,007
Units held in investment-linked fund	-	-	-	-	-	-	-	14,176	14,176
Property trust funds	-	-	-	-	-	-	-	419	419
Unquoted Islamic private debt securities	-	-	-	-	-	608	-	-	608
Financial assets at FVOCI									
Unquoted Islamic private debt securities	33,409	52,569	10,896	-	-	-	-	-	96,874
Government investment issues	76,831	-	-	-	-	-	-	-	76,831
Golf club memberships	-	-	-	-	-	-	-	118	118
Financial assets at AC									
Unquoted Islamic private debt securities:									
Islamic commerical papers	-	14,942	-	-	-	-	-	-	14,942
Islamic investment accounts with licensed:									
Islamic banks	-	110,725	21,330	16,735	-	-	-	-	148,790
Development bank	-	-	76,817	-	-	-	29,000	-	105,817
Secured staff financing	-	-	-	-	-	-	1,337	-	1,337
Due from takaful funds	-	-	-	-	-	-	18,805	-	18,805
Amount due from holding company	-	216	-	-	-	-	-	-	216
Amount due from related company	-	34	-	-	-	-	-	-	34
Income due and accrued	1,188	619	1,220	218	-	15	392	-	3,652
Sundry receivables	-	-	-	-	-	-	3,111	-	3,111
Cash and bank balances	-	1,123	1,002	35	-	-	1	-	2,161
	111,428	180,228	111,265	16,988	-	623	52,646	23,720	496,898

39. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Credit exposure by credit rating (cont'd.)

Family takaful fund	**Investment grade [i]**					**Non-investment grade [i]**			
2022	**Government guaranteed RM '000**	**AAA/P1 RM '000**	**AA RM '000**	**A RM '000**	**BBB RM '000**	**(C to BB) RM '000**	**Not Rated RM '000**	**Not subject to credit risk RM '000**	**Total RM '000**
Financial assets at FVTPL									
Designated upon initial recognition:									
Unquoted Islamic private debt securities	826,418	400,546	83,969	62,528	-	-	-	-	1,373,461
Government investment issues	1,166,339	-	-	-	-	-	-	-	1,166,339
Mandatorily measured:									
Quoted shares in Malaysia	-	-	-	-	-	-	-	82,071	82,071
Shariah approved unit trust funds	-	-	-	-	-	-	-	232,779	232,779
Property trust funds	-	-	-	-	-	-	-	3,592	3,592
Financial assets at AC									
Islamic investment accounts with licensed:									
Islamic banks	-	469,115	28,860	57,066	-	-	-	-	555,041
Development banks	-	183,284	107,670	-	-	-	-	-	290,954
Income due and accrued	19,384	6,908	2,144	1,159	-	-	705	-	30,300
Sundry receivables	-	-	-	-	-	-	10,335	-	10,335
Retakaful certificate assets	-	-	97,772	-	-	-	30	-	97,802
Takaful certificate receivables	-	-	505	-	-	-	40,543	-	41,048
Cash and bank balances	-	4,515	3,091	3,375	-	-	-	-	10,981
	2,012,141	1,064,368	324,011	124,128	-	-	51,613	318,442	3,894,703

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39. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Credit exposure by credit rating (cont'd.)

Family takaful fund (cont'd.)	Investment grade (i)					Non-investment grade (i)			
	Government guaranteed	AAA/P1	AA	A	BBB	(C to BB)	Not Rated	Not subject to credit risk	Total
2021	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Financial assets at FVTPL									
Designated upon initial recognition:									
Unquoted Islamic private debt securities	774,767	431,841	92,432	63,062	-	-	-	-	1,362,102
Government investment issues	1,136,789	-	-	-	-	-	-	-	1,136,789
Mandatorily measured:									
Quoted shares in Malaysia	-	-	-	-	-	-	-	107,142	107,142
Shariah approved unit trust funds	-	-	-	-	-	-	-	186,951	186,951
Property trust funds	-	-	-	-	-	-	-	4,772	4,772
Financial assets at AC									
Islamic Commerical Papers	-	44,804	-	-	-	-	-	-	44,804
Islamic investment accounts with licensed:									
Islamic banks	-	308,706	25,918	67,934	-	-	-	-	402,558
Investment banks	-	5,903	-	-	-	-	-	-	5,903
Development banks	-	-	92,417	-	-	-	142,472	-	234,889
Income due and accrued	18,463	5,176	2,422	1,183	-	-	1,732	-	28,976
Sundry receivables	-	-	-	-	-	-	203	-	203
Retakaful certificate assets	-	-	84,444	-	-	-	27	-	84,471
Takaful certificate receivables	-	-	2,475	-	-	-	45,610	-	48,085
Cash and bank balances	-	506	32,434	3,775	-	-	697	-	37,412
	1,930,019	796,936	332,542	135,954	-	-	190,741	298,865	3,685,057

39. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Credit exposure by credit rating (cont'd.)

Company	**Investment grade (i)**					**Non-investment grade (i)**			
2022	**Government guaranteed RM '000**	**AAA/P1 RM '000**	**AA RM '000**	**A RM '000**	**BBB RM '000**	**(C to BB) RM '000**	**Not Rated RM '000**	**Not subject to credit risk RM '000**	**Total RM '000**
Financial assets at FVTPL									
Designated upon initial recognition:									
Unquoted Islamic private debt securities	826,418	400,546	83,969	62,528	-	-	-	-	1,373,461
Government investment issues	1,166,339	-	-	-	-	-	-	-	1,166,339
Mandatorily measured:									
Quoted shares in Malaysia	-	-	-	-	-	-	-	91,645	91,645
Shariah approved unit trust funds	-	-	-	-	-	-	-	237,826	237,826
Property trust funds	-	-	-	-	-	-	-	3,976	3,976
Unquoted Islamic private debt securities	-	-	-	-	-	653	-	-	653
Financial assets at FVOCI									
Unquoted Islamic private debt securities	49,026	72,123	3,124	9,988	-	-	-	-	134,261
Government investment issues	115,299	-	-	-	-	-	-	-	115,299
Golf club memberships	-	-	-	-	-	-	-	118	118
Financial assets at AC									
Islamic investment accounts with licensed:									
Islamic banks	-	538,999	50,813	70,959	-	-	-	-	660,771
Development bank	-	212,951	163,204	-	-	-	-	-	376,155
Secured staff financing	-	-	-	-	-	-	534	-	534
Amount due from holding company	-	4,213	-	-	-	-	-	-	4,213
Amount due from related companies	-	1,108	-	-	-	-	-	-	1,108
Income due and accrued	21,071	7,981	2,649	1,495	-	15	824	-	34,035
Sundry receivables	-	-	-	-	-	-	22,360	-	22,360
Retakaful certificate assets	-	-	97,772	-	-	-	30	-	97,802
Takaful certificate receivables	-	-	505	-	-	-	40,543	-	41,048
Cash and bank balances	-	4,802	4,848	3,380	-	-	-	-	13,030
	2,178,153	1,242,723	406,884	148,350	-	668	64,291	333,565	4,374,634

39. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Credit exposure by credit rating (cont'd.)

Company (cont'd.)

2021	**Investment grade [i]**					**Non-investment grade [i] (C to BB)**	**Not Rated**	**Not subject to credit risk**	**Total**
	Government guaranteed RM '000	**AAA/P1 RM '000**	**AA RM '000**	**A RM '000**	**BBB RM '000**	**RM '000**	**RM '000**	**RM '000**	**RM '000**
Financial assets at FVTPL									
Designated upon initial recognition:									
Unquoted Islamic private debt securities	774,767	431,841	92,432	63,062	-	-	-	-	1,362,102
Government investment issues	1,136,789	-	-	-	-	-	-	-	1,136,789
Mandatorily measured:									
Quoted shares in Malaysia	-	-	-	-	-	-	-	116,149	116,149
Shariah approved unit trust funds	-	-	-	-	-	-	-	186,951	186,951
Property trust funds	-	-	-	-	-	-	-	5,191	5,191
Unquoted Islamic private debt securities	-	-	-	-	-	608	-	-	608
Financial assets at FVOCI									
Unquoted Islamic private debt securities	33,409	52,569	10,896	-	-	-	-	-	96,874
Government investment issues	76,831	-	-	-	-	-	-	-	76,831
Golf club memberships	-	-	-	-	-	-	-	118	118
Financial assets at AC									
Islamic Commerical Papers	-	59,746	-	-	-	-	-	-	59,746
Islamic investment accounts with licensed:									
Islamic banks	-	419,431	47,248	84,669	-	-	-	-	551,348
Investment banks	-	5,903	-	-	-	-	-	-	5,903
Development bank	-	-	169,234	-	-	-	171,472	-	340,706
Secured staff financing	-	-	-	-	-	-	1,337	-	1,337
Amount due from holding company	-	216	-	-	-	-	-	-	216
Amount due from related companies	-	34	-	-	-	-	-	-	34
Income due and accrued	19,651	5,795	3,642	1,401	-	15	2,124	-	32,628
Sundry receivables	-	-	-	-	-	-	3,314	-	3,314
Retakaful certificate assets	-	-	84,444	-	-	-	27	-	84,471
Takaful certificate receivables	-	-	2,475	-	-	-	45,610	-	48,085
Cash and bank balances	-	1,629	33,436	3,810	-	-	698	-	39,573
	2,041,447	977,164	443,807	152,942	-	623	224,582	308,409	4,148,974

[i] Based on public ratings assigned by external rating agencies including Rating Agency Malaysia ("RAM") and Malaysian Rating Corporation ("MARC").

39. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Investment assets - Reconciliation of allowance account

Significant increase in credit risk ("SICR")

The Company applies the General Approach or the 'three-bucket' approach which is based on the change in credit quality of financial instruments since initial recognition to assess the impairment for investment assets. In particular, recognition of Expected Credit Loss ("ECL") is dependent on which of the three stages a particular financial instrument is assigned to. Assets move through the three stages as credit quality changes and the stages dictate how the Company measures impairment losses and applies the effective interest rate ("EIR") method with the forward-looking element to compute the ECL.

The Company has considered both quantitative and qualitative parameters in the assessment of credit risk status from the initial recognition of the securities and at the financial year.

Expected credit loss

The Company assesses the possible default events within 12 months for the calculation of the 12-month ECL in Stage 1. Given the impairment policy, the probability of default for new instruments acquired is generally determined to be minimal, in addition to the exception rule to apply zero loss given default ratio to specified financial assets which is applicable to the Company. A newly purchased or originated financial assets will be subject to ECL upon recognition in Stage 1.

To estimate the lifetime ECL for financial instruments classified in Stage 2, the Company is required to estimate the probability of default occurring in the 12 months after the financial year and in each subsequent year throughout the expected life of the financial instruments.

To determine whether a financial asset is a credit-impaired debt security under Stage 3, the ECL calculation will be based on objective evidence of impairment.

The table below shows the fair value of the Company's financial investments measured by credit risk, based on the Company's risk categories and the movements in allowances for impairment losses.

39. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Investment assets - Reconciliation of allowance account (cont'd.)

Expected credit loss (cont'd.)

Shareholder's fund	2022 Stage 1 12-month ECL RM '000	2021 Stage 1 12-month ECL RM '000
Financial assets at FVOCI		
Government Guaranteed	164,325	110,240
AAA	72,123	52,569
AA	3,124	10,896
A	9,988	-
Not subject to credit risk	118	118
Carrying amount	249,678	173,823
Financial assets at amortised cost		
AAA	-	14,942
Carrying amount	-	14,942

Family takaful fund	2022 Stage 1 12-month ECL RM '000	2021 Stage 1 12-month ECL RM '000
Financial assets at amortised cost		
AAA	-	44,804
Carrying amount	-	44,804

Company	2022 Stage 1 12-month ECL RM '000	2021 Stage 1 12-month ECL RM '000
Financial assets at FVOCI		
Government Guaranteed	164,325	110,240
AAA	72,123	52,569
AA	3,124	10,896
A	9,988	-
Not subject to credit risk	118	118
Carrying amount	249,678	173,823
Financial assets at amortised cost		
AAA	-	59,746
Carrying amount	-	59,746

As at financial year, all financial investments at FVOCI and amortised cost above held by the Company are classified as Stage 1.

39. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Investment assets - Reconciliation of allowance account (cont'd.)

Expected credit loss (cont'd.)

Movements in allowances for impairment losses for financial investments are as follows:

Shareholder's fund	2022 Stage 1 12-month ECL RM '000	2021 Stage 1 12-month ECL RM '000
As at 1 April	(60)	(12)
Net adjustment of loss allowance	50	(48)
As at 31 March	(10)	(60)

Family takaful fund	2022 Stage 1 12-month ECL RM '000	2021 Stage 1 12-month ECL RM '000
As at 1 April	(45)	-
Net adjustment of loss allowance	45	(45)
As at 31 March	-	(45)

Company	2022 Stage 1 12-month ECL RM '000	2021 Stage 1 12-month ECL RM '000
As at 1 April	(105)	(12)
Net adjustment of loss allowance	95	(93)
As at 31 March	(10)	(105)

39. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Other financial assets - Reconciliation of allowance account

Other financial assets consist of takaful certificate receivables.

The Family takaful fund/Company applies the simplified approach and measures the allowance for impairment loss based on a lifetime ECL from initial recognition.

The key inputs into the measurement of ECL are based on the following variables as described in Note 2.11(ii).

Definition of default

The Company considers a financial asset to be in default by assessing the following criteria:

(i) Quantitative criteria

Takaful receivables are considered to be in default when the counterparty fails to make contractual payments within 12 months when they fall due, which is derived based on the Company’s historical information.

(ii) Qualitative criteria

Default occurs when the counterparty is in bankruptcy or has indications of potentially significant financial difficulty such as lawsuits or similar actions that threaten the financial viability of the counterparty.

The criteria above have been applied to takaful certificate receivables held by the Company and are consistent with the definition of default used for credit risk management purposes. The default definition has been applied consistently to model the PD, LGD and EAD throughout the Company's expected loss calculations.

Incorporation of forward-looking information

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Company has performed historical analyses and identified key economic variables impacting credit risk and expected credit losses for each portfolio.

The sensitivity of the ECL to the economic variable assumptions affecting the calculation of ECL was not material to the Company.

39. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Other financial asset - Reconciliation of allowance account (cont'd.)

Incorporation of forward-looking information (cont'd.)

Set out below is the information about the credit risk exposure on the Company's takaful certificate receivables using a provision matrix:

Family takaful fund/Company

2022	0 to 3 months RM' 000	4 to 6 months RM' 000	7 to 9 months RM' 000	10 to 12 months RM' 000	> 12 months RM' 000	Total RM' 000
ECL rate	2.0%	1.9%	71.4%	66.7%	100.0%	6.0%
Gross carrying amount - Takaful certificate receivables	40,518	1,057	1,011	21	1,039	43,646
Allowance for ECL	803	20	722	14	1,039	2,598

39. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Other financial asset - Reconciliation of allowance account (cont'd.)

Incorporation of forward-looking information (cont'd.)

Family takaful fund/Company

2021	0 to 3 months RM' 000	4 to 6 months RM' 000	7 to 9 months RM' 000	10 to 12 months RM' 000	> 12 months RM' 000	Total RM' 000
ECL rate	4.0%	4.1%	40.6%	99.8%	100.0%	9.6%
Gross carrying amount -						
Takaful certificate receivables	46,531	1,674	3,017	632	1,346	53,200
Allowance for ECL	1,845	68	1,225	631	1,346	5,115

39. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Other financial asset - Reconciliation of allowance account (cont'd.)

Incorporation of forward-looking information (cont'd.)

The table below shows the gross takaful certificate receivables and the movement of allowance for ECL.

Family takaful fund/Company	Credit impaired allowance RM '000	Not credit impaired allowance RM '000	Total RM '000
2022			
Gross carrying amount			
At 1 April 2021	829	52,371	53,200
Decrease	(119)	(9,435)	(9,554)
As at 31 March 2022	710	42,936	43,646
Allowance for ECL			
At 1 April 2021	829	4,286	5,115
Net adjustment of loss allowance	(119)	(2,398)	(2,517)
As at 31 March 2022	710	1,888	2,598

39. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Other financial asset - Reconciliation of allowance account (cont'd.)

Incorporation of forward-looking information (cont'd.)

Family takaful fund/Company	**Credit impaired allowance RM '000**	**Not credit impaired allowance RM '000**	**Total RM '000**
2021			
Gross carrying amount			
At 1 April 2020	1,879	29,602	31,481
(Decrease)/increase	(1,050)	22,769	21,719
As at 31 March 2021	829	52,371	53,200
Allowance for ECL			
At 1 April 2020	1,879	1,742	3,621
Net adjustment of loss allowance	(1,050)	2,544	1,494
As at 31 March 2021	829	4,286	5,115

39. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

<u>Other financial asset - Reconciliation of allowance account (cont'd.)</u>

Incorporation of forward-looking information (cont'd.)

Movements in allowance for impairment losses for takaful certificate receivables are as follows:

Family takaful fund/Company	Individual allowance RM '000	Collective allowance RM '000	Total RM '000
2022			
At 1 April 2021	942	4,173	5,115
Net adjustment of loss allowance	454	(2,971)	(2,517)
As at 31 March 2022	1,396	1,202	2,598
2021			
At 1 April 2020	1,900	1,721	3,621
Net adjustment of loss allowance	(958)	2,452	1,494
As at 31 March 2021	942	4,173	5,115

39. Financial risk (cont'd.)

(b) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources available to meet its payment obligations without incurring material additional costs.

The Company assesses its liquidity risk by ensuring the following:

(i) The Company is able to meet its payment obligations under normal and stressed operating environments without suffering any loss;

(ii) Additions/withdrawals from the Company's investment funds are managed efficiently; and

(iii) Appropriate measures are in place to respond to liquidity risk.

As part of its liquidity management strategy, the Company has put in place processes capable of measuring and reporting on:

(i) Daily cash flows;

(ii) Minimum liquidity holdings;

(iii) The composition and market values of the Company's investment portfolios, including liquid holdings; and

(iv) The holding of liquid assets in the respective takaful funds.

In order to manage the liquidity of the takaful funds, the investment mandate requires that a certain proportion of the funds is maintained as liquid assets. Each fund specifies a percentage of minimum holding for certain types of investments with no limit for deposits.

Maturity profiles

The tables in the following pages summarise the maturity profiles of the assets and liabilities of the Company based on the remaining undiscounted contractual obligations, including profit payable and receivable. For takaful certificate liabilities and retakaful certificate assets, maturity profiles are determined based on the estimated timing of net cash outflows from the recognised takaful liabilities.

Expense liabilities have been excluded from the analysis as there are no contractual obligations to make payments on those liabilities.

39. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

Shareholder's fund			**Over**	**Over**	**No maturity**	
	Carrying value	**Up to 1 year**	**1-5 years**	**5 years**	**date**	**Total**
2022	**RM '000**	**RM '000**	**RM '000**	**RM '000**	**RM '000**	**RM '000**
Financial assets at FVTPL						
Mandatorily measured:						
Quoted shares in Malaysia	9,574	-	-	-	9,574	9,574
Units held in investment-linked fund	13,911	-	-	-	13,911	13,911
Property trust funds	384	-	-	-	384	384
Unquoted Islamic private debt securities	653	676	-	-	-	676
Shariah approved unit trust funds	5,047	-	-	-	5,047	5,047
Financial assets at FVOCI						
Unquoted Islamic private debt securities	134,261	41,729	36,642	95,671	-	174,042
Government investment issues	115,299	24,151	16,060	137,194	-	177,405
Golf club memberships	118	-	-	-	118	118
Financial assets at AC						
Islamic investment accounts with licensed:						
Islamic banks	105,730	106,048	-	-	-	106,048
Development bank	85,201	85,560	-	-	-	85,560
Secured staff financing	534	272	262	-	-	534
Due from takaful funds	30,935	30,935	-	-	-	30,935
Amount due from holding company	4,213	4,213	-	-	-	4,213
Amount due from related company	1,108	1,108	-	-	-	1,108
Income due and accrued	3,735	3,735	-	-	-	3,735
Sundry receivables	12,025	12,025	-	-	-	12,025
Cash and bank balances	2,049	2,049	-	-	-	2,049
Total financial and takaful assets	524,777	312,501	52,964	232,865	29,034	627,364
Due to agents, retakaful operators and brokers	2,285	2,285	-	-	-	2,285
Zakat payable	415	415	-	-	-	415
Lease liabilities	6,395	2,667	4,133	-	-	6,800
Total financial and takaful liabilities	9,095	5,367	4,133	-	-	9,500

39. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

Shareholder's fund (cont'd.)

2021	**Carrying value RM '000**	**Up to 1 year RM '000**	**Over 1-5 years RM '000**	**Over 5 years RM '000**	**No maturity date RM '000**	**Total RM '000**
Financial assets at FVTPL						
Mandatorily measured:						
Quoted shares in Malaysia	9,007	-	-	-	9,007	9,007
Units held in investment-linked fund	14,176	-	-	-	14,176	14,176
Property trust funds	419	-	-	-	419	419
Unquoted Islamic private debt securities	608	60	676	-	-	736
Financial assets at FVOCI						
Unquoted Islamic private debt securities	96,874	26,370	34,937	60,684	-	121,991
Government investment issues	76,831	3,078	29,348	72,927	-	105,353
Golf club memberships	118	-	-	-	118	118
Financial assets at AC						
Islamic commerical papers	14,942	15,000	-	-	-	15,000
Islamic investment accounts with licensed:						
Islamic banks	148,790	149,483	-	-	-	149,483
Development bank	105,817	106,913	-	-	-	106,913
Secured staff financing	1,337	628	937	-	-	1,565
Due from takaful funds	18,805	18,805	-	-	-	18,805
Amount due from holding company	216	216	-	-	-	216
Amount due from related company	34	34	-	-	-	34
Income due and accrued	3,652	3,652	-	-	-	3,652
Sundry receivables	3,111	3,111	-	-	-	3,111
Cash and bank balances	2,161	2,161	-	-	-	2,161
Total financial and takaful assets	496,898	329,511	65,898	133,611	23,720	552,740
Due to agents, retakaful operators and brokers	8,823	8,823	-	-	-	8,823
Zakat payable	534	534	-	-	-	534
Lease liabilities	2,136	2,176	-	-	-	2,176
Total financial and takaful liabilities	11,493	11,533	-	-	-	11,533

39. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

Family takaful fund **2022**	**Carrying value RM '000**	**Up to 1 year RM '000**	**Over 1-5 years RM '000**	**Over 5 years RM '000**	**No maturity date RM '000**	**Total RM '000**
Financial assets at FVTPL						
Designated upon initial recognition:						
Unquoted Islamic private debt securities	1,373,461	171,243	433,446	1,485,108	-	2,089,797
Government investment issues	1,166,339	52,438	219,694	1,777,527	-	2,049,659
Mandatorily measured:						
Quoted shares in Malaysia	82,071	-	-	-	82,071	82,071
Property trust funds	3,592	-	-	-	3,592	3,592
Shariah approved unit trust funds	232,779	-	-	-	232,779	232,779
Financial assets at AC						
Islamic investment accounts with licensed						
Islamic banks	555,041	556,695	-	-	-	556,695
Development bank	290,954	293,264	-	-	-	293,264
Income due and accrued	30,300	30,300	-	-	-	30,300
Sundry receivables	10,335	10,335	-	-	-	10,335
Retakaful certificate assets	97,802	54,670	11,528	44,720	-	110,918
Takaful certificate receivables	41,048	41,048	-	-	-	41,048
Cash and bank balances	10,981	10,981	-	-	-	10,981
Total financial and takaful assets	3,894,703	1,220,974	664,668	3,307,355	318,442	5,511,439
Takaful certificate liabilities	3,584,276	260,185	341,469	3,155,642	-	3,757,296
Takaful certificate payables	34,193	34,193	-	-	-	34,193
Total financial and takaful liabilities	3,618,469	294,378	341,469	3,155,642	-	3,791,489

39. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

Family takaful fund (cont'd.)

2021	**Carrying value RM '000**	**Up to 1 year RM '000**	**Over 1-5 years RM '000**	**Over 5 years RM '000**	**No maturity date RM '000**	**Total RM '000**
Financial assets at FVTPL						
Designated upon initial recognition:						
Unquoted Islamic private debt securities	1,362,102	101,729	448,502	1,496,359	-	2,046,590
Government investment issues	1,136,789	58,358	354,519	1,380,306	-	1,793,183
Mandatorily measured:						
Quoted shares in Malaysia	107,142	-	-	-	107,142	107,142
Property trust funds	4,772	-	-	-	4,772	4,772
Shariah approved unit trust funds	186,951	-	-	-	186,951	186,951
Financial assets at AC						
Islamic commerical papers	44,804	45,000	-	-	-	45,000
Islamic investment accounts with licensed						
Islamic banks	402,558	403,984	-	-	-	403,984
Investment banks	5,903	5,904	-	-	-	5,904
Development bank	234,889	236,723	-	-	-	236,723
Income due and accrued	28,976	28,976	-	-	-	28,976
Sundry receivables	203	203	-	-	-	203
Retakaful certificate assets	84,471	1,721	6,956	75,794	-	84,471
Takaful certificate receivables	48,085	48,085	-	-	-	48,085
Cash and bank balances	37,412	37,412	-	-	-	37,412
Total financial and takaful assets	3,685,057	968,095	809,977	2,952,459	298,865	5,029,396
Takaful certificate liabilities	3,411,982	57,918	298,832	3,055,232	-	3,411,982
Takaful certificate payables	32,504	19,158	13,346	-	-	32,504
Total financial and takaful liabilities	3,444,486	77,076	312,178	3,055,232	-	3,444,486

39. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

Company **2022**	**Carrying value RM '000**	**Up to 1 year RM '000**	**Over 1-5 years RM '000**	**Over 5 years RM '000**	**No maturity date RM '000**	**Total RM '000**
Financial assets at FVTPL						
Designated upon initial recognition:						
Unquoted Islamic private debt securities	1,373,461	171,243	433,446	1,485,108	-	2,089,797
Government investment issues	1,166,339	52,438	219,694	1,777,527	-	2,049,659
Mandatorily measured:						
Quoted shares in Malaysia	91,645	-	-	-	91,645	91,645
Property trust funds	3,976	-	-	-	3,976	3,976
Shariah approved unit trust funds	237,826	-	-	-	237,826	237,826
Unquoted Islamic private debt securities	653	676	-	-	-	676
Financial assets at FVOCI						
Unquoted Islamic private debt securities	134,261	41,729	36,642	95,671	-	174,042
Government investment issues	115,299	24,151	16,060	137,194	-	177,405
Golf club memberships	118	-	-	-	118	118
Islamic investment accounts with licensed:						
Islamic banks	660,771	662,743	-	-	-	662,743
Development bank	376,155	378,824	-	-	-	378,824
Secured staff financing	534	272	262	-	-	534
Amount due from holding company	4,213	4,213	-	-	-	4,213
Amount due from related company	1,108	1,108	-	-	-	1,108
Income due and accrued	34,035	34,035	-	-	-	34,035
Sundry receivables	22,360	22,360	-	-	-	22,360
Retakaful certificate assets	97,802	54,670	11,528	44,720	-	110,918
Takaful certificate receivables	41,048	41,048	-	-	-	41,048
Cash and bank balances	13,030	13,030	-	-	-	13,030
Total financial and takaful assets	4,374,634	1,502,540	717,632	3,540,220	333,565	6,093,957

39. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

Company (cont'd.) **2022 (cont'd.)**	**Carrying value RM '000**	**Up to 1 year RM '000**	**Over 1-5 years RM '000**	**Over 5 years RM '000**	**No maturity date RM '000**	**Total RM '000**
Due to agents, retakaful operators and brokers	2,285	2,285	-	-	-	2,285
Takaful certificate liabilities	3,574,276	260,185	341,469	3,145,642	-	3,747,296
Takaful certificate payables	34,193	34,193	-	-	-	34,193
Zakat payable	415	415	-	-	-	415
Lease liabilities	442	288	168	-	-	456
Total financial and takaful liabilities	3,611,611	297,366	341,637	3,145,642	-	3,784,645

2021						
Financial assets at FVTPL						
Designated upon initial recognition:						
Unquoted Islamic private debt securities	1,362,102	101,729	448,502	1,496,359	-	2,046,590
Government investment issues	1,136,789	58,358	354,519	1,380,306	-	1,793,183
Mandatorily measured:						
Quoted shares in Malaysia	116,149	-	-	-	116,149	116,149
Property trust funds	5,191	-	-	-	5,191	5,191
Shariah approved unit trust funds	186,951	-	-	-	186,951	186,951
Unquoted Islamic private debt securities	608	60	676	-	-	736
Financial assets at FVOCI						
Unquoted Islamic private debt securities	96,874	26,370	34,937	60,684	-	121,991
Government investment issues	76,831	3,078	29,348	72,927	-	105,353
Golf club memberships	118	-	-	-	118	118

39. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

Company (cont'd.)

2021 (cont'd.)	**Carrying value RM '000**	**Up to 1 year RM '000**	**Over 1-5 years RM '000**	**Over 5 years RM '000**	**No maturity date RM '000**	**Total RM '000**
Financial assets at AC						
Islamic commerical papers	59,746	60,000	-	-	-	60,000
Islamic investment accounts with licensed:						
Islamic banks	551,348	553,467	-	-	-	553,467
Investment banks	5,903	5,904	-	-	-	5,904
Development bank	340,706	343,636	-	-	-	343,636
Secured staff financing	1,337	628	937	-	-	1,565
Amount due from holding company	216	216	-	-	-	216
Amount due from related company	34	34	-	-	-	34
Income due and accrued	32,628	32,628	-	-	-	32,628
Sundry receivables	3,314	3,314	-	-	-	3,314
Retakaful certificate assets	84,471	1,721	6,956	75,794	-	84,471
Takaful certificate receivables	48,085	48,085	-	-	-	48,085
Cash and bank balances	39,573	39,573	-	-	-	39,573
Total financial and takaful assets	4,148,974	1,278,801	875,875	3,086,070	308,409	5,549,155
Due to agents, retakaful operators and brokers	8,823	8,823	-	-	-	8,823
Takaful certificate liabilities	3,401,982	57,918	298,832	3,045,232	-	3,401,982
Takaful certificate payables	32,504	19,158	13,346	-	-	32,504
Zakat payable	534	534	-	-	-	534
Lease liabilities	578	590	-	-	-	590
Total financial and takaful liabilities	3,444,421	87,023	312,178	3,045,232	-	3,444,433

39. Financial risk (cont'd.)

(c) Market risk

Market risk is the risk of loss arising from a change in the values of, or the income from, financial assets. A risk of loss also arises from volatility in asset prices or profit rates. Market risk includes the following elements:

(i) Profit rate risk which is the risk of fluctuations in the fair value or future cash flows of a financial instrument arising from variability in profit rates;

(ii) Price risk which is the risk of fluctuations in the fair value or future cash flows of a financial instrument impacting the equity and collective investment schemes (property trusts and unit trusts funds) prices; and

(iii) Property investment risk which is the risk of fluctuations in the fair value or future cash flows of a property arising from decline in real estate values or income, where the Company has invested in property or real estate for own occupancy, investment or rental purpose.

Profit rate risk

The Company is exposed to profit rate risks as follows:

(i) Fair values of fixed profit-bearing assets would move inversely to changes in profit rates; and

(ii) Future cash flows of variable profit-bearing assets would move in direct proportion to changes in rates.

The earnings of the Company are affected by changes in market profit rates due to the impact such changes have on profit income from cash and cash equivalents, including investments in Islamic deposits. The fixed income portfolio is inversely related to profit rates and, hence, is the source of portfolio volatility.

The Company manages its profit rate risk by matching, where possible, the duration and profile of assets and liabilities to minimise the impact of mismatches between the value of assets and liabilities from profit rate movements.

The nature of the Company's exposure to profit rate risk and its objectives, policies and processes for managing profit rate risk have not changed significantly from the previous financial year.

39. Financial risk (cont'd.)

(c) Market risk (cont'd.)

Profit rate risk (cont'd.)

Sensitivity analysis

A change of 25 basis points ("bp") in profit rates at the financial year would have increased/(decreased) the value of the portfolio of fixed-income investment by the amounts shown below.

		2022		2021	
Shareholder's fund	**Changes in variable**	**Impact on carrying value RM '000**	**Impact on profit/equity * RM '000**	**Impact on carrying value RM '000**	**Impact on profit/equity * RM '000**
		(Decrease)/increase		**(Decrease)/increase**	
Financial assets at FVOCI:					
Unquoted Islamic private debt securities	+25 bp	(1,786)	(1,357)	(1,221)	(928)
	-25 bp	1,786	1,357	1,221	928
Government investment issues	+25 bp	(2,427)	(1,845)	(1,420)	(1,079)
	-25 bp	2,427	1,845	1,420	1,079
Financial assets at AC:					
Islamic Commercial Papers	+25 bp	-	-	(5)	(4)
	-25 bp	-	-	5	4

* Impact on profit/equity is net of tax of 24% for the shareholder's fund

39. Financial risk (cont'd.)

(c) Market risk (cont'd.)

Profit rate risk (cont'd.)

Sensitivity analysis (cont'd.)

Family takaful fund	Changes in variable	2022 Impact on carrying value RM '000	2022 Impact on participants' fund * RM '000	2021 Impact on carrying value RM '000	2021 Impact on participants' fund * RM '000
		(Decrease)/increase		(Decrease)/increase	
Financial assets at FVTPL:					
Unquoted Islamic private debt securities	+25 bp	(27,642)	(25,430)	(26,996)	(24,837)
	-25 bp	27,642	25,430	26,996	24,837
Government investment issues	+25 bp	(32,807)	(30,182)	(26,812)	(24,667)
	-25 bp	32,807	30,182	26,812	24,667
Financial assets at AC:					
Islamic Commercial Papers	+25 bp	-	-	(18)	(16)
	-25 bp	-	-	18	16

* Impact on participants' fund is net of tax of 8% for the family fund.

39. Financial risk (cont'd.)

(c) Market risk (cont'd.)

Profit rate risk (cont'd.)

Sensitivity analysis (cont'd.)

Company	Changes in variable	2022 Impact on carrying value RM '000	2022 Impact on profit/equity * RM '000	2021 Impact on carrying value RM '000	2021 Impact on profit/equity * RM '000
		(Decrease)/increase		(Decrease)/increase	
Financial assets at FVTPL:					
Unquoted Islamic private debt securities	+25 bp	(27,642)	(25,430)	(26,996)	(24,837)
	-25 bp	27,642	25,430	26,996	24,837
Government investment issues	+25 bp	(32,807)	(30,182)	(26,812)	(24,667)
	-25 bp	32,807	30,182	26,812	24,667
Financial assets at FVOCI:					
Unquoted Islamic private debt securities	+25 bp	(1,786)	(1,357)	(1,221)	(928)
	-25 bp	1,786	1,357	1,221	928
Government investment issues	+25 bp	(2,427)	(1,845)	(1,420)	(1,079)
	-25 bp	2,427	1,845	1,420	1,079
Financial assets at AC:					
Islamic Commercial Papers	+25 bp	-	-	(23)	(20)
	-25 bp	-	-	23	20

* Impact on profit/equity/participants' fund is net of tax of 24% for the shareholder's fund and 8% for the family takaful fund.

39. Financial risk (cont'd.)

(c) Market risk (cont'd.)

Price risk

Price risk is the risk that the fair value of a financial instruments fluctuates because of changes in market prices (other than those arising from profit rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting similar financial instruments traded in the market.

The Company's price risk exposure relates to financial assets and financial liabilities impacting the equity and collective investment schemes whose values will fluctuate as a result of changes in market prices.

The Company manages such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each sector, market and issuer, having regards also to such limits stipulated by BNM. The Company complied with such limits as stipulated by BNM during the financial year and has no significant concentration of price risk.

Sensitivity analysis

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity (inclusive of the impact on other comprehensive income). The correlation of variables have a significant effect in determining the ultimate impact on price risk. Additionally, changes in variables are considered individually. It should be noted that movements in these variables are non-linear.

39. Financial risk (cont'd.)

(c) Market risk (cont'd.)

Price risk (cont'd.)

Sensitivity analysis (cont'd.)

	Changes in variable	Impact on carrying value RM '000	Impact on other comprehensive income RM '000	Impact on profit before tax RM '000	Impact on profit/equity # RM '000
Shareholder's fund		|-----------------------------------Increase/(Decrease)----------------------------------|			
2022					
Market Indices					
Bursa Malaysia	+5%	498	-	498	378
Bursa Malaysia	-5%	(498)	-	(498)	(378)
2021					
Market Indices					
Bursa Malaysia	+5%	471	-	471	358
Bursa Malaysia	-5%	(471)	-	(471)	(358)

Impact on profit/equity is net of tax of 24% for the shareholder's fund.

39. Financial risk (cont'd.)

(c) Market risk (cont'd.)

Price risk (cont'd.)

Sensitivity analysis (cont'd.)

	Changes in variable	Impact on carrying value RM '000	Impact on other comprehensive income RM '000	Impact on surplus before tax RM '000	Impact on participants' fund # RM '000
Family takaful fund		Increase/(Decrease)			
2022					
Market Indices					
Bursa Malaysia	+5%	4,283	-	4,283	3,940
Bursa Malaysia	-5%	(4,283)	-	(4,283)	(3,940)
2021					
Market Indices					
Bursa Malaysia	+5%	5,596	-	5,596	5,148
Bursa Malaysia	-5%	(5,596)	-	(5,596)	(5,148)

Impact on participants' fund is net of tax of 8% for the family takaful fund.

39. Financial risk (cont'd.)

(c) Market risk (cont'd.)

Price risk (cont'd.)

Sensitivity analysis (cont'd.)

	Changes in variable	Impact on carrying value RM '000	Impact on other comprehensive income RM '000	Impact on profit before tax RM '000	Impact on equity # RM '000
Company		Increase/(Decrease)			
2022					
Market Indices					
Bursa Malaysia	+5%	4,781	-	4,781	4,319
Bursa Malaysia	-5%	(4,781)	-	(4,781)	(4,319)
2021					
Market Indices					
Bursa Malaysia	+5%	6,067	-	6,067	5,506
Bursa Malaysia	-5%	(6,067)	-	(6,067)	(5,506)

Impact on equity is net of tax of 24% for the Company.

39. Financial risk (cont'd.)

(c) Market risk (cont'd.)

Property Investment risk

Property investment risk is the risk of fluctuations in the fair value or future cash flows of a property arising from decline in real estate values or income, where the Company has invested in property or real estate for own occupancy, investment or rental purpose. Operational manuals are put in place to describe the responsibilities in relation to management of the properties.

The financial risk arising from delinquent or loss of tenants is managed at the outset through careful selection of properties with high tenancy rates including tenants with long term tenancies, screening of new tenants' credit worthiness and financial standing as well as ensuring that the properties and facilities are continuously maintained and upgraded.

Overall, the Company has no significant exposure to property risk.

40. Other risks

(a) Operational risk

Operational risk can broadly be defined as the risk of direct or indirect losses or reputational damage due to failure attributable to people, internal processes, system (IT) or from external events. Operational risk is inherent in all activities of the Company and can transverse multiple activities including outsourcing. It includes a wide spectrum of heterogeneous risks such as fraud, bribery and corruption, physical damage, business disruption, transaction failures, legal and regulatory breaches, pandemic outbreak, as well as employees' health and safety hazards.

The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to minimise risks to an acceptable level. Controls include effective segregation of duties, access controls, system validation, enhanced authorisation and reconciliation procedures, continuous staff education and appropriate assessment processes, and engagement of internal audit for assurance.

(b) Shariah non-compliance risk

Shariah non-compliance ("SNC") risk refers to the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which the Company may suffer arising from failure to comply with:

(i) The rulings of the Shariah Advisory Council of Bank Negara Malaysia ("SAC-BNM");

(ii) Standards on Shariah matters issued by BNM (pursuant to section 29(1) of the IFSA);

(iii) The rulings and standards of the Shariah Advisory Council of Securities Commission Malaysia ("SAC-SC"); or

(iv) Decisions or advices of the GSC.

The Company mitigates such risk by initiating, monitoring and adhering to a robust Group Shariah Risk Management Framework ("SRM Framework"), guided by the Shariah Governance Framework issued by BNM.

40. Other risks (cont'd.)

(c) Compliance risk

Compliance risk is the risk of legal or regulatory sanctions, financial loss or reputational damage which the Company may suffer as a result of its failure to comply with legal and regulatory requirements applicable to its activities.

The Company monitors all compliance aspects in observing the regulatory requirements. In this respect, it adopts the Group Compliance Management Framework and other relevant internal policies and procedures to ensure compliance with all applicable laws and guidelines issued by the regulatory authorities.

41. Fair values

MFRS 7 *Financial Instruments: Disclosures* ("MFRS 7") requires the classification of financial instruments measured at fair value according to a hierarchy that reflects the significance of inputs used in making the measurements, in particular, whether the inputs used are observable or unobservable. MFRS 13 *Fair Value Measurement* requires similar disclosure requirements as MFRS 7, but this is extended to include all assets and liabilities measured and/or disclosed at fair value.

The levels of the fair value hierarchy as defined by the accounting standards are an indication of the observability of prices or valuation input. The following levels of hierarchy are used for determining and disclosing the fair value of the Company's assets/liabilities:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities, either directly or indirectly.

Refers to financial instruments which are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Such financial instruments include actively traded quoted equities, warrants and quoted unit and property trusts fund.

For investments in investment linked units and unit trusts, if any, fair value is determined by reference to published net asset values.

Level 2 - Inputs that are based on observable market data, either directly or indirectly

Refers to inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices). Such financial instruments include Islamic private debt securities and government investment issues.

41. Fair values (cont'd.)

The levels of the fair value hierarchy as defined by the accounting standards are an indication of the observability of prices or valuation input. The following levels of hierarchy are used for determining and disclosing the fair value of the Company's assets/liabilities (cont'd.):

Level 3 - Inputs that are not based on observable market data

Refers to financial instruments where fair values are measured using unobservable market inputs. The valuation technique is consistent with Level 2. The chosen valuation technique incorporates management's assumptions and data.

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no reclassifications between Level 1 and Level 2 of the fair value hierarchy during the current and previous financial years.

There were no transfers in and out of Level 3 of the fair value hierarchy during the current and previous financial years.

(i) Cash and cash equivalents and other receivables/payables

The carrying amounts of cash and bank balances and other receivables/payables are reasonable approximations of fair value due to the relatively short-term maturity of these financial instruments.

(ii) Financial assets at AC

The management had assessed that the fair value of financial assets at AC approximate their carrying amounts largely due to the short-term maturities of the instruments.

(iii) Takaful certificate receivables and payables

The carrying amounts are measured at amortised cost in accordance with the accounting policies as disclosed in the audited financial statements for the financial year ended 31 March 2022. The carrying amounts approximate fair values due to the relatively short-term maturity of these financial instruments.

(iv) Investment property and self occupied property

Buildings and investment property have been revalued at financial year end based on valuations performed by an accredited independent valuer having an appropriate recognised professional qualification. The valuations are based on the comparisons approach. In arriving at the fair value of the assets, the valuer had also taken into consideration the future developments in terms of infrastructure in the vicinity of the properties.

41. Fair values (cont'd.)

(v) Investments

Investments as at 31 March 2022 have been accounted for in accordance with the accounting policies as disclosed under Note 2.10.

(vi) Fair value disclosures based on 3-level hierarchy

The following tables show financial assets that are measured and/or disclosed at fair value on a recurring basis analysed by the different bases of fair values:

	Valuation technique using:			
Shareholder's fund	**Level 1**	**Level 2**	**Level 3**	
2022	**Quoted market prices**	**Observable inputs**	**Significant unobservable inputs**	**Total**
Financial assets:	**RM '000**	**RM '000**	**RM '000**	**RM '000**
Financial assets at FVTPL:				
Unquoted Islamic private debt securities:				
Unsecured	-	653	-	653
Quoted shares in Malaysia:				
Shariah approved equities	9,574	-	-	9,574
Units held in investment-linked fund	13,911	-	-	13,911
Property trust funds	384	-	-	384
Shariah approved unit trust funds	5,047	-	-	5,047
	28,916	653	-	29,569
Financial assets at FVOCI:				
Unquoted Islamic private debt securities	-	134,261	-	134,261
Government investment issues	-	115,299	-	115,299
Golf club memberships	-	-	118	118
	-	249,560	118	249,678
	28,916	250,213	118	279,247

41. Fair values (cont'd.)

(vi) Fair value disclosures based on 3-level hierarchy (cont'd.)

Shareholder's fund (cont'd.) 2021	Valuation technique using: Level 1 Quoted market prices RM '000	Level 2 Observable inputs RM '000	Level 3 Significant unobservable inputs RM '000	Total RM '000
Financial assets:				
Financial assets at FVTPL:				
Unquoted Islamic private debt securities:				
Unsecured	-	608	-	608
Quoted shares in Malaysia:				
Shariah approved equities	9,007	-	-	9,007
Units held in investment-linked fund	14,176	-	-	14,176
Property trust funds	419	-	-	419
	23,602	608	-	24,210
Financial assets at FVOCI:				
Unquoted Islamic private debt securities	-	96,874	-	96,874
Government investment issues	-	76,831	-	76,831
Golf club memberships	-	-	118	118
	-	173,705	118	173,823
	23,602	174,313	118	198,033

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41. Fair values (cont'd.)

(vi) Fair value disclosures based on 3-level hierarchy (cont'd.)

Family takaful fund	**Valuation technique using:**			
	Level 1	**Level 2**	**Level 3**	
2022	**Quoted market prices**	**Observable inputs**	**Significant unobservable inputs**	**Total**
	RM '000	**RM '000**	**RM '000**	**RM '000**
Investment properties	-	-	81,620	81,620
Financial assets:				
Financial assets at FVTPL:				
Unquoted Islamic private debt securities	-	1,373,461	-	1,373,461
Government investment issues	-	1,166,339	-	1,166,339
Quoted shares in Malaysia:				
Shariah approved equities	82,071	-	-	82,071
Property trust funds	3,592	-	-	3,592
Shariah approved unit trust funds	232,779	-	-	232,779
	318,442	2,539,800	-	2,858,242

41. Fair values (cont'd.)

(vi) Fair value disclosures based on 3-level hierarchy (cont'd.)

Family takaful fund (cont'd.) 2021	Valuation technique using: Level 1 Quoted market prices RM '000	Level 2 Observable inputs RM '000	Level 3 Significant unobservable inputs RM '000	Total RM '000
Investment properties	-	-	81,620	81,620
Financial assets:				
Financial assets at FVTPL:				
Unquoted Islamic private debt securities	-	1,362,102	-	1,362,102
Government investment issues	-	1,136,789	-	1,136,789
Quoted shares in Malaysia: Shariah approved equities	107,142	-		107,142
Property trust funds	4,772	-	-	4,772
Shariah approved unit trust funds	186,951	-	-	186,951
	298,865	2,498,891	-	2,797,756

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Takaful Ikhlas Family Berhad
(Incorporated in Malaysia)

41. Fair values (cont'd.)

(vi) Fair value disclosures based on 3-level hierarchy (cont'd.)

Company **2022**	**Valuation technique using:** **Level 1** **Quoted market prices** **RM '000**	 **Level 2** **Observable inputs** **RM '000**	 **Level 3** **Significant unobservable inputs** **RM '000**	**Total** **RM '000**
Self occupied property	-	-	81,620	81,620
Financial assets:				
Financial assets at FVTPL:				
Unquoted Islamic private debt securities	-	1,374,114	-	1,374,114
Government investment issues	-	1,166,339	-	1,166,339
Quoted shares in Malaysia:				
Shariah approved equities	91,645	-	-	91,645
Property trust funds	3,976	-	-	3,976
Shariah approved unit trust funds	237,826	-	-	237,826
	333,447	2,540,453	-	2,873,900
Financial assets at FVOCI:				
Unquoted Islamic private debt securities	-	134,261	-	134,261
Government investment issues	-	115,299	-	115,299
Golf club memberships	-	-	118	118
	-	249,560	118	249,678
	333,447	2,790,013	118	3,123,578

41. Fair values (cont'd.)

(vi) Fair value disclosures based on 3-level hierarchy (cont'd.)

Company (cont'd.) **2021**	**Valuation technique using:** **Level 1** **Quoted market prices** **RM '000**	**Level 2** **Observable inputs** **RM '000**	**Level 3** **Significant unobservable inputs** **RM '000**	**Total** **RM '000**
Self occupied property	-	-	81,620	81,620
Financial assets:				
Financial assets at FVTPL:				
Unquoted Islamic private debt securities	-	1,362,710	-	1,362,710
Government investment issues	-	1,136,789	-	1,136,789
Quoted shares in Malaysia:				
Shariah approved equities	116,149	-	-	116,149
Property trust funds	5,191	-	-	5,191
Shariah approved unit trust funds	186,951	-	-	186,951
	308,291	2,499,499	-	2,807,790
Financial assets at FVOCI:				
Unquoted Islamic private debt securities	-	96,874	-	96,874
Government investment issues	-	76,831	-	76,831
Golf club memberships	-	-	118	118
	-	173,705	118	173,823
	308,291	2,673,204	118	2,981,613

42. Significant and subsequent event

Coronavirus Disease 2019 ("COVID-19")

The prolonged COVID-19 pandemic has caused adverse impact to the people, businesses, and economies globally.

However, with more than 80% of the Malaysian population are fully vaccinated and with hospitalisation and death cases tapering down, Malaysia has transitioned into the endemic phase where Movement Control Orders ("MCO") and cross border restrictions were uplifted and economic activities have now fully resumed.

The local equity market is expected to improve in anticipation of earnings recovery from improved economic conditions. There are however uncertainties arising from the possibility of new communicable diseases, inflationary pressures and continued supply chain bottlenecks.

The Company is of the view that the endemic will not fundamentally impact the ability of its business operations to continue to operate as a going concern and will continue to remain resilient to weather through the current endemic. In addition, the healthy levels of solvency and liquidity of the Company are sufficient to sustain both its operational and financial requirements.

Accordingly, the Company’s financial statements for the financial year ended 31 March 2022 continue to be prepared on a going concern basis. There were no other matters, other than those described above, arising from the endemic that would have a significant impact on the carrying values of the Company’s assets and liabilities as at 31 March 2022.

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