

TAKAFUL IKHLAS FAMILY BERHAD
200201025412 (593075-U)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 March 2025

200201025412 (593075-U)

**Takaful Ikhlas Family Berhad
(Incorporated in Malaysia)**

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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 2025.

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 financial year

12,498

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.

Dividend

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 2024:

Final single tier dividend of 2.47% on 405,000,000 ordinary shares, declared on 7 October 2024 and paid on 15 October 2024.

10,000

As at the date of this report, no dividend has been declared and proposed by the Company in respect of the current financial year.

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Directors

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

Datuk Johar Che Mat
George Oommen
Md Azmi Abu Bakar
Azizul Mohd Said
Suharti Mohd Ali
Ooi Bee Hong (Retired on 1 October 2024)
Zaharudin Daud (Resigned on 1 October 2024)

In accordance with Clause 22.3 of the Company's Constitution, Datuk Johar Che Mat and George Oommen will be retiring at the forthcoming Annual General Meeting and being eligible, had offered 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 a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors from the Company and its related corporations, or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or its related corporations 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.

	2025
	RM'000
Directors' fee	578
Meeting allowances	230
Benefits-in-kind	39
	<hr/> 847 <hr/>

Directors' Indemnity

During the financial year, the ultimate holding company, MNRB, maintained a Directors and Officers Liability Takaful cover to provide indemnity to all Directors and Officers of the MNRB and its subsidiaries ("MNRB Group" or "the Group") up to a limit of RM60 million at a contribution of RM138,996 for liability incurred in the discharging of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage.

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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.

Share Capital and Debentures

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

There were no debentures issued during the financial year.

Climate-Related Risks and Disclosures

MNRB Group's sustainability governance and its efforts to contribute positively towards global sustainability objectives are disclosed in the Sustainability Statement, which is available on the Group's corporate website and included in the Annual Report for the financial year ended 31 March 2025.

Significant and Subsequent Event

There are no significant adjusting event after the statement of financial position date up to the date when the financial statements are authorised for issuance.

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 on pages 6 to 44.

Other Statutory Information

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

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Other Statutory Information (cont'd.)

- (a) Before the statement of profit or loss, statement of comprehensive income and statement of financial position of the Company were made out, the Directors took reasonable steps:
(cont'd.)
 - (ii) 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.
- (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; and
 - (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.

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Other Statutory Information (cont'd.)

- (g) Before the statement of profit or loss, 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 MFRS 17 *Insurance Contracts*.

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.

Auditors

The auditors, Messrs. Ernst & Young PLT, have expressed their willingness to continue in office.

The auditors' remuneration for their services during the year is RM1,628,792.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 25 June 2025.



Datuk Johar Che Mat
Kuala Lumpur, Malaysia
25 June 2025



Md Azmi Abu Bakar

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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 its activities. 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 2025.

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 and Malaysian Code of Corporate Governance 2021 ("MCCG 2021"), where relevant.

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. In addition, the Board plays an active role in addressing sustainability matters and climate-related risks. It approves key sustainability directions and monitors progress, supported by continuous learning via periodic capacity-building programmes on emerging trends and practices.

As part of its governance oversight, the Board's awareness, knowledge, and management of sustainability risks and opportunities, including climate-related risks, are periodically assessed through the Board Effectiveness Evaluation ("BEE"). The BEE provides a structured mechanism to evaluate the Board's engagement and competence in these critical areas, contributing to continuous governance enhancement.

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 five (5) members. Four (4) of these members are Independent Non-Executive Directors ("INED"), and one (1) Non-Independent Non-Executive Chairman ("NINEC").

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Board Composition (cont'd.)

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

	Composition	Percentage
NINEC	1/5	20%
INED	4/5	80%

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 director;
- (ii) Paragraph 11.4 which requires that the Board must not have more than one (1) 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, actuarial, information technology, economics, investment, international business, banking and business operations. The Board has the necessary depth of experience and judgement 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 36 to 40.

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/corporate-governance>.

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.

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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 memberships in the various Board Committees and attendance at meetings.

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 of the Company and the Group, 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 shareholder. 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 had adopted the MNRB Group Independent Director Policy which formalises the 9-year tenure limit for INEDs. This policy is implemented to ensure the continuous effective functioning of the Board remained unchanged. Due to the specialised nature of the Company's business, 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.

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MNRB Group Independent Director Policy (cont'd.)

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
- 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.

Appointment of Directors and Key Senior Management Officers

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 Terms of Reference ("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 PD CG and the MNRB Group Fit and Proper Policy Procedure ("MNRB 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 discuss and deliberate on the above and conduct an interview session with the candidate. Upon completing this process, the GNRC 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 to the Board for appointment.

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 MNRB Group Fit & Proper Policy.

The GNRC conducts a yearly assessment on the suitability of the present Directors under the above mentioned MNRB Group Fit and 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.

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

The following aspects would also 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, and 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 Clause 22.3 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 Clause 22.3 of the Company's Constitution, Datuk Johar Che Mat and George Oommen will be retiring at the forthcoming Annual General Meeting and being eligible, had offered 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.

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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 was distributed to all Board members and covered topics which included board mix, composition and training needs, quality of information and decision making, responsibilities related to strategic plan/governance, fiscal oversight, risk management and boardroom activities, strategic governance, environmental, social and governance, and monitoring role coupled with their relationship with Management.

Other areas which were assessed included 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 shareholder and the affairs of the Company are performed in an ethical manner.

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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 least six (6) times a year, in addition to the AGM. For the financial year ended 31 March 2025, the Board held fifteen (15) 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.

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 2025 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	15/15	100%
George Oommen INED	15/15	100%
Ooi Bee Hong INED (Retired on 1 October 2024)	7/7	100%
Md Azmi Abu Bakar INED	13/15	86.7%
Azizul Mohd Said INED	15/15	100%
Suharti Mohd Ali INED	15/15	100%
Zaharudin Daud NIED (Resigned on 1 October 2024)	5/6	83.3%

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 financial year.

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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 of 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.

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.

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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 the Chairman of the Board and the various Board Committees; and
- Meeting 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 taken into consideration prevailing market practices in determining Directors' remuneration and has adopted the revised fee structure as approved by the shareholder at its 22nd AGM held on 12 September 2024. The revised structure has been applied in computing the Directors' fees for the financial year ended 31 March 2025:

		Meeting allowance RM	Annual Fees RM (Prior to conclusion of 22nd AGM)	Annual Fees RM (After the conclusion of 22nd AGM)
Board	Chairman	RM1,500 for each meeting attended	80,000	92,000
	Member		70,000	80,500
Audit Committee	Chairman		22,000	25,300
	Member		17,000	19,550
Risk Management Committee	Chairman		22,000	25,300
	Member		17,000	19,550
Group Nomination & Remuneration Committee	Member/ Permanent Invitee		12,000	13,800
Group Investment Committee	Member		12,000	13,800
Group Digital & Information Technology Committee ("GDNITC") *	Member		-	13,800

Pursuant to the Directors' Written Resolution dated 30 August 2024, the Board of Takaful Ikhlas Family Berhad ("TIFB") approved MNRB's proposal to adopt the newly established Group Digital and Information Technology Committee ("GDNITC") mainly 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, with effect from 1 October 2024. In conjunction with this adoption, the Board resolved to formally disband the Information Technology Oversight Committee ("ITOC") with effect from 30 September 2024.

The details of the total remuneration of each Director of the Company during the financial year ended 31 March 2025 are disclosed in Note 9 of the financial statements. Director's fees amounting to RM846,912 for the financial year ended 31 March 2025 will be proposed for approval at the forthcoming AGM of the Company. The fees were pro-rated based on appointment/resignation date.

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Directors' Remuneration (cont'd.)

(a) Remuneration Policy and Procedure (cont'd.)

The remuneration of the GSC members is decided by the MNRB Board. The meeting allowance and annual fees of the GSC members were shared equally with fellow subsidiaries of MNRB Group, namely 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 2025 is disclosed in Note 9 of the financial statements.

(b) Indemnification of Directors and Officers

Directors and Officers are indemnified under a Directors and Officers Liability Takaful Policy 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 Officers

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 Officers 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 Officers' 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.

Staffs 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.

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Remuneration Policy in respect of the President & CEO, Board Appointees and the Senior Management Officers (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 has implemented the Retention Bonus Guidelines in Q3 of FY24 to help in talent retention that compliments the overall Talent management framework including career development and progression, as well as Reward and Recognition.

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

	Unrestricted RM'000	Deferred RM'000	Remark
Fixed remuneration:			
- Cash-based	6,293	-	Salaries, allowance and EPF
- Other	39	-	Benefits-in-kind
Variable remuneration:			
- Cash-based	596	-	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.

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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 and interests in other companies and shall abstain from any discussions and decision-making in relation to these companies if the interests are deemed to be material pursuant to Companies Act ("CA") 2016.

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

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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. In view of the challenges and recognising the importance of increased board leadership, the Company provides the Board members with relevant training programmes and seminars in order to continuously strengthen their skill set and knowledge as well as to acquire sound understanding of current issues and developments, including sustainability and climate-related matters, within the financial and business environment.

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 Knowledge Sharing Session - Hajah & Darurah
- PNB Knowledge Forum 2024: Navigating the Threads of Economic Relatedness
- MNRB Group Director's Training - Asset Liability Management - It's Role in Insurance & Takaful, towards a Sustainable and Profitable Horizon
- Sustainability Conference: The Role of the Finance Function and Governance in the Climate Transition
- AML/CFT AND ABC: "Navigating the Anti-Financial Crime Landscape"
- MNRB Group Directors' Training – Global Reinsurance Market Update & Indonesia General Insurance and Syariah Development Market Update
- BNM Sasana Symposium 2024 – Structural Reforms: Making it a Reality for Malaysia
- MNRB Group Directors' Training – IFRS 17 Insurance Contracts & Implementation Journey
- Generative Artificial Intelligence
- Anti-Money Laundering ("AML") & Anti-Bribery & Corruption ("ABC")
- Cyber Resilience: Building a Secure Financial Future
- MIA Conference 2024: Navigating New Frontiers, Embracing Sustainability
- Boardroom Dynamics in Climate Talk

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Directors' Training (cont'd.)

- MACC and AML
- Data & Artificial Intelligence ("AI") Forum
- Kuala Lumpur International Sustainability Conference 2024
- EY Financial Services Organization ("FSO") Insurance Forum 2024
- GSC-BOD Engagement Session - Strengthening the MNRB Foundation for Sustainable Success by Embracing Maqasid Shariah
- Tax Developments: Managing One of Life's Certainties
- CGM Masterclass Series 2024 - Navigating Climate Risks : Investor Priorities
- How Organizations Do Great Things: Aligning Strategy and Implementation
- AI Impact & Governance Roundtable Workshop
- Impact Study of AI, Digital and Green Economy on the Malaysia's Workforce
- FIDE CORE Module A
- FIDE CORE Module B

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").

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 ("AC")

As at the financial year end, the Audit Committee comprises three (3) Independent Non-Executive Directors ("INEDs"). One (1) member of the Audit Committee is a qualified accountant and member of the Malaysian Institute of Accountants.

The Audit Committee 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 Audit Committee members had been reviewed during the financial year.

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Board Committees (cont'd.)

(i) Audit Committee ("AC") (cont'd.)

The Audit 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.

During the financial year, nine (9) Audit Committee meetings were held. Details of the Audit Committee members' attendance at the meetings held during the financial year were as follows:

	Attendance	Percentage
<u>Chairman</u>		
George Oommen	9/9	100%
<u>Members</u>		
Md Azmi Abu Bakar	7/9	78%
Ooi Bee Hong (Retired on 1 October 2024)	5/5	100%
Puan Suharti Mohd Ali (Appointed on 1 November 2024)	3/3	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;
- 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 Bank Negara Malaysia's requirements;
- Deliberated and recommended to the Board, the proposed final dividend for the financial year ended 31 March 2024;
- Reviewed the Audit Committee Report for inclusion in the Directors' report;
- Reviewed and recommended to the Board, the zakat payable amount and the basis of computation for the financial year ended 31 March 2024;

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Board Committees (cont'd.)

(i) Audit Committee ("AC") (cont'd.)

- Deliberated on and recommended to the Board, the adoption of new MFRS Accounting Standards and Amendments / Annual Improvements to MFRS Accounting Standards that are effective for the financial year ended 31 March 2025;
- Evaluated the performance and recommended to the Board, the appointment and remuneration of the External Auditors for the financial year ended 31 March 2025;
- Reviewed the appointment and remuneration of the Tax Consultant to assist the Company in the preparation and submission of revised tax computations for the years of assessment 2019 to 2022;
- Reviewed and recommended to the Board, the Tax Agent's tax compliance fee for the year of assessment 2024;
- Reviewed the appointment and remuneration of the Company's new Risk Based Capital ("RBC 2") Consultant for the preparation of Quantitative Impact Survey 2 ("QIS2") to Bank Negara Malaysia;
- Reviewed the tax matters affecting the Company;
- Reviewed the Related Party Transactions as entered into by the Company on periodic basis, including understanding the relationship of the transacting parties, the nature of these parties' business, the nature and timing of transactions and comparing the terms of the transactions with other third party transactions;
- 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. A meeting without the presence of the Management was also held with the External Auditors on 13 November 2024. Matters discussed during these meetings include key reservations noted by the External Auditors during the course of their annual audit;
- Deliberated on matters pertaining to the implementation of MFRS 17 *Insurance Contracts*;
- Reviewed the internal audit plan for FY 2025/2026 and External Auditor's audit plan for the year ended 31 March 2025;

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Board Committees (cont'd.)

(i) Audit Committee ("AC") (cont'd.)

- 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; and
- Reviewed the compliance with the Policy Document on Anti-Money Laundering, Countering Financing of Terrorism, Countering Proliferation Financing and Targeted Financial Sanctions for Financial Institutions as well as evaluated the effectiveness of the overall compliance risk of the Company.

(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 two (2) INEDs and one (1) Non-Independent Non-Executive Director ("NINED"). 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 staffs 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;

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Board Committees (cont'd.)

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

- 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.

During the financial year, seven (7) RMCB meetings were held. Details of the RMCB members' attendance at the meetings held during the financial year are as follows:

	Attendance	Percentage
<u>Chairman</u>		
Azizul Mohd Said	7/7	100%
<u>Members</u>		
Datuk Johar Che Mat	7/7	100%
Suharti Mohd Ali	7/7	100%

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Board Committees (cont'd.)

(iii) Group Nomination & Remuneration Committee ("GNRC")

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 escalated to the Board of the Company for its decision.

During the financial year, nine (9) Group Nomination & Remuneration Committee meetings were held. Details of the Committee members' attendance at the meetings held during the financial year were as follows:

The GNRC comprises five (5) INEDs.

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

	Attendance	Percentage
<u>Chairman</u>		
Zaida Khalida Shaari INED, MNRB	9/9	100%
<u>Members</u>		
Junaidah Mohd Said INED, MNRB	9/9	100%
Khalid Sufat INED, MNRB <i>Representing Malaysian Reinsurance Berhad</i>	9/9	100%
Dr. Wan Zamri Wan Ismail <i>Permanent Invitee representing Takaful IKHLAS General</i>	9/9	100%
Encik Azizul Mohd Said <i>Permanent Invitee representing the Company</i> <i>(Appointed on 1 November 2024)</i>	2/2	100%
Ooi Bee Hong <i>Permanent Invitee representing the Company</i> <i>(Retired on 1 October 2024)</i>	7/7	100%

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Other Oversight Committees

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

(a) Group Investment Committee

The Board is advised by the Group Investment Committee of MNRB ("GIC") to oversee, guide and monitor the investment operations of the MNRB Group as well as to approve and recommend 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.

George Oommen was appointed to represent the Company as a member in the GIC.

The GIC comprises four (4) INEDs and one (1) NINED during the financial year end. The GIC is chaired by an INED.

During the financial year, Datuk Johar Che Mat ("Datuk Johar") had resigned as a NINEC and a member of GIC of MNRB on 12 February 2025. On 14 February 2025, Dato' Sulaiman Mohd Tahir was appointed as the new MNRB NINEC in place of Datuk Johar and subsequently, was appointed as a member of GIC on 7 March 2025.

(b) Group Digital and Information Technology Committee (formerly known as ITOC)

Takaful Ikhlas Family Berhad ("TIFB")'s Board via its Directors' Written Resolution dated on 30 August 2024 had accepted MNRB's proposal to leverage on the newly established GDNITC effective 1 October 2024 and subsequently, had resolved to disband the Information Technology Oversight Committee ("ITOC") on 30 September 2024.

GDNITC's role is to assist the Board in discharging its responsibility to ensure that material investments in MNRB Group's information technology and digital initiatives are aligned with its organisational strategy, achieve intended business outcomes, and are effectively managed in a way that mitigates risks.

As the financial year end, the GDNITC comprises three (3) INEDs. The GDNITC is chaired by an INED. During the financial year, Suharti Mohd Ali has resigned as a member of GDNITC.

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Group Shariah Committee ("GSC")

The Company is advised by the GSC of MNRB. The GSC as an integral function of Shariah governance is responsible to provide Shariah advisory oversight 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 Islamic Financial Services Act ("IFSA") 2013 and BNM's Shariah Governance ("SG") which outlines the Bank'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 consists of six (6) members with the majority of members who are Shariah qualified person fulfilling the requirements 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 takaful business 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.

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Group Shariah Committee ("GSC") (cont'd.)

A total of eight (8) 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. Dr. Younes Soualhi	8/8	100%
<u>Members</u>		
Dr. Shamsiah Mohamad	8/8	100%
Shahrir Sofian	8/8	100%
Assoc. Prof. Datuk Dr. Luqman Haji Abdullah	8/8	100%
Dr. Khairul Anuar Ahmad	8/8	100%
Wan Rumaizi Wan Husin	8/8	100%

Key information on each of the GSC member is set out under the section 'Group Shariah Committees Members Profile' on pages 41 to 44.

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.

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Whistleblowing (cont'd.)

The MNRB Group's Whistleblowing 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.

Our whistleblowing channels are published on the corporate website.

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.

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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 45.

(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, the internal control system can only provide reasonable, but not absolute, assurance against any material financial misstatement, fraud, or losses.

The Board has adopted a group-wide risk management framework, i.e. the Group Risk Management Framework and Policy ("RM Framework") that describes the structure, approach and process for identifying, evaluating, responding to, monitoring and managing the significant risks faced by the Company. The RM Framework has been in place for the whole of the financial year ended 31 March 2025 and the latest review was completed in August 2024.

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, Group Management Risk & Compliance Committee ("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.

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Accountability and Audit (cont'd.)

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

Risk Management Governance

- A dedicated Board Committee known as the Risk Management Committee of the Board ("RMCB") has been established to support the Board in meeting the expectations and responsibilities on risk and compliance management, provides assurance to the Board that the processes have been carried out effectively and inculcates a strong risk management culture on a Company-wide basis. There are clearly defined responsibilities and reporting to the Risk Management Committee of the Board ("RMCB") from the management to provide oversight and governance over the Company's activities, which aims to safeguard shareholders' 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 2025.
- The Group Shariah Committee ("GSC") was established to provide objective and sound advice to the Company to ensure that its aims and operations, business, affairs and activities are in compliance with Shariah.
- 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 within the Company.
 - i. First LOD: Risk Ownership and Steering is carried out by the business and support functions, which have primary responsibility for risk management and control activities embedded in day-to-day business operations.
 - ii. Second LOD: Risk oversight and monitoring is carried out by the risk management, (including Shariah risk management and review functions), actuarial and compliance functions, which have the primary responsibility for setting up risk and risk-related policies, frameworks, guidelines, and procedures, as well as providing support and direction to the business with regard to risk.
 - iii. Third LOD: Independent assurance is carried out by Internal Audit function who provides independent and objective assurance on the overall effectiveness of risk management and internal controls within 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) Group Risk Management Framework and Policy

- RM Framework

The Board believes that an effective RM Framework and strong internal control system is 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.

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Accountability and Audit (cont'd.)

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

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

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: (cont'd.)

(i) Group Risk Management Framework and Policy (cont'd.)

- **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. The 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 Risk Management Committee of the Board ("RMCB"), and periodically reviewed by the Board.

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

(ii) Internal Audit

- The 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 AC 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 AC 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.

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Accountability and Audit (cont'd.)

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

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

(ii) Internal Audit (cont'd.)

- The 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. Status of rectification is tracked and monitored by Management and the AC, 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 the inputs of Senior Management as well as inputs from the respective ACs.
- The AC meets at least once every quarter to review matters identified in reports prepared by the Internal Auditors, External Auditors, Regulatory Authorities, and Management. It further evaluates the effectiveness and adequacy of the Company's internal control system. The AC have active oversight on the Internal Auditors' independence, scope of work and resources. The activities undertaken by the AC during the year are highlighted in the Audit Committee Report 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 conflicting 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.
- The Company's financial systems record all transactions to produce performance report that is submitted to the Management within internally stipulated timeline.
- The Underwriting Guidelines for family takaful business have been put in place to manage risks that are 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.

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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.)

- 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 Company's 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 Group has implemented a Leadership Competency Framework that is consistently applied across key human capital processes including recruitment, performance and rewards, High Performance ("HiPo") talent assessment, and learning and development. Technical competencies within the Group are evaluated typically by the immediate supervisor or Head of Department, either during recruitment or throughout employment, ensuring relevance to actual job requirements.
- The Company implements the annual Mandatory Block Leave ("MBL") to create a positive talent management culture where the organisation 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.
- 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.

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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 adopts the Group Anti-Money Laundering, Countering Financing of Terrorism, Countering Proliferation Financing and Targeted Financial Sanctions (“AML, CFT, CPF & TFS”) Policy that reflects the Company’s commitment in combating money laundering and financing of terrorism. It also sets out the Company’s expectations to be vigilant in ensuring proper controls and monitoring mechanisms to safeguard the Company against being used for money laundering or terrorism financing (“ML/TF”) purposes.
- A Group Whistleblowing Policy has been put 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 Whistleblower 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 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.
- The Information Communication & Technology Department (“ICTD”) is responsible for continuously monitoring and responding to IT security threats, conducting awareness programmes, as well as performing assessments and network penetration test programmes.

Takaful Ikhlas Family Berhad
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Accountability and Audit (cont'd.)

(iii) Relationship with External Auditors

Information on the role of the AC in relation to the External Auditors is set out under the section 'Board Committees' on pages 19 to 24.

The Company has always maintained a close and transparent relationship with its External Auditors in seeking professional advice and ensuring compliance with approved accounting 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 28 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.

**Takaful Ikhlas Family Berhad
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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 re-designated as Non-Independent Non-Executive Chairman/Director of the Company effective 1 July 2019. He is a member of the Risk Management Committee of the Board. He obtained a Bachelor of Economics Degree from University of Malaya in 1975. He has over thirty-seven (37) 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. He is also a Director of 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 (Takaful IKHLAS General) on 30 November 2018 and was subsequently re-designated as Non-Independent Non-Executive Chairman/Director of Takaful IKHLAS General effective 1 July 2019 following his appointment as Non-Independent Non-Executive Chairman at MNRB 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 was also appointed as an Independent Non-Executive Director of Edeltec Holdings Sdn Bhd with effect from 1 August 2022 and subsequently, as its Chairman on 4 August 2022. He resigned as Non-Independent Non-Executive Chairman/Director of MNRB Holding Berhad and Malaysian Reinsurance Berhad effective 12 February 2025. He had attended all fifteen (15) Board meetings held during the financial year.

**Takaful Ikhlas Family Berhad
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Board of Directors' Profile (cont'd.)

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 Chartered Accountant with the Malaysian Institute of Accountants. He is also a certified Accountant by the Chartered Association of Certified Accountants United Kingdom and The Malaysian Institute of Certified Public Accountants. He has over thirty-eight (38) 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 joined AIG Lippo Life Insurance Company, Indonesia as Vice President-Director. He then joined TATA AIG Life Insurance Company, India, in 2001, as Managing Director. George Oommen 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 MENA Dubai, UAE as CEO & General Representative. He is also a Director of MNRB and Malaysian Re (Dubai) Ltd. He was appointed as the Chairman of Labuan Reinsurance (L) Ltd on 25 October 2019 and Labuan Re Underwriting Ltd. on 9 April 2020. He resigned as an Independent Non-Executive Director of Malaysian Reinsurance Berhad effective 28 February 2025. He had attended all fifteen (15) Board meetings held during the financial year.

**Takaful Ikhlas Family Berhad
(Incorporated in Malaysia)**

Board of Directors' Profile (cont'd.)

Md Azmi Abu Bakar, Independent Non-Executive Director

Male, Malaysian, an Independent Non-Executive Director appointed since 1 October 2022. He is a member of the Audit Committee and Group Digital & Information Technology Committee of MNRB Holdings Berhad. He obtained a Bachelor of Science in Actuarial Science in 1986 and a Master of Science in Statistics and Actuarial Science in 1988, both from The University of Iowa, USA. He is affiliated with Islamic Banking and Finance Institute Malaysia ("IBFIM") as a certified trainer for various training and coaching programs. He is also a member of the examination committee for the Chartered Institute of Islamic Finance Professionals ("CIIF")'s Chartered Islamic Finance Professional ("CIFP"). He was an Academic Fellow at the Institute of Islamic Banking and Finance ("IIBF"), an institute under the International Islamic University Malaysia ("IIUM").

Md Azmi is a qualified and experienced Takaful practitioner with over thirty (30) years of experience in the overall management of Takaful operations and over twenty (20) years at senior positions and top management levels. He started his career in Takaful Malaysia in 1989 where he served in various positions and responsibilities covering products development, sales, underwriting, claims, Retakaful and actuarial functions. He left Takaful Malaysia as the Chief Executive Officer before joining Noor Takaful Dubai, under the Dubai Group, in 2007.

Over the years of his career, Md Azmi was involved in the setting up of a number of new takaful operators in the region and globally such as in Brunei, Indonesia, Sri Lanka as well as in the Middle East. He was also formerly a director of Asean Retakaful International (Labuan) Ltd, Asuransi Takaful Keluarga Indonesia, Amana Takaful Ltd Sri Lanka and Arab Malaysian Takaful Company Jeddah. He is a consultant at First International Consulting ("FIC") Sdn Bhd, a company specialising in Islamic finance consulting training and advisory. He had attended thirteen (13) out of the fifteen (15) Board meetings held during the financial year.

**Takaful Ikhlas Family Berhad
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Board of Directors' Profile (cont'd.)

Azizul Mohd Said, Independent Non-Executive Director

Male, Malaysian, an Independent Non-Executive Director appointed since 1 March 2023. He is the Chairman of the Risk Management Committee of the Board and a Permanent Invitee of the Group Nomination & Remuneration Committee of MNRB Holdings Berhad. He obtained an Advance Diploma in Insurance Studies in 1993 and a Diploma in Banking Studies from the MARA Institute of Technology, Malaysia in 1987. He is also a Chartered Member of the Chartered Professional in Islamic Finance ("CPIF"). Azizul was employed at Bank Negara Malaysia from 1987 until his retirement in 2019, with his last posting as the Deputy Director - Insurance and Takaful Supervision Department. With his over thirty (30) years of extensive experience and knowledge in the regulation and supervision of insurance and takaful companies, he was responsible to regulate and supervise some local and foreign insurance groups, multi-national insurers/Takaful operators and professional foreign reinsurers/Retakaful operators.

Azizul was instrumental in supporting BNM's efforts to implement its 'Risk Based Supervisory Framework' and spearhead the Department's Anti-Money Laundering ("AMLCFT") supervisory team. Over the years of his career, he also played an active role in the development of the insurance and Takaful companies financial submission system and databases, oversee training and development programs for the insurance supervisors and providing inputs in various policy standards, such as the Reinsurance Guidelines, Risk Management standards and Internal Audit Guidelines, the Takaful Operational Framework and Shariah Governance standards. He also served as a committee member of the Islamic Finance Services Board ("IFSB") working group on the development of the Standards on Risk Management for Takaful Undertakings. He had attended all fifteen (15) Board meetings held during the financial year.

**Takaful Ikhlas Family Berhad
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Board of Directors' Profile (cont'd.)

Suharti Mohd Ali, Independent Non-Executive Director

Female, Malaysian, an Independent Non-Executive Director appointed since 1 September 2023. She is a member of the Audit Committee and Risk Management Committee of the Board. She holds a Master of Business Administration ("MBA") degree from the Universiti Utara Malaysia and a Diploma in Public Administration (English) from MARA Institute of Technology, Shah Alam. Suharti started her working experience in the education industry but later found her career with Jabatan Telekom Malaysia ("TM") which she joined in 1980. In the 34 years with TM, she worked almost in all areas of the organisation from Public Relations, Sales & Outlet Management and Credit Management before finally becoming a Business Analyst in the Customer Automated Service Systems ("CASS") Project. This marked the beginning of a new career phase in IT. She started as a Subject Matter Expert ("SME") in Credit Management and the IT Manager for the Credit Management Division, where she successfully developed and deployed a nationwide Credit Management program for TM, called eQuest which was still in use until very recently.

After that Suharti's career in IT progressed in Project Management as she managed and delivered various large IT projects. This included the overarching Customer Management System which was a nationwide rollout for TM's wireline business. The last project she delivered was the most significant, as it was the Private Public Partnership Project ("PPP") between TM and the Malaysian Government. She managed the delivery of all the Operation Support System ("OSS") and Business Support Systems ("BSS") to enable the launch of Malaysia's High Speed Broadband project in the Klang Valley within 8 months. This OSS and BSS Project codenamed NOVA is, an end-to-end platform which delivered the Customer Relationship Management ("CRM"), Fulfilment and Activation, Inventory and Billing as well as Assurance capabilities for the National High-Speed Broadband ("HSBB") initiative. The successful completion of this HSBB Project in TM made her the candidate for Celcom Axiata's Director of IT Transformation in 2011, when Celcom embarked on its nationwide Transformation Program, delivering another BSS for the whole Mobile business. Suharti left the industry in 2017 to pursue areas of work she has passion for education, motivation in project management and health. She has since been invited to speak in various conferences locally and internationally. She is currently a Director of the Small Medium Enterprise Development Bank Malaysia Berhad ("SME Bank"). She had attended all fifteen (15) Board meetings held during the financial year.

**Takaful Ikhlas Family Berhad
(Incorporated in Malaysia)**

Group Shariah Committee Members' Profile

Prof. Dr. Younes Soualhi

Male, Algerian. Appointed as a Chairman of Group Shariah Committee with effect from 3 November 2022. He obtained his Bachelor in Usul al Fiqh from Emir University of Islamic Sciences Algeria, Masters in Usul al-Fiqh from International Islamic University Malaysia and completed his PhD in Usul al-Fiqh from University of Malaya. Holding the esteemed designation of Registered Financial Planner ("RFP") under the Malaysian Financial Planning Council ("MFPC"), he brings a wealth of expertise in financial planning and advisory services to the table. As a distinguished member of the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI") Shariah sub-committee, he contributes to shaping global standards and best practices in Islamic finance. Currently, he serves as a Senior Researcher and Head of PhD Program (Applied Shariah in Islamic Economics and Finance at the International Shari'ah Research Academy for Islamic Finance ("ISRA")), where his insights drive pioneering research initiatives in the field.

Additionally, he holds the esteemed position of Professor at INCEIF University, Malaysia, where he imparts invaluable knowledge and expertise to the next generation of Islamic finance professionals. In his capacity as Chairman of the Shariah Committee of Al-Rajhi Bank, Malaysia, he plays a pivotal role in ensuring compliance with Shariah principles within the banking sector. He also serves as the sole Shariah advisor for Kuwait Retakaful (Labuan), showcasing his expertise in the realm of Islamic insurance. Furthermore, he serves as the Chairman of the Shariah Council of Experts for Salam Takaful, Nigeria, and as the Deputy Chairman of Aljazair Mutahidah Takaful company in Algeria, underscoring his global influence and leadership in Islamic finance. Previously, he held esteemed positions such as Chairman of the Shari'ah board of Munich Re Retakaful and a member of the Shariah Committee of HSBC Amanah Malaysia, further highlighting his extensive experience and trusted reputation in the industry. With nearly 23 years of experience, he has taught Islamic finance subjects such as Takaful and Retakaful courses at the master's and PhD levels. His scholarly contributions extend to the publication of articles and books in Islamic Banking and Finance, particularly focusing on Takaful and Retakaful, enriching the academic discourse in the field.

**Takaful Ikhlas Family Berhad
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Group Shariah Committee Members' Profile (cont'd.)

Assoc. Prof. Datuk Dr. Luqman Haji Abdullah

Male, Malaysian. Appointed as a Group Shariah Committee member on 3 November 2020. He obtained his PhD in Islamic Law of Property from the University of Edinburgh, Scotland. He formerly served as the Mufti of Wilayah Persekutuan from May 2020 to May 2025, a role that placed him at the forefront of Islamic legal and ethical guidance at the national level. Currently, he serves as a distinguished Shariah Committee Member of MBSB Bank, offering expert insights to ensure compliance with Shariah principles in the banking sector. He is also appointed as a Shariah Panel Expert of Jabatan Kemajuan Islam Malaysia ("JAKIM"), further showcasing his expertise and influence in matters of Islamic governance. As a dedicated member of the Association of Shariah Advisors in Islamic Finance ("ASAS"), he contributes to shaping industry standards and best practices. Moreover, he holds significant roles as a Committee Member of the Shariah Advisory Council of Amanah Raya Berhad ("ARB"), demonstrating his commitment to advancing Islamic finance and philanthropy. Beyond his professional engagements, he serves as the Chairman of Madrasah Rahmaniah Pondok Lubuk Tapah, Pasir Mas, Kelantan, where he plays a pivotal role in nurturing Islamic education and values in the community. His dedication to academic pursuits is further evidenced by his tenure as a Visiting Scholar at the University of Edinburgh, Scotland in 2013.

Previously, he held the esteemed position of Head of the Fiqh and Usul / Islamic Jurisprudence Department at the University of Malaya, where he contributed significantly to academic discourse and scholarship. His areas of specialisation encompass Islamic Law of Property, Islamic Jurisprudence/Legal Theories, and Shariah/Fiqh Textual Studies (Dirasah Nassiyyah), reflecting his profound expertise in these domains.

Dr. Shamsiah Mohamad

Female, Malaysian. Appointed as a Group Shariah Committee member on 3 November 2020. Obtained her PhD 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"). Her distinguished presence extends to multiple Shariah Committees of prestigious financial institutions, where she is entrusted with navigating complex Shariah issues with assurance. Currently, she holds esteemed positions as a Member of the Shariah Supervisory Council of Bank Islam Malaysia Berhad, the Shariah Committee of SME Bank, and the Shariah Committee of the Association of Islamic Banking Institutions Malaysia ("AIBIM"). Additionally, she serves as a Subject Matter Expert at IBFIM, contributes to the Shariah Committee of Lembaga Zakat Selangor, and Shariah Committee to Dana Peladang Kebangsaan, Pertubuhan Peladang Kebangsaan and Jawatankuasa Penasihat Ibadat Haji TH-JAKIM. Her extensive portfolio also includes past memberships on the Shariah Advisory Council of the Securities Commission Malaysia and the Shariah Committee of Bursa Malaysia Securities Berhad.

She has lent her Shariah expertise to institutions such as Standard Chartered Bank, Bank Muamalat Malaysia Berhad, Standard Chartered Saadiq Berhad, JAKIM, Medic IG Holdings, BIMB Investment, and BIMB Securities Sdn Bhd. Notably, she served on the esteemed Shariah Advisory Council of Bank Negara Malaysia ("BNM") from 2013 to 2019. Throughout her career, her focus has remained steadfast on Islamic transactions, where she has garnered profound insights and made substantial contributions.

**Takaful Ikhlas Family Berhad
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Group Shariah Committee Members' Profile (cont'd.)

Shahrir Sofian

Male, Malaysian. Appointed as a Group Shariah Committee member on 3 November 2020. Obtained his master's 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. Currently, he serves as a respected Shariah Committee member for the Islamic Banking window at Citibank Berhad. With an illustrious career spanning over three decades, he has held various pivotal roles within Bank Negara Malaysia ("BNM") since 1987. Notably, he served as Manager in the Financial Sector Development Department and Manager of the Insurance Development Department, where he played a key role in steering compliance review processes.

His contributions to BNM were multifaceted, including involvement in strategic initiatives such as the formulation of the Balance Score Card for Life Insurance/Family Takaful Agents under the LIFE framework and the Development of Business Plan of the Insurance Development Department, which became an integral part of the Bank's overarching business strategy. He played a pivotal role in shaping policy frameworks, including the formulation of the policy document on direct channels and the establishment of a dedicated department, namely, the Islamic Banking and Takaful Department, which propelled the progress and development of the Islamic Financial System. Furthermore, his extensive expertise extends to insurance regulations and operations, where demonstrated a keen understanding and proficiency in navigating the intricacies of this sector.

Dr. Khairul Anuar Ahmad

Male, Malaysian. Appointed as a member of the Group Shariah Committee effective 1 July 2022. He holds a PhD in Islamic Banking and Finance from International Islamic University of Malaysia ("IIUM"). Currently, he holds the esteemed position of Senior Lecturer at Universiti Islam Selangor ("UIS"), where he specialises in Fiqh Muamalat (Islamic Law of Transactions) and Islamic Economics & Banking. He serves as the Chairman of the Shariah Committee at OCBC Al-Amin Bank Berhad, demonstrating his leadership and proficiency in ensuring compliance with Shariah principles within the banking sector. Additionally, he is a respected member of the Shariah Committees at Yayasan Pembangunan Ekonomi Islam Malaysia ("YAPEIM"), Koperasi Pembiayaan Shariah Angkasa Berhad ("KOPSYA"), Afsha Shariah Advisory Sdn Bhd and Sedania As-Salam Capital Sdn Bhd, where his insights contribute to informed decision-making processes.

His extensive experience includes serving as a Member of the Shariah Committee at HSBC Amanah Berhad and FWD Takaful Berhad, underscoring his trusted reputation within the Islamic finance industry. He is also an ordinary member of the Association of Shariah Advisors in Islamic Finance ("ASAS"), further cementing his standing as a respected authority in the field. Throughout his career as a lecturer, he has contributed significantly to the advancement of Islamic finance through the publication of several articles and research papers. His scholarly contributions enrich the discourse surrounding Islamic finance and serve as a testament to his dedication to the field.

**Takaful Ikhlas Family Berhad
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Group Shariah Committee Members' Profile (cont'd.)

Wan Rumaizi Wan Husin

Male, Malaysian. Appointed as a Group Shariah Committee member on 1 August 2023. Obtained his first degree in Fiqh and Usul al-Fiqh from al Al-Bayt University Jordan and Master's degree in Fiqh and Usul al-Fiqh from International Islamic University Malaysia. Formerly, he served as a lecturer at the esteemed Department of Fiqh and Usul al-Fiqh at the Kulliyah of Islamic Revealed Knowledge and Human Sciences of the International Islamic University Malaysia, where he contributed significantly to the academic landscape in Islamic jurisprudence. Known for his dynamic presence and expertise, he is highly active in delivering speeches and specialised training on Shariah principles, particularly in the areas of Fiqh Muamalat, Islamic Economics, and Fiqhi-Medico, garnering admiration for his insightful contributions. With a wealth of experience in Shariah consultation, he has played pivotal roles such as module developer and member of the Working Group for Malaysian Standard ("MS") 1900:2014 Standard (Shariah-based Quality Management Systems – Requirement with Guidance) secretariat by Standards and Industrial Research Institute of Malaysia ("SIRIM"). Additionally, he has served as a Shariah Advisor for Yayasan Muamalat Belia, Tissue Bank HUSM Kubang Kerian, and as a Shariah Committee Representative to Bank Kerjasama Rakyat Malaysia Berhad ("BKRM")'s BOD Meeting and JAKIM's Muamalat Panel of Experts.

Currently, he holds esteemed positions including Board member and Chairman of the Shariah Committee at AEON Bank (M) Berhad, Shariah Committee member of AgroBank Berhad, and Shariah Committee member of Tabung Haji. He also serves as the Wakaf Committee member of Majlis Agama Islam dan Adat Istiadat Melayu Kelantan, Panel Consultant Member for the International Research Centre in Islamic Economy and Finance ("IRCIEF") at UIS, and a Member of the International Union for Muslim Scholars (Ittihad al-'Alami li 'Ulama' al-Muslimin), Qatar. Previously, he held significant roles such as Chairman of the Shariah Board at Al-Rajhi Bank Malaysia Berhad, Shariah Committee Member of Bank Kerjasama Rakyat, and Shariah Committee Member of PruBSN Takaful. Additionally, he served as an Executive Committee ("EXCO") member of the Association of Shariah Advisors in Islamic Finance ("ASAS"), further underscoring his commitment to advancing the principles of Shariah in the finance industry.

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Takaful Ikhlas Family Berhad
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Statement by Directors

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

We, Datuk Johar Che Mat and Md Azmi Abu Bakar, 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 52 to 208 are properly drawn up in accordance with MFRS Accounting Standards, IFRS Accounting 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 2025 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 25 June 2025.



Datuk Johar Che Mat



Md Azmi Abu Bakar

Kuala Lumpur, Malaysia

Statutory Declaration

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

I, Mohamad Hafiz Jaafar (MIA membership no. CA 54157), 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 52 to 208 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
Mohamad Hafiz Jaafar at Kuala Lumpur in Wilayah Persekutuan
on 25 June 2025.



Mohamad Hafiz Jaafar

Before me,

Commissioner for Oaths



Takaful Ikhlas Family Berhad
(Incorporated in Malaysia)

Report of the Group Shariah Committee

بسم الله الرحمن الرحيم

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

We, Prof. Dr. Younes Soualhi 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 2025. 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 2025 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' Individual 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;

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Takaful Ikhlas Family Berhad
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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 2025 have been conducted in conformity with the principles of Shariah.

Signed on behalf of the Group Shariah Committee.



Prof. Dr. Younes Soualhi

Kuala Lumpur, Malaysia
25 June 2025



Shahrir Sofian

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**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 2025, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 52 to 208.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2025, and of its financial performance and cash flows for the financial year then ended in accordance with MFRS Accounting Standards, IFRS Accounting 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, Corporate Governance Disclosures and Report of the Group Shariah Committee, but does not include the financial statements of the Company and our auditors' report thereon.

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**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.)

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.

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 MFRS Accounting Standards, IFRS Accounting 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.



Shape the future
with confidence

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

Kannan V/L Rajagopal
No. 03490/03/2026 J
Chartered Accountant

Kuala Lumpur, Malaysia
25 June 2025

200201025412 (593075-U)

Takaful Ikhlas Family Berhad
(Incorporated in Malaysia)

Statement of profit or loss
For the year ended 31 March 2025

		2025		2024	
	Note	Family takaful fund RM'000	Company RM'000	Family takaful fund RM'000	Company RM'000
Takaful revenue	4(a)	400,707	412,750	452,310	470,636
Takaful service expenses	4(b)	(457,406)	(428,859)	(427,078)	(395,604)
Takaful service result before retakaful certificates held		<u>(56,699)</u>	<u>(16,109)</u>	<u>25,232</u>	<u>75,032</u>
Allocation of retakaful contributions	4(d)	(145,559)	(145,559)	(133,959)	(133,959)
Amounts recoverable from retakaful operators	4(d)	97,893	97,893	105,031	105,031
Net expense from retakaful certificates held		<u>(47,666)</u>	<u>(47,666)</u>	<u>(28,928)</u>	<u>(28,928)</u>
Takaful service result		<u>(104,365)</u>	<u>(63,775)</u>	<u>(3,696)</u>	<u>46,104</u>
Profit revenue calculated using the effective profit method	5(a)	34,170	49,842	33,588	51,958
Other investment income	5(b)	133,382	129,935	130,304	127,020
Net realised gains	6	21,356	21,669	12,823	12,999
Net fair value gains	7	13,300	13,425	118,283	118,660
Net impairment loss on financial assets		(42)	(47)	-	(8)
Net investment income		<u>202,166</u>	<u>214,824</u>	<u>294,998</u>	<u>310,629</u>
Takaful finance expense for takaful certificates issued	8	(176,436)	(178,795)	(251,378)	(250,186)
Unallocated surplus attributable to participants		77,684	57,263	(22,126)	(62,715)
Net takaful financial result		<u>(98,752)</u>	<u>(121,532)</u>	<u>(273,504)</u>	<u>(312,901)</u>
Other income	10	4,962	6,561	4,582	8,398
Other expenses	11	(339)	(20,601)	(595)	(11,916)
Finance cost		-	(14)	-	(11)
Net other operating income/(expenses)		<u>4,623</u>	<u>(14,054)</u>	<u>3,987</u>	<u>(3,529)</u>
Profit before zakat and taxation		3,672	15,463	21,785	40,303
Taxation attributable to participants	12	(3,672)	(3,489)	(21,785)	(21,785)
Profit before zakat and taxation attributable to shareholder		<u>-</u>	<u>11,974</u>	<u>-</u>	<u>18,518</u>
Zakat		-	(166)	-	(370)
Taxation	13	-	690	-	(10,390)
Net profit for the financial year		<u>-</u>	<u>12,498</u>	<u>-</u>	<u>7,758</u>
Basic earnings per share (sen)	25		<u>3.1</u>		<u>1.9</u>

The accompanying notes form an integrated part of financial statements.

200201025412 (593075-U)

Takaful Ikhlas Family Berhad
(Incorporated in Malaysia)

Statement of comprehensive income
For the year ended 31 March 2025

Note	2025		2024	
	Family takaful fund RM'000	Company RM'000	Family takaful fund RM'000	Company RM'000
Net profit for the financial year	-	12,498	-	7,758
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss:				
Revaluation reserves:				
Net gains on fair value changes	-	2,283	-	2,221
Deferred tax on fair value changes	18	(183)	-	(178)
Items that may be subsequently reclassified to profit or loss:				
Fair value reserves:				
Net gains on investments in debt instruments designated at fair value through other comprehensive income	18	1,465	3,804	7,135
Deferred tax on fair value changes	18	(117)	(304)	(1,036)
Realised losses/(gains) on fair value changes transferred to profit or loss	6	85	(42)	(324)
Other comprehensive income attributable to participants		(1,433)	(3,458)	(5,501)
Total other comprehensive income		-	-	2,317
Total comprehensive income for the year		-	-	10,075

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

200201025412 (593075-U)

Takaful Ikhlas Family Berhad
(Incorporated in Malaysia)

Statement of financial position
as at 31 March 2025

		2025		2024	
	Note	Family takaful fund RM'000	Company RM'000	Family takaful fund RM'000	Company RM'000
Assets					
Property and equipment	14	-	87,710	-	85,439
Intangible assets	17	-	51,763	-	54,620
Right-of-use assets	15	-	200	-	543
Investment properties	16	82,085	-	82,085	-
Financial and other assets	20	4,409,812	4,856,910	4,283,847	4,752,457
Takaful certificate assets	19	2,506	110,289	2,607	58,845
Retakaful certificate assets	19	51,491	51,491	42,306	42,306
Tax recoverable	21	12,596	29,165	-	11,285
Cash and bank balances		11,862	13,163	9,773	11,615
Total assets		4,570,352	5,200,691	4,420,618	5,017,110
Liabilities					
Takaful certificate liabilities	19	4,443,260	4,538,084	4,323,385	4,374,006
Retakaful certificate liabilities	19	40,727	40,727	26,257	26,257
Lease liabilities	15	-	204	-	547
Other payables	22	69,045	83,956	55,329	81,869
Deferred tax liabilities	18	16,789	15,158	15,029	13,138
Tax payable		531	2,507	618	4,346
Provision for zakat		-	182	-	293
Total liabilities		4,570,352	4,680,818	4,420,618	4,500,456
Equity					
Share capital	23	-	405,000	-	405,000
Retained profits	24	-	114,764	-	112,266
Fair value reserve	24	-	109	-	(612)
Total equity attributable to owner of the Company		-	519,873	-	516,654
Total liabilities and equity		4,570,352	5,200,691	4,420,618	5,017,110

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

200201025412 (593075-U)

Takaful Ikhlas Family Berhad
(Incorporated in Malaysia)

Statement of changes in equity
for the year ended 31 March 2025

Company	Note	Reserves			Total RM'000
		Share capital RM'000	Non-distributable fair value reserve RM'000	Distributable retained profits RM'000	
At 1 April 2023		405,000	(2,929)	184,508	586,579
Net profit for the year		-	-	7,758	7,758
Total other comprehensive income for the year		-	2,317	-	2,317
Total comprehensive income for the year		-	2,317	7,758	10,075
Dividend paid during the year	29	-	-	(80,000)	(80,000)
At 31 March 2024		405,000	(612)	112,266	516,654
At 1 April 2024		405,000	(612)	112,266	516,654
Net profit for the year		-	-	12,498	12,498
Total other comprehensive income for the year		-	721	-	721
Total comprehensive income for the year		-	721	12,498	13,219
Dividend paid during the year	29	-	-	(10,000)	(10,000)
At 31 March 2025		405,000	109	114,764	519,873

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

Takaful Ikhlas Family Berhad
(Incorporated in Malaysia)

Statement of cash flows
For the year ended 31 March 2025

	Note	2025 RM'000	2024 RM'000
Cash flows from operating activities			
Profit before zakat and taxation		15,463	40,303
Adjustments for:			
Fair value gains of financial assets at fair value through profit or loss ("FVTPL")	7	(13,425)	(118,660)
Impairment losses on:			
- financial assets at fair value through other comprehensive income ("FVOCI") and amortised cost		47	8
Movement in allowance for impairment losses on sundry receivables	4(c)	581	1,505
Depreciation of:			
- property and equipment	4(c)	3,059	2,679
- right-of-use assets	4(c)	343	304
Impairment of equipment	11	527	-
Amortisation of intangible assets	4(c)	8,170	7,657
Impairment of intangible assets	11	3,646	-
Reclassification of intangible assets to expenses	4(c)	2,340	-
Net amortisation of premiums on investments	5	1,918	2,755
Net gains on property and equipment		(30)	-
Write-off of intangible assets	11	1	-
Write-off of property and equipment	11	7	-
Profit income	5	(171,914)	(175,598)
Dividend income	5	(10,818)	(6,659)
Rental income	10	(520)	(520)
Finance cost		14	11
Realised gains on disposal of investments	6	(21,669)	(12,999)
Operating cash flows before working capital changes		(182,260)	(259,214)
Changes in working capital:			
Net change in deposit placements		(2,565)	(10,603)
Net purchase of financial assets		(71,390)	(91,683)
Net change in staff financing		123	(90)
Net change in other receivables		(5,057)	(3,837)
Net change in balance with related companies		(233)	256
Net change in takaful certificate assets		(51,444)	1,394
Net change in retakaful certificate assets		(9,185)	13,058
Net change in takaful certificate liabilities		164,078	273,662
Net change in retakaful certificate liabilities		14,470	20,700
Net change in other payables		2,087	(5,905)
Income tax paid		(21,025)	(20,923)
Zakat paid		(277)	(316)
Profit received		178,717	163,802
Rental income received		520	520
Dividend received		10,197	6,544
Payment of profit portion of lease liabilities	15	(14)	(11)
Net cash generated from operating activities		26,742	87,354

Takaful Ikhlas Family Berhad
(Incorporated in Malaysia)

Statement of cash flows
For the year ended 31 March 2025 (cont'd.)

	Note	2025 RM'000	2024 RM'000
Cash flows from investing activities			
Proceed from disposal of property and equipment		30	-
Purchase of property and equipment	14	(3,054)	(1,036)
Purchase of intangible assets	17	(11,827)	(4,381)
Net cash used in investing activities		(14,851)	(5,417)
Cash flows from financing activities			
Payment of lease liabilities	15	(343)	(304)
Dividend paid	29	(10,000)	(80,000)
Net cash used in financing activities		(10,343)	(80,304)
Net increase in cash and cash equivalents		1,548	1,633
Cash and cash equivalents at beginning of year		11,615	9,982
Cash and cash equivalents at end of year		13,163	11,615
 Cash and cash equivalents comprise:			
Cash and bank balances of:			
Shareholder's fund		1,301	1,842
Family takaful fund		11,862	9,773
		13,163	11,615

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

Takaful Ikhlas Family Berhad
(Incorporated in Malaysia)

Notes to the financial statements

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at 12th Floor, Bangunan Malaysian Re, No.17, Lorong Dungun, Damansara Heights, 50490 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 Company is principally engaged in the management of family takaful businesses including investment-linked takaful business.

There were no significant changes in the nature of the principal activities of the Company during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 June 2025.

2. Material accounting policy information

2.1 Basis of preparation and presentation of financial statements

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act, 2016 in Malaysia.

At the beginning of the current financial year, the Company had adopted the new MFRS Accounting Standards applicable for annual financial periods beginning on or after 1 January 2024 as described fully in Note 3.1 to the financial statements.

As at the financial year end, the Company has met the minimum capital requirements as prescribed by the Risk-Based Capital Framework for Takaful Operators ("RBCT") issued by BNM.

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. Income and expense will not be offset in the statement of profit or loss unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

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.

Takaful Ikhlas Family Berhad
(Incorporated in Malaysia)

2. Material accounting policy information (cont'd.)

2.1 Basis of preparation and presentation of financial statements (cont'd.)

(a) Statement of compliance (cont'd.)

Takaful operations and its funds (cont'd.)

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 statement of profit or loss as well as certain relevant notes to the financial statements represents additional supplementary information required for BNM reporting.

(b) Basis of measurement

The financial statements of the Company have been prepared on a historical cost basis, unless otherwise indicated in the summary of material 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.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRS Accounting Standards and IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

Takaful Ikhlas Family Berhad
(Incorporated in Malaysia)

2. Material accounting policy information (cont'd.)

2.1 Basis of preparation and presentation of financial statements (cont'd.)

(d) Use of estimates and judgements (cont'd.)

(i) Retakaful certificates and takaful certificates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, 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. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. The Company disaggregates information to disclose takaful certificates issued and retakaful certificates held separately. This aggregation has been determined based on how the Company is managed.

(ii) Estimates of future cash flows

In estimating the future cash flows, the Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experiences, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Company's view of current conditions at the reporting date and current expectations of future events that might affect those cash flows.

Cash flows within the boundary of a certificate are those that relate directly to the fulfilment of the certificate, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) cedents, participants, takaful acquisition cash flows and other costs that are incurred in fulfilling certificates. Takaful acquisition cash flows and other costs that are incurred in fulfilling certificates comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows are attributed to acquisition activities and other fulfilment activities either directly or estimated based on the type of activities performed by the respective business function. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of certificates using methods that are systematic and rational and will be consistently applied to all costs that have similar characteristics, such as based on total contributions, number of certificates or number of claims.

For Family Takaful businesses, the following assumptions were used when estimating future cash flows:

- (i) Mortality and morbidity rates
- (ii) Longevity assumptions
- (iii) Lapse and surrender rates

Takaful Ikhlas Family Berhad
(Incorporated in Malaysia)

2. Material accounting policy information (cont'd.)

2.1 Basis of preparation and presentation of financial statements (cont'd.)

(d) Use of estimates and judgements (cont'd.)

(iii) Discount rates

Family takaful business generally determines risk-free discount rates using the observed yield curves of government securities. The derivation of the illiquidity premium leverages the volatility adjustment bases in accordance with the BNM's discounting approach, with calibration made to reference the portfolio of the Company's takaful and shareholder's funds. The yield curve will be interpolated between the last available market data point and an ultimate forward rate, which reflects long-term real interest rates and inflation expectations. Although the ultimate forward rate will be subjected to revision, it is expected to be updated only on significant changes in the long-term expectations being observed.

Discount rates applied for discounting of future cash flows are listed below:

Takaful certificates issued and retakaful certificates held

Year	1		3		5		7		10		15	
	FYE25	FYE24	FYE25	FYE24	FYE25	FYE24	FYE25	FYE24	FYE25	FYE24	FYE25	FYE24
Others	3.48%	3.53%	3.91%	3.86%	3.96%	4.18%	4.52%	4.37%	4.02%	4.27%	4.59%	4.38%
Investment Linked	3.28%	3.33%	3.71%	3.66%	3.76%	3.98%	4.32%	4.17%	3.82%	4.07%	4.39%	4.18%

(iv) Risk adjustment for non-financial risk

Risk adjustments for non-financial risk are determined to reflect the compensation that the Company would require for bearing non-financial risk and its degree of risk aversion. The Company applies a confidence level technique to determine the risk adjustments for non-financial risk of its takaful and retakaful certificates.

(v) Contractual Service Margin ("CSM")

The CSM is a component of the asset or liability for the group of takaful certificates that represents the unearned profit the Company will recognise as it provides services in the future. An amount of the CSM for a group of takaful certificates is recognised in profit or loss as takaful revenue in each period to reflect the services provided under the group of takaful certificates in that period. The amount is determined by:

- Identifying the coverage units in the Company;
- Allocating the CSM at the end of the period (before recognising any amounts in profit or loss to reflect the services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future years; and
- Recognising in profit or loss the amount allocated to coverage units provided in the period.

The number of coverage units in a group is the quantity of coverage provided by the certificates in the group, which is determined by considering for each certificate the quantity of the benefits provided and its expected coverage duration.

For Family Takaful certificates, the quantity of benefit is the contractually agreed sum covered over the duration of the certificates. The total coverage units of each group of Takaful certificates are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of certificates in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

Takaful Ikhlas Family Berhad
(Incorporated in Malaysia)

2. Material accounting policy information (cont'd.)

2.1 Basis of preparation and presentation of financial statements (cont'd.)

(d) Use of estimates and judgements (cont'd.)

(vi) Own-used property – Ikhlas Point

Ikhlas Point is carried at historical cost and depreciated over its estimated useful life in accordance with MFRS 116. The depreciation period follows the straight-line method, with 19 years applied to the building structure. Associated and is not depreciated.

The property is a 10-storey commercial office building that serves primarily as the head office for the Company, with a portion leased to third parties and other entities within the Company. As at 31 March 2025, approximately 99% of the total gross floor area is used internally by the Company and affiliated entities for administrative and operational purposes or consists of shared support facilities. Vacant areas are not held for rental or capital appreciation.

Given that internal use significantly exceeds 25% of the total area, the property continues to be classified as Property, Plant and Equipment. No reclassification to investment property is made.

2.2 Summary of material accounting policy information

(a) Property and equipment

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.

Takaful Ikhlas Family Berhad
(Incorporated in Malaysia)

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(a) Property and equipment (cont'd.)

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.

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.

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	10% - 33.3%
Furniture and fittings	10%
Office equipment	10% - 33.3%
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.

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 statement of profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

Takaful Ikhlas Family Berhad
(Incorporated in Malaysia)

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(b) 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.

(c) 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. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(c) 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 represents 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 asset 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 not exceeding fifteen (15) years. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at least at each financial year end.

(iii) Preferred partnership fee in relation to bancatakaful arrangement

The preferred partnership fee represents an upfront fee paid by the Company to the financial institution under a 5-years preferred bancatakaful arrangement.

Following the initial recognition of the cost of preferred partnership fee, the fee is amortised over the period of the bancatakaful arrangement, with the allocation tied to actual revenue generated from the partnership. 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 financial institutions.

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2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(d) 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.

(i) 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. 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 AC or FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(d) Financial assets (cont'd.)

(i) 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.

▪ Financial assets at AC

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

- 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 AC 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. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(d) Financial assets (cont'd.)

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

▪ 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 deposit placements with licensed banks, secured staff financing and other receivables.

▪ 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. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(d) Financial assets (cont'd.)

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

▪ 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.

▪ 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 AC 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.

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2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(d) Financial assets (cont'd.)

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

▪ 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.

(ii) 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.

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2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(d) Financial assets (cont'd.)

(ii) 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.

(iii) 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.

(iv) 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.

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2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(d) Financial assets (cont'd.)

(v) 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.

(vi) 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.

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2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(e) 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 AC are disclosed in Note 20.

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 34(v).

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2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(f) 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 ECL model also applies to irrevocable loan commitments and financial guarantee contracts, which will include advances, financing, takaful receivables and contract assets under MFRS 15 *Revenue from Contracts with Customers* and lease receivables under MFRS 16 *Leases*.

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.

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2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(f) 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 and retakaful certificate receivables (deemed not received)

The impairment on takaful and retakaful certificate receivables (deemed not received) 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 whilst the retakaful certificate receivables are assessed on totality basis. The impairment is to be calculated on the total outstanding balance including all aging buckets from current to the selected default period and above. Roll rates are to be applied on the outstanding balances of the ageing buckets which form the bases of the roll rates. A forward looking factor is to be included in the calculation of ECL.

Takaful and retakaful certificate receivables are considered to be in default when contractual payments are past due for more than 12 months and 24 months respectively.

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(f) 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.

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2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(g) 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.

(h) 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.

(i) Cash and cash equivalents

Cash and cash equivalents presented in the statement of cash flows comprise cash on hand, balances with banks, and short-term, highly liquid deposits with original maturities of three months or less, which are held to meet short-term cash commitments. These instruments are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Short-term deposits with original maturities of three months or less that are held for investment purposes, rather than for meeting short-term cash obligations, do not meet the definition of cash equivalents in accordance with MFRS 107 *Statement of Cash Flows* and are therefore excluded from cash and cash equivalents.

(j) 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. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(j) 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.

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(j) Leases (cont'd.)

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

• Lease liabilities

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.

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2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(k) Financial liabilities

Financial liabilities are recognised in the statement of financial position when, and only when, the Company and/or the Family Takaful Fund 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.

• **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.

• **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.

(l) 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.

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2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(m) 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.

(n) Employee benefits

• **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.

• **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. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(o) Foreign currencies

• 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.

(p) 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.

• 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.

• Dividend income

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

• 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.

• Management fees

Management fees are recognised when services are rendered.

(q) 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.

(r) Balances with related companies

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

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2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(s) Takaful certificates classification

A takaful certificate is a certificate under which the Company has accepted significant takaful risk from another party by agreeing to compensate the party if a specified uncertain future event ("the insured/covered event") adversely affects the party. A certificate is considered to have significant takaful risk if, and only if, an insured event could cause a takaful operator to pay additional amounts that are significant in any single scenario, excluding scenarios that lack commercial substance.

The Company issues takaful certificates that contain takaful risk or a combination of takaful risk and financial risk.

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

The Company also cedes takaful risk in the normal course of its business. Ceded takaful arrangements do not relieve the Company from its obligations to participants. For both ceded and assumed takaful businesses, contributions, claims and benefits paid or payable are presented on a gross basis.

Retakaful arrangements entered into by the Company, that meet the classification requirements of takaful certificates as described above are accounted for as noted below. Arrangements that do not meet these classification requirements are accounted for as financial asset.

(t) Takaful certificates issued and retakaful certificates held accounting treatment

Separation of components

At inception of takaful certificates issued and retakaful certificates held, the Company assesses to determine whether they contain distinct components which must be accounted for under another MFRS: derivatives embedded within takaful certificates that are required to be separated (MFRS 9); cash flows relating to distinct investment components (MFRS 9); and promises to transfer distinct goods or distinct non-takaful or non-retakaful (MFRS 15) rather than MFRS 17. After separating any distinct components, an entity must apply MFRS 17 to all remaining components of the (host) takaful certificates issued and retakaful certificates held. Currently, the Company's products do not include distinct components that require separation.

MFRS 17 defines investment components as the amounts that a takaful certificate require the Company to repay to a participant in all circumstances, regardless of whether a covered event occurs. Investment components which are highly interrelated with the takaful certificate of which they form a part of are considered non-distinct and are not separately accounted for. However, receipts and payments of the investment components are recorded outside of profit or loss.

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(t) Takaful certificates issued and retakaful certificates held accounting treatment (cont'd.)

Level of aggregation

The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of certificates with similar risks which are managed together.

The takaful certificates portfolios are divided into:

- i. A group of certificates that are onerous at initial recognition;
- ii. A group of certificates that at initial recognition have no significant possibility of becoming onerous subsequently; and
- iii. A group of the remaining certificates in the portfolio.

The Company makes an evaluation of whether a series of certificates can be treated together in making the profitability assessment based on reasonable and supportable information, or whether a single certificate contains components that need to be separated and treated as if they were stand-alone certificates.

The portfolio is a group of the takaful certificates issued based on the fact that the products are subject to similar risks and managed together. In determining groups of certificates, the takaful businesses have elected to include in the same group of certificates where its ability to set prices or levels of benefits for participants with different characteristics is constrained by regulation.

Recognition

The Company recognises groups of takaful certificates that it issues from the earliest of the following:

- i. The beginning of the coverage period of the group of certificates.
- ii. The date when the first payment from a participant in the group is due, or when the first payment is received if there is no due date.
- iii. For a group of onerous takaful certificates, as soon as facts and circumstances indicate that the group is onerous.

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2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(t) Takaful certificates issued and retakaful certificates held accounting treatment (cont'd.)

Recognition (cont'd.)

The Company recognises a group of retakaful certificates held from the earliest:

- i. The beginning of the coverage period of the group of retakaful certificates held. However, the Company delays the recognition of a group of retakaful certificates held that provide proportionate coverage until the date when any underlying takaful certificate is initially recognised, if that date is later than beginning of the coverage period of the group of retakaful certificates held; and
- ii. The date the Company recognises an onerous group of underlying takaful certificates if the Company entered into the related retakaful certificates held at or before that date.

The Company adds new takaful certificates to the group in the reporting period in which the certificates meets one of the criteria set out above.

Only takaful certificates that meet the recognition criteria by the end of the reporting period are included in the groups. When certificates meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts' restriction. Composition of the groups is not reassessed in subsequent periods.

Onerous groups of certificates

The profitability of group of certificates is assessed by actuarial valuation models that take into consideration existing and new business. The Company assumes that no certificates in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For certificates that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood changes in applicable facts and circumstances.

If the facts and circumstances indicate that a group is expected to be onerous, a loss component should be recognised in the statement of financial position and the corresponding loss should be recognised in profit or loss accordingly as disclosed in Note 4(b).

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2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(t) Takaful certificates issued and retakaful certificates held accounting treatment (cont'd.)

Contract boundary

The Company includes in the measurement of a group of takaful certificate all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a takaful certificate if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the participant to pay the contributions or in which the Company has a substantive obligation to provide the participant with services. A substantive obligation to provide services ends when:

- i. The Company has the practical ability to reassess the risks of the particular participant and, as a result, can set a price or level of benefits that fully reflects those risks; or
- ii. Both of the following criteria are satisfied:
 - The Company has the practical ability to reassess the risks of the portfolio that contain the certificates and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
 - The pricing of the contributions for coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected contributions or claims outside the boundary of the takaful certificates is not recognised. Such amounts relate to future takaful certificates.

For takaful certificates with renewal periods, the Company assesses whether contributions and related cash flows that arise from the renewed contract are within the contract boundary. The pricing of the renewals are established by the Company by considering all the risks covered for the participant by the Company. This is considered when the Company underwrites equivalent contracts on the renewal dates for the remaining coverage. The Company reassess the contract boundary of each group at the end of each reporting period.

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2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(t) Takaful certificates issued and retakaful certificates held accounting treatment (cont'd.)

Measurement - takaful certificates issued

i) Certificates measured under Premium Allocation Approach ("PAA")

Initial measurement

The Company applies the PAA to all the takaful certificates that it issues and retakaful certificates that it holds, as:

- a) The coverage period of each certificate in the group is one year or less, including coverage arising from all contribution within the contract boundary; or
- b) For certificates longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those certificates under the PAA does not differ materially from the measurement that would be produced applying the general model.

Under the PAA, the liability for remaining coverage is measured as the amount of contribution received net of acquisition cash flows paid, less the net amount of contribution and acquisition cash flows that have been recognised in profit or loss over the expired portion of the coverage period based on the passage of time. The measurement of the liability for incurred claims is identical under all three measurement models.

The Company applies PAA models for retakaful certificates held, depending on the specific certificate boundaries for each retakaful certificates.

Where facts and circumstances indicate that certificates are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the certificate. Such onerous certificate are separately grouped from other certificates and the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group of certificates being equal to the fulfilment cash flows ("FCF"). A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

Subsequent measurement

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- i. Plus contributions received in the period;
- ii. Minus takaful acquisition cash flows;
- iii. Plus any amounts relating to the amortisation of the takaful acquisition cash flows recognised as an expense in the reporting period for the group and any adjustment to the financing component, where applicable; and
- iv. Minus the amount recognised as takaful revenue for the services provided in the period.

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2. Material accounting policy information (cont'd.)

(t) Takaful certificates issued and retakaful certificates held accounting treatment (cont'd.)

Measurement - takaful certificates issued (cont'd.)

i) Certificates measured under Premium Allocation Approach ("PAA") (cont'd.)

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company, and include an explicit adjustment for non-financial risk (the risk adjustment).

ii) Certificates not measured under PAA (General Measurement Model ("GMM") and Variable Fee Approach ("VFA"))

Initial measurement

At initial recognition, the Company measures a group of takaful certificates as the total of:

- (a) fulfilment cash flows, which comprise of estimates of future cash flows, adjusted to reflect the time value of money and financial risks, and a risk adjustment for non-financial risk; and
- (b) a contractual service margin ("CSM"), which represents the unearned profit the Company will recognise as it provides service under the takaful certificates.

In determining the fulfilment cash flows, the Company uses estimates and assumptions considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The Company's CSM is a component of the takaful asset or liability for the group of takaful certificates and results in no income at initial recognition. The unit of account for CSM is on a group of certificates basis consistent with the level of aggregation specified above. If the fulfilment cash flows allocated to the group of takaful certificates, any previously recognised takaful acquisition cash flows and any cash flows arising from the contracts/takaful at the date of initial recognition in total are a net outflow then the group of certificates is considered to be onerous. A loss from onerous takaful certificates is recognised in profit and loss immediately. The Company establishes the groups at initial recognition and may add certificates to the groups after the end of a reporting period, however, the Company does not reassess the composition of the groups subsequently.

Subsequent measurement

In the subsequent periods, the carrying amount of a group of takaful certificates at each reporting date is the sum of the liability for remaining coverage ("LFRC") and the liability for incurred claims ("LFIC"). The LFRC comprises the fulfilment cash flows that relate to services to be provided in the future and any remaining CSM at that date. The LFIC comprises the fulfilment cash flows for incurred claims and expenses that have not yet been paid. The fulfilment cash flows at the reporting dates are measured using the current estimates of expected cash flows and current discount rates.

2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(t) Takaful certificates issued and retakaful certificates held accounting treatment (cont'd.)

Measurement - takaful certificates issued (cont'd.)

ii) Certificates not measured under PAA (General Measurement Model ("GMM") and Variable Fee Approach ("VFA")) (cont'd.)

Subsequent measurement (cont'd.)

The carrying amount of CSM at end of the reporting period is adjusted to reflect the following changes to the GMM for certificates without direct participation features:

- (a) effect of new certificates added to the group;
- (b) interest accreted on the carrying amount of CSM, measured at locked-in rate;
- (c) effect of any currency exchange differences on the CSM;
- (d) changes in fulfilment cash flows that relate to future services (non-financial), except for loss component; and
- (e) recognition of takaful revenue for services provided in the year.

The CSM is recognised into takaful revenue over the duration of the group of takaful certificates based on the respective coverage units. The locked-in discount rate is the weighted average of the rates applicable at the date of initial recognition of certificates that joined a group over a 12-month period. The discount rate used for accretion of interest on the CSM is determined using the bottom-up approach.

The changes in fulfilment cash flows relating to future service that adjust the CSM comprise of:

- Experience adjustments that arise from the difference between the contribution receipts (and any related cash flows such as takaful acquisition cash flows and takaful contribution taxes) and the estimate, at the beginning of the period, of the amounts expected. Differences related to contributions received (or due) related to current or past services are recognised immediately in profit or loss while differences related to contributions received (or due) for future services are adjusted against the CSM.
- Changes in estimates of the present value of future cash flows in the liability for remaining coverage, except those relating to the time value of money and changes in financial risk (recognised in the statement of profit or loss and other comprehensive income rather than adjusting the CSM).
- Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period.
- Changes in the risk adjustment for non-financial risk that relate to future service. A loss is created when there is an increase in fulfilment cash flows that exceeds the carrying amount of the CSM. Once a change in fulfilment cash flows reduces CSM to zero, the excess establishes a loss which is recognised in expense immediately. Any subsequent decrease in the fulfilment cash flows will reverse the losses previously recognised in expense. Any remaining loss will be released based on a systematic allocation of subsequent changes relating to future service in the fulfilment cash flows.

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2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(t) Takaful certificates issued and retakaful certificates held accounting treatment (cont'd.)

Measurement - retakaful certificates held

i) Certificates measured under PAA

The Company applies the same accounting policies for initial measurement and subsequent measurement as those for takaful certificate issued to measure a group of retakaful certificates, adapted where necessary to reflect features that differ from those of takaful certificates.

ii) Certificates not measured under PAA (GMM)

Initial measurement

The measurement of retakaful certificates follows the same principles as the GMM, with the following exceptions or modifications specified in this section below. Retakaful certificates held and assumed cannot use the VFA.

- Measurement of the cash flows include an allowance on a probability-weighted basis for the effect of any non-performance by the retakaful operators, including the effects of collateral and losses from disputes.
- The Company determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred to the retakaful operators.
- The Company recognises both day 1 gains and day 1 losses at initial recognition in the statement of financial position as a CSM and releases this to profit or loss as the retakaful operator renders services, except for any portion of a day 1 loss that relates to events before initial recognition.
- Changes in the fulfilment cash flows are recognised in profit or loss if the related changes arising from the underlying ceded certificates have been recognised in profit or loss. Alternatively, changes in the fulfilment cash flows adjust the CSM.
- Changes in the fulfilment cash flows that result from changes in the risk of non-performance by the issuer of a retakaful certificates held do not adjust the CSM as they do not relate to future service.

Any change in the fulfilment cash flows of a retakaful certificates held due to the changes of the liability for incurred claims of the underlying certificates is taken to profit and loss and not the CSM of the retakaful certificates held.

Where a loss component has been set up subsequent to initial recognition of a group of underlying takaful certificates, the portion of income that has been recognised from related retakaful certificates held is disclosed as a loss-recovery component.

Subsequent measurement

The carrying amount of a group of retakaful certificates at each reporting date is the sum of the remaining coverage component and the incurred claims component. The remaining coverage component comprises (a) the fulfilment cash flow ("FCF") that relate to services that will be received under the certificates in future periods and (b) any remaining CSM at that date.

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2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(t) Takaful certificates issued and retakaful certificates held accounting treatment (cont'd.)

Measurement - retakaful certificates held (cont'd.)

ii) Certificates not measured under PAA (GMM) (cont'd.)

Subsequent measurement (cont'd.)

For retakaful certificates, when the Company recognises a loss on initial recognition of an onerous group of underlying takaful certificates or when further onerous underlying takaful certificates are added to a group, the Company establishes a loss component of the asset for remaining coverage for a group of retakaful certificates held representing the recovery of losses.

Where a loss component has been set up subsequent to initial recognition of a group of underlying takaful certificates, the portion of income that has been recognised from related retakaful certificates held is disclosed as a loss recovery component.

Where a loss-recovery has been setup at initial recognition or subsequently, the Company adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying takaful certificates.

The carrying amount of the loss-recovery component must not exceed the portion of the carrying amount of the loss component of the onerous group of underlying takaful certificates that the Company expects to recover from the group of retakaful certificates. On this basis, the loss-recovery component recognised at initial recognition is reduced to zero in line with reductions in the onerous group of underlying takaful certificates and is zero when loss component of the onerous group of underlying takaful certificates is zero.

Liability for remaining coverage - takaful receivables and payables

The liability for remaining coverage disclosed under takaful certificates liabilities includes takaful receivables and payables.

The impairment on takaful receivables is measured 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 and retakaful receivables are grouped based on different sales channel and different retakaful contribution type's arrangement respectively. The impairment is calculated on the total outstanding balance including all aging buckets from current to 12 months and above. Roll rates are to be applied on the outstanding balance of the aging bucket which forms the base of the roll rate. Forward-looking information has been included in the calculation of ECL.

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2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(t) Takaful certificates issued and retakaful certificates held accounting treatment (cont'd.)

Measurement - retakaful certificates held (cont'd.)

ii) Certificates not measured under PAA (GMM) (cont'd.)

Modification and derecognition

The Company derecognises takaful certificates when:

- The rights and obligations relating to the certificates are extinguished (i.e., discharged, cancelled or expired); or
- The certificate is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the certificate. In such cases, the Company derecognises the initial certificate and recognises the modified certificate as a new certificate.

When a modification is not treated as a derecognition, the Company recognises amount paid or received for the modification with the certificates as an adjustment to the relevant liability for remaining coverage.

Qard

For takaful businesses, any deficit in the participants' risk fund within the takaful fund is made good via a Qard, which is a profit free financing, granted by the shareholder's fund to the participants' risk fund. In the participants' risk fund, the Qard is included in fulfilment cash flows used to measure the takaful liabilities under MFRS 17.

Qard is measured in the fulfilment cash flows at a value discounted for time value of money, which reflects the economic effect of the expected future cash flow, consistent with all the other cash flows measured in fulfilment cash flows. This accounting measurement does not affect the takaful fund's obligation to repay the nominal amount of Qard, nor does it affect or change any rights or obligations of the shareholder's fund.

The Qard shall be repaid from future surpluses of the participants' risk fund.

Family takaful surplus

The provision of surplus transferable from family takaful fund to takaful operator is determined by annual actuarial valuation on the participants' fund based on Surplus Management Policy. The differences between expected surplus transferable from family takaful fund to takaful operator and the provision will flow to profit and loss.

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2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(t) Takaful certificates issued and retakaful certificates held accounting treatment (cont'd.)

Takaful acquisition cash flows

Takaful acquisition cash flows arise from the costs of selling, underwriting and starting a group of takaful certificates (issued or expected to be issued) that are directly attributable to the portfolio of takaful certificates to which the group belongs.

The Company uses a systematic and rational method to allocate:

- Takaful acquisition cash flows that are directly attributable to a group of takaful certificates:
 - (i) to that group; and
 - (ii) to groups that include takaful certificates that are expected to arise from the renewals of the takaful certificates in that group.

Where takaful acquisition cash flows have been paid or incurred before the related group of takaful certificates is recognised in the statement of financial position, a separate asset for takaful acquisition cash flows is recognised for each related group.

The asset for takaful acquisition cash flow is derecognised from the statement of financial position when the takaful acquisition cash flows are included in the initial measurement of the CSM of the related group of takaful certificates. The Company expects to derecognise all assets for takaful acquisition cash flows within takaful coverage period.

At the end of each reporting period, the Company revises amounts of takaful acquisition cash flows allocated to groups of takaful certificates not yet recognised, to reflect changes in assumptions related to the method of allocation used.

After any re-allocation, the Company assesses the recoverability of the asset for takaful acquisition cash flows, if facts and circumstances indicate the asset may be impaired. When assessing the recoverability, the Company applies:

- An impairment test at the level of an existing or future group of takaful certificates; and
- An additional impairment test specifically covering the takaful acquisition cash flows allocated to expected future certificate renewals.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss. The Company recognises in profit or loss a reversal of some or all of an impairment loss previously recognised and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

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2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(t) Takaful certificates issued and retakaful certificates held accounting treatment (cont'd.)

Presentation and disclosure

The Company has presented separately in the statement of financial position the carrying amount of groups of takaful certificates issued that are assets, groups of takaful certificates issued that are liabilities, groups of retakaful certificates held that are assets and groups of retakaful certificates held that are liabilities.

Any assets or liabilities for takaful acquisition cash flows recognised before the corresponding takaful certificates are included in the carrying amount of the related groups of takaful certificates issued.

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the takaful service result.

The Company separately presents income or expenses from retakaful certificates held from the expenses or income from takaful certificates issued.

(i) Takaful revenue

Certificates measured under PAA

The takaful revenue for the period is the amount of expected contribution receipts (excluding any investment component) allocated to the period. The Company allocates the expected contribution receipts to each period of takaful certificates services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred takaful service expenses.

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

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2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(t) Takaful certificates issued and retakaful certificates held accounting treatment (cont'd.)

Presentation and disclosure (cont'd.)

(i) Takaful revenue (cont'd.)

Certificates measured under PAA (cont'd.)

The Company's takaful revenue depicts the provision of coverage and other services arising from a group of takaful certificates at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. Takaful revenue from a group of takaful certificates is therefore the relevant portion for the period of the total consideration for the certificates, (i.e., the amount of contribution paid to the Company adjusted for financing effect (the time value of money) and excluding any distinct investment components).

The total consideration for a group of certificates covers amounts related to the provision of services and is comprised of:

- Takaful service expenses, excluding any amounts relating to the risk adjustment for non-financial risk, excluding any amounts allocated to the loss component of the liability for remaining coverage.
- Amounts related to tax that are specifically chargeable to the cedents/participants.
- The risk adjustment for non-financial risk, excluding any amounts allocated to the loss component of the liability for remaining coverage.
- The CSM release.
- The experience adjustments for contribution received other than those that relate to future service.
- Amount related to takaful acquisition cash flows.

For management judgement applied to the amortisation of CSM.

(ii) Loss component

The Company has grouped certificates that are onerous at initial recognition separately from certificates in the same portfolio that are not onerous at initial recognition. Groups that were not onerous at initial recognition can also subsequently become onerous if assumptions and experience changes. The Company has established a loss component of the liability for remaining coverage for any onerous group depicting the future losses recognised.

A loss component represents a notional record of the losses attributable to each group of onerous takaful certificates (or certificates profitable at inception that have become onerous). The loss component is released based on a systematic allocation of the subsequent changes in the fulfilment cash flows to:

- the loss component; and
- the liability for remaining coverage excluding the loss component.

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2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(t) Takaful certificates issued and retakaful certificates held accounting treatment (cont'd.)

Presentation and disclosure (cont'd.)

(ii) Loss component (cont'd.)

The loss component is also updated for subsequent changes in estimates of the fulfilment cash flows related to future service. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period of a group of certificates (since the loss component would have been materialised in the form of incurred claims). The Company uses the proportion on initial recognition to determine the systematic allocation of subsequent changes in future cash flows between the loss component and the liability for remaining coverage excluding the loss component.

(iii) Loss recovery components

When the Company recognises a loss on initial recognition of an onerous group of underlying takaful certificates or when further onerous underlying takaful certificates are added to a group, the Company establishes a loss recovery component of the asset for remaining coverage for a group of retakaful certificates held depicting the recovery of losses.

Where a loss component has been set up subsequent to initial recognition of a group of underlying takaful certificates, the portion of income that has been recognised from related retakaful certificates held is disclosed as a loss recovery component.

Where a loss-recovery component has been set up at initial recognition or subsequently, the Company adjusts the loss recovery component to reflect changes in the loss component of an onerous group of underlying takaful certificates.

The carrying amount of the loss recovery component must not exceed the portion of the carrying amount of the loss component of the onerous group of underlying takaful certificates that the Company expects to recover from the group of retakaful certificates held. On this basis, the loss-recovery component recognised at initial recognition is reduced to zero in line with reductions in the onerous group of underlying takaful certificates.

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2. Material accounting policy information (cont'd.)

2.2 Summary of material accounting policy information (cont'd.)

(t) Takaful certificates issued and retakaful certificates held accounting treatment (cont'd.)

Presentation and disclosure (cont'd.)

(iv) Net income or expense from retakaful certificates held

The Company presents the net amounts of income or expense expected to be recovered/paid from/to retakaful operators on profit or loss.

The Company treats retakaful cash flows that are contingent on claims on the underlying certificates as part of the claims that are expected to be reimbursed under the retakaful certificate held, and excludes investment components and commissions from an allocation of retakaful contributions presented on the face of the statement of profit or loss and other comprehensive income. Amounts relating to the recovery of losses relating to retakaful of onerous direct certificates are included as amounts recoverable from the retakaful operator.

(v) Takaful finance income and expenses

Takaful finance income or expenses comprise the change in the carrying amount of the group of takaful certificates arising from:

- The effect of the time value of money and changes in the time value of money.
- The effect of financial risk and changes in financial risk.

The Company defines the takaful fund as an underlying item. Hence, changes in measurement of a group of takaful certificates caused by changes in the value of the fund is reflected in takaful/profit income or expenses.

Finance income and expenses for all issued takaful certificates except for family takaful certificates is not disaggregated because the related financial assets are managed on a fair value basis and measured at fair value through profit or loss.

The Company systematically allocates expected total takaful/profit income or expenses over the duration of the group of certificates to profit or loss using discount rates determined on initial recognition of the group of certificates.

In the event of transfer of a group of takaful certificates or derecognition of an takaful certificates, the Company reclassifies the takaful income finance or expense to profit or loss as a reclassification adjustment to any remaining amounts for the group (or certificates) that were previously recognised in other comprehensive income.

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3. Changes in accounting policies and disclosures

3.1 New and amended standards and interpretations

At the beginning of the current financial year, the Company adopted the following Amendments/Improvements which are mandatory for annual periods beginning on or after 1 January 2024.

Description	Effective for annual periods beginning on or after
Supplier Finance Arrangements (Amendments to MFRS 107 <i>Statement of Cash Flows</i> and MFRS 7 <i>Financial Instruments: Disclosures</i>)	1 January 2024
Lease Liability in a Sale and Leaseback (Amendments to MFRS 16 <i>Leases</i>)	1 January 2024
Non-Current Liabilities with Covenants (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2024

The adoption of the above Amendments to Standards did not have any significant financial impact to the Company's financial statements.

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3. Changes in accounting policies and disclosures (cont'd.)

3.2 Standards issued but not yet effective

The following MFRS Accounting Standards and Amendments to MFRSs have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective as at the date of authorisation of the financial statements. The Company intends to adopt these Standards and Amendments, where applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Lack of Exchangeability (Amendments to MFRS 121 <i>The Effects of Changes in Foreign Exchange Rates</i>)	1 January 2025
Annual Improvements to MFRS Accounting Standards - Volume 11 (Amendments to MFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards</i>)	1 January 2026
Amendments to the Classification and Measurement of Financial Instruments (Amendments to MFRS 9 <i>Financial Instruments</i> and MFRS 7 <i>Financial Instruments: Disclosures</i>)	1 January 2026
Contracts Referencing Nature-dependent Electricity (Amendments to MFRS 9 <i>Financial Instruments</i> and MFRS 7 <i>Financial Instruments: Disclosures</i>)	1 January 2026
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	To be determined by MASB

Except for MFRS 18, the Directors expect that the adoption of the above pronouncements will not have a material impact on the Company's financial statements upon initial application. The Company is currently evaluating the potential impact, if any, arising from the adoption of MFRS 18.

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4. Takaful service result

(a) Takaful revenue

The table below presents an analysis of the total takaful revenue recognised in the year:

	2025		2024	
	Family takaful fund RM'000	Company RM'000	Family takaful fund RM'000	Company RM'000
Certificates not measured under PAA				
Amounts relating to the changes in the liability for remaining coverage				
Expected claims and takaful service expenses	293,013	238,921	324,414	273,908
Change in the risk adjustment for non-financial risk	-	7,056	-	7,623
Amount of CSM recognised in profit or loss	-	23,128	-	23,456
Other amount	(20,080)	(13,786)	38,778	43,668
Amounts relating to recovery of takaful acquisition cash flows				
Allocation of the portion of contributions that relate to the recovery of takaful acquisition cash flows	38,646	54,760	33,211	51,749
Takaful revenue - certificates not measured under PAA	<u>311,579</u>	<u>310,079</u>	<u>396,403</u>	<u>400,404</u>
Takaful revenue - certificates measured under PAA	88,716	102,259	55,784	70,109
Movement in allowance for impairment loss on takaful receivables	412	412	123	123
Total takaful revenue	<u>400,707</u>	<u>412,750</u>	<u>452,310</u>	<u>470,636</u>

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4. Takaful service result (cont'd.)

(b) Takaful service expenses

The table below presents an analysis of the total takaful service expenses recognised in the year:

	2025		2024	
	Family takaful fund RM'000	Company RM'000	Family takaful fund RM'000	Company RM'000
Incurred maintenance expenses (Note 4(c))	-	54,108	-	51,865
Incurred wakalah fees	65,368	-	82,529	-
Incurred charges	43,121	-	40,107	-
Amortisation of takaful acquisition cash flows (Note 4(c))	45,995	71,699	41,931	70,705
Incurred claims and other takaful service expenses	363,702	363,702	338,745	338,745
Losses on onerous certificates	-	130	-	10,523
Changes to liabilities for incurred claims	(60,780)	(60,780)	(76,234)	(76,234)
Total takaful service expenses	457,406	428,859	427,078	395,604
Represented by:				
Certificates not measured under PAA	394,429	359,534	370,615	332,620
Certificates measured under PAA	62,977	69,325	56,463	62,984
	457,406	428,859	427,078	395,604

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4. Takaful service result (cont'd.)

(c) Expenses by nature

The breakdown of expenses incurred by the Company:

	2025	2024
	Company RM'000	Company RM'000
Staff costs:		
Salaries, bonus, and other related costs	44,476	39,967
President & CEO, Directors and Group Shariah Committee members' remuneration (Note 9)	2,051	2,168
Pension costs - Employees Provident Fund ("EPF")	5,752	5,202
Social security costs	362	327
	<u>52,641</u>	<u>47,664</u>
Auditors' remuneration		
- audit fees	934	1,626
- regulatory related fees	217	217
- other services	478	165
Expense relating to short-term leases (Note 15)	7	8
Amortisation of intangible assets (Note 17)	8,170	7,657
Reclassification from intangible assets to expenses (Note 17)	2,340	-
Depreciation of property and equipment (Note 14)	3,059	2,679
Depreciation of right-of-use assets (Note 15)	343	304
Management fees paid to holding company (Note 28)	22,695	21,311
Management fees paid to TIGB (Note 28)	2,693	1,793
Management fees paid to MRE (Note 28)	-	309
Professional and legal fees	4,199	5,172
Marketing and promotional costs	11,673	19,557
Electronic data processing costs	10,898	10,038
Agency expenses	7,376	7,762
Movement in allowance for impairment losses on sundry receivables	581	1,505
Other expenses*	19,751	16,632
Total expenses excluding commissions	<u>148,055</u>	<u>144,399</u>
Commissions	56,917	68,298
Total expenses including commissions	<u>204,972</u>	<u>212,697</u>
Less: Takaful acquisition cash flows incurred	(130,263)	(148,916)
Add: Amortisation of takaful acquisition cash flows	71,699	70,705
	<u>146,408</u>	<u>134,486</u>
Represented by:		
Takaful service expenses:		
Expenses attributed to takaful acquisition cash flows (Note 4(b))	71,699	70,705
Other directly attributable expenses (Note 4(b))	54,108	51,865
Other operating expenses (Note 11)	20,601	11,916
Total	<u>146,408</u>	<u>134,486</u>

*Other expenses consists of bank charges, cleaning and maintenance and license fees.

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4. Takaful service result (cont'd.)

(d) Net expense from retakaful certificates held

The Company has voluntarily disclosed an analysis of the net expenses from retakaful certificates held recognised in the year in the table below:

	2025		2024	
	Family takaful fund RM'000	Company RM'000	Family takaful fund RM'000	Company RM'000
Amounts relating to the changes in the assets for remaining coverage				
Expected recovery for takaful service expenses incurred in the year	(139,214)	(139,214)	(126,039)	(126,039)
Other amount	(6,345)	(6,345)	(7,920)	(7,920)
Allocation of retakaful contributions	<u>(145,559)</u>	<u>(145,559)</u>	<u>(133,959)</u>	<u>(133,959)</u>
Amounts recoverable for claims and other expenses incurred in the year:				
Amounts recoverable for claims	134,343	134,343	149,012	149,012
Changes in amounts recoverable arising from changes in liability for incurred claims	<u>(36,450)</u>	<u>(36,450)</u>	<u>(43,981)</u>	<u>(43,981)</u>
Amounts recoverable from retakaful operators	<u>97,893</u>	<u>97,893</u>	<u>105,031</u>	<u>105,031</u>
Net expense from retakaful certificates held	<u>(47,666)</u>	<u>(47,666)</u>	<u>(28,928)</u>	<u>(28,928)</u>
 Allocation of retakaful contributions represented by:				
Certificates not measured under PAA	(103,519)	(103,519)	(99,035)	(99,035)
Certificates measured under PAA	<u>(42,040)</u>	<u>(42,040)</u>	<u>(34,924)</u>	<u>(34,924)</u>
	<u>(145,559)</u>	<u>(145,559)</u>	<u>(133,959)</u>	<u>(133,959)</u>
 Amounts recoverable from retakaful operators represented by:				
Certificates not measured under PAA	73,765	73,765	81,962	81,962
Certificates measured under PAA	<u>24,128</u>	<u>24,128</u>	<u>23,069</u>	<u>23,069</u>
	<u>97,893</u>	<u>97,893</u>	<u>105,031</u>	<u>105,031</u>

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5. Investment income

2025

	Family takaful fund RM'000	Company RM'000
(a) Profit revenue calculated using the effective profit method		
Financial assets at FVOCI:		
Profit income	8,429	21,061
Financial assets at amortised cost:		
Profit income	25,741	28,781
	<u>34,170</u>	<u>49,842</u>

(b) Other investment income

Financial assets at FVTPL:		
Profit income	122,072	122,072
Dividend income from:		
Quoted Shariah approved equities in Malaysia	8,687	9,196
Real estate investment trusts	644	703
Shariah approved unit trust funds	779	919
Investment expenses	(990)	(1,037)
Financial assets at amortised cost:		
Net amortisation of premiums	(1,609)	(1,918)
Rental income	3,799	-
	<u>133,382</u>	<u>129,935</u>

2024

	Family takaful fund RM'000	Company RM'000
(a) Profit revenue calculated using the effective profit method		
Financial assets at FVOCI:		
Profit income	5,789	14,172
Financial assets at amortised cost:		
Profit income	27,799	37,786
	<u>33,588</u>	<u>51,958</u>

(b) Other investment income

Financial assets at FVTPL:		
Profit income	123,640	123,640
Dividend income from:		
Quoted Shariah approved equities in Malaysia	5,180	5,470
Real estate investment trusts	312	349
Shariah approved unit trust funds	693	840
Investment expenses	(496)	(524)
Financial assets at amortised cost:		
Net amortisation of premiums	(2,586)	(2,755)
Rental income	3,561	-
	<u>130,304</u>	<u>127,020</u>

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6. Net realised gains

	Family takaful fund RM'000	Company RM'000
2025		
Financial assets at FVTPL:		
Designated upon initial recognition:		
Government investment issues	3,037	3,037
Unquoted Islamic private debt securities	2,235	2,235
Mandatorily measured:		
Quoted Shariah approved equities in Malaysia	16,209	16,730
Shariah approved unit trust funds	(83)	(83)
Real estate investment trusts	43	43
	<u>21,441</u>	<u>21,962</u>
Financial assets at FVOCI:		
Government investment issues	29	(179)
Unquoted Islamic private debt securities	(114)	(114)
	<u>(85)</u>	<u>(293)</u>
	<u>21,356</u>	<u>21,669</u>
2024		
Financial assets at FVTPL:		
Designated upon initial recognition:		
Government investment issues	7,260	7,260
Unquoted Islamic private debt securities	655	655
Mandatorily measured:		
Quoted Shariah approved equities in Malaysia	5,449	5,343
Shariah approved unit trust funds	556	556
Real estate investment trusts	(1,139)	(1,139)
	<u>12,781</u>	<u>12,675</u>
Financial assets at FVOCI:		
Government investment issues	42	324
	<u>12,823</u>	<u>12,999</u>

7. Net fair value gains

	Family takaful fund RM'000	Company RM'000
2025		
Financial assets at FVTPL	<u>13,300</u>	<u>13,425</u>
2024		
Financial assets at FVTPL	<u>118,283</u>	<u>118,660</u>

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8. Takaful finance expense for takaful certificates issued

	Family takaful fund RM'000	Company RM'000
2025		
Profit accreted to takaful certificates using current financial assumptions	-	2,333
Profit accreted to takaful certificates using locked-in rate	-	(2,299)
Due to changes in profit rates and other financial assumptions	-	(2,393)
Due to changes in the value of underlying items	(176,436)	(176,436)
Total takaful finance expense from certificates issued	<u>(176,436)</u>	<u>(178,795)</u>
Represented by:		
Certificates not measured under PAA	(176,436)	(178,795)
	Family takaful fund RM'000	Company RM'000
2024		
Profit accreted to takaful certificates using current financial assumptions	-	3,303
Profit accreted to takaful certificates using locked-in rate	-	(2,111)
Due to changes in the value of underlying items	(251,378)	(251,378)
Total takaful finance expense from certificates issued	<u>(251,378)</u>	<u>(250,186)</u>
Represented by:		
Certificates not measured under PAA	(250,211)	(249,019)
Certificates measured under PAA	(1,167)	(1,167)
	<u>(251,378)</u>	<u>(250,186)</u>

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

Company		2025 RM'000		2024 RM'000
(a) President & CEO and Executive Director's remuneration:				
Salary and bonus		774		933
Pension costs - EPF		138		159
Benefits-in-kind		41		32
Allowances and other emoluments		184		149
		<u>1,137</u>		<u>1,273</u>
Total President & CEO's remuneration excluding benefits-in-kind	A	<u>1,096</u>		<u>1,241</u>
(b) Non-Executive Directors' remuneration:				
Fees		578		573
Benefits-in-kind		37		44
Allowances and other emoluments		230		210
	B	<u>845</u>	-	<u>827</u>
(c) Shariah Committee members' remuneration:				
Fees		86		81
Allowances and other emoluments		24		19
	C	<u>110</u>	-	<u>100</u>
Total remuneration of President & CEO, Directors and Shariah Committee members excluding benefits-in-kind	A+B+C	<u>2,051</u>		<u>2,168</u>
President & CEO:				
RM500,001 - RM1,500,000		1		1
RM100,001 - RM500,000		1		-
Non-executive Directors:				
RM150,001 - RM200,000		2		-
RM100,001 - RM150,000		3		5
RM50,001 - RM100,000		<u>1</u>		<u>2</u>

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9. 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
2025						
President & CEO:						
Wan Ahmad Najib Wan Ahmad Lotfi (Appointed on 14 January 2025)	137	-	24	7	51	219
Muhammad Fikri Mohamad Rawi (Resigned on 13 January 2025)	637	-	114	32	133	916
	<u>774</u>	<u>-</u>	<u>138</u>	<u>39</u>	<u>184</u>	<u>1,135</u>
Executive Director:						
Zaharudin Daud* (Resigned on 1 October 2024)	-	-	-	2	-	2
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>
Non-executive Directors:						
Datuk Johar Che Mat	-	105	-	1	33	139
George Oommen	-	113	-	2	42	157
Shareen Ooi Bee Hong (Retired on 1 October 2024)	-	50	-	6	28	84
Md Azmi Abu Bakar	-	101	-	16	41	158
Azizul Mohd Said	-	105	-	6	39	150
Suharti Mohd Ali	-	104	-	6	47	157
	<u>-</u>	<u>578</u>	<u>-</u>	<u>37</u>	<u>230</u>	<u>845</u>
Total Directors' remuneration	<u>-</u>	<u>578</u>	<u>-</u>	<u>39</u>	<u>230</u>	<u>847</u>

* The Executive Director, Zaharudin Daud, who resigned on 1 October 2024, was not entitled to any Directors' remuneration for the financial year.

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9. 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
2025 (cont'd.)						
Group Shariah Committee members:						
Prof. Dr. Younes Soualhi	-	16	-	-	4	20
Dr. Shamsiah Mohamad	-	14	-	-	4	18
Shahrir Sofian	-	14	-	-	4	18
Assoc. Prof. Datuk Dr. Luqman Haji Abdullah	-	14	-	-	4	18
Dr. Khairul Anuar Ahmad	-	14	-	-	4	18
Wan Rumaizi Wan Husin	-	14	-	-	4	18
	-	86	-	-	24	110
Total remuneration of President & CEO, Directors and GSC members	774	664	138	78	438	2,092

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9. 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
2024						
President & CEO:						
Muhammad Fikri Mohamad Rawi	933	-	159	31	149	1,272
	933	-	159	31	149	1,272
Executive Directors:						
Zaharudin Daud*	-	-	-	1	-	1
	-	-	-	1	-	1
Non-executive Directors:						
Datuk Johar Che Mat	-	97	-	2	31	130
George Oommen	-	104	-	2	42	148
Woon Tai Hai (Resigned as INED on 1 September 2023)	-	45	-	3	22	70
Shareen Ooi Bee Hong	-	99	-	17	34	150
Md Azmi Abu Bakar	-	87	-	14	38	139
Azizul Mohd Said	-	90	-	6	26	122
Suharti Mohd Ali (Appointed on 1 September 2023)	-	51	-	-	17	68
	-	573	-	44	210	827
Total Directors' remuneration	-	573	-	45	210	828
Shariah Committee members:						
Prof. Dr. Younes Soualhi	-	16	-	-	4	20
Dr. Shamsiah Mohamad	-	14	-	-	4	18
Shahrir Sofian	-	14	-	-	4	18
Sahibus Samahah Assoc. Prof. Datuk Dr. Luqman Haji Abdullah	-	14	-	-	3	17
Dr. Khairul Anuar Ahmad	-	14	-	-	2	16
Wan Rumaizi Wan Husin (Appointed on 1 August 2023)	-	9	-	-	2	11
	-	81	-	-	19	100
Total remuneration of President & CEO, Directors and GSC members	933	654	159	76	378	2,200

* The Executive Director, Zaharudin Daud, who resigned on 1 October 2024, was not entitled to any Directors' remuneration for the financial year.

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10. Other income

	Family takaful fund RM'000	Company RM'000
2025		
Profit from bank	824	1,031
Certificate related income	2,916	1,937
Other income	1,222	1,218
Management fee income	-	1,855
Rental income	-	520
	<u>4,962</u>	<u>6,561</u>
2024		
Profit from bank	837	1,060
Certificate related income	1,252	838
Other income	2,493	3,745
Management fee income	-	2,235
Rental income	-	520
	<u>4,582</u>	<u>8,398</u>

11. Other expenses

	Family takaful fund RM'000	Company RM'000
2025		
Impairment of equipment (Note 14)	-	(527)
Impairment of intangible assets (Note 17)	-	(3,646)
Management fees paid to holding company	-	(4,582)
Salaries, bonus, and other related costs	-	(3,905)
Electronic data processing costs	-	(2,526)
Marketing and promotional costs	-	(308)
Depreciation of right-of-use assets	-	(637)
Other expenses	(339)	(4,462)
Write-off of property and equipment	-	(7)
Write-off of intangible assets	-	(1)
	<u>(339)</u>	<u>(20,601)</u>
2024		
Management fees paid to holding company	-	(3,733)
Salaries, bonus, and other related costs	-	(2,814)
Electronic data processing costs	-	(609)
Marketing and promotional costs	-	(509)
Depreciation of right-of-use assets	-	(339)
Other expenses	(595)	(3,912)
	<u>(595)</u>	<u>(11,916)</u>

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12. Taxation attributable to participants

Family takaful fund	2025 RM'000	2024 RM'000
Current income tax:		
Current year's provision	14,203	13,001
Over provision of tax expense in prior year	(12,174)	(455)
	<u>2,029</u>	<u>12,546</u>
Deferred income tax (Note 18):		
Deferred tax relating to origination and reversal of temporary differences	1,643	9,239
Tax expense for the year	<u>3,672</u>	<u>21,785</u>
Company	2025 RM'000	2024 RM'000
Current income tax:		
Current year's provision	14,020	13,001
Over provision of tax expense in prior year	(12,174)	(455)
	<u>1,846</u>	<u>12,546</u>
Deferred income tax (Note 18):		
Deferred tax relating to origination and reversal of temporary differences	1,643	9,239
Tax expense for the year	<u>3,489</u>	<u>21,785</u>

Domestic income tax for family takaful fund is taxed at the preferential tax rate of 8% (2024: 8%) of taxable investment income for the year.

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

Family takaful fund	2025 RM'000	2024 RM'000
Profit before taxation	<u>3,672</u>	<u>21,785</u>
Taxation at Malaysian statutory tax rate	294	1,743
Income not subject to tax	(37,405)	(47,230)
Expenses not deductible for tax purposes	53,285	68,066
Utilisation of capital allowances allocated from the shareholder's fund	(328)	(339)
Over provision of tax expense in prior year	(12,174)	(455)
Tax expense for the year	<u>3,672</u>	<u>21,785</u>

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12. Taxation attributable to participants (cont'd.)

A reconciliation of income tax expenses applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as follows (cont'd.):

Company	2025 RM'000	2024 RM'000
Profit before taxation	15,463	40,303
Taxation at Malaysian statutory tax rate	1,237	3,224
Income not subject to tax	(38,531)	(48,711)
Expenses not deductible for tax purposes	53,285	68,066
Utilisation of capital allowances allocated from the shareholder's fund	(328)	(339)
Over provision of tax expense in prior year	(12,174)	(455)
Tax expense for the year	3,489	21,785

13. Taxation attributable to Takaful Operator

Company	2025 RM'000	2024 RM'000
Current income tax:		
Current year's provision	4,526	9,067
(Over)/Under provision of tax expense in prior year	(5,066)	4,562
	(540)	13,629
Deferred income tax:		
Deferred tax relating to origination and reversal of temporary differences	1,417	(164)
Over provision of deferred tax in prior year	(1,567)	(3,075)
Tax (credit)/expense for the year	(690)	10,390

Domestic income tax for Company is calculated at the Malaysian statutory tax rate of the estimated assessable profit for the year.

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:

Company	2025 RM'000	2024 RM'000
Profit before taxation and zakat	11,974	18,518
Taxation at Malaysian statutory tax rate	2,874	4,444
Effect of zakat deduction	(166)	(370)
Income not subject to tax	(149)	(76)
Expenses not deductible for tax purposes	3,384	4,905
Over provision of deferred tax in prior year	(1,567)	(3,075)
(Over)/Under provision of tax expense in prior year	(5,066)	4,562
Tax (credit)/expense for the year	(690)	10,390

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14. Property and equipment

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					
As at 1 April 2023	82,085	4,619	22,935	458	110,097
Additions	-	442	594	-	1,036
Revaluation surplus	2,221	-	-	-	2,221
Elimination of accumulated depreciation	(2,221)	-	-	-	(2,221)
As at 31 March 2024	82,085	5,061	23,529	458	111,133
Additions during the year	-	777	2,277	-	3,054
Reclassification from intangible assets	-	527	-	-	527
Revaluation surplus	2,283	-	-	-	2,283
Disposals	-	-	-	(95)	(95)
Write-off	-	(1,140)	(3,448)	-	(4,588)
Elimination of accumulated depreciation	(2,283)	-	-	-	(2,283)
As at 31 March 2025	82,085	5,225	22,358	363	110,031

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14. 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 and impairment					
As at 1 April 2023	-	2,703	22,271	262	25,236
Charge for the year (Note 4(c))	2,221	288	97	73	2,679
Elimination of accumulated depreciation	(2,221)	-	-	-	(2,221)
As at 31 March 2024	-	2,991	22,368	335	25,694
Charge for the year (Note 4(c))	2,283	518	185	73	3,059
Impairment (Note 11)	-	527	-	-	527
Disposals	-	-	-	(95)	(95)
Write-off	-	(1,140)	(3,441)	-	(4,581)
Elimination of accumulated depreciation	(2,283)	-	-	-	(2,283)
As at 31 March 2025	-	2,896	19,112	313	22,321
Net book value					
As at 31 March 2025	82,085	2,329	3,246	50	87,710
As at 31 March 2024	82,085	2,070	1,161	123	85,439

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14. Property and equipment (cont'd.)

Revaluation of self-occupied properties

Self-occupied properties have been revalued based on valuations performed by accredited independent valuers having appropriate recognised professional qualification. The valuations are based on the income and comparison approaches and are based on valuation date of 31 March 2025.

The fair value of self-occupied properties is classified under Level 3 of the fair value hierarchy as disclosed under Note 2.2(e) and Note 34(v). 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
2025			
Office building-Ikhlas Point	Income approach	Yield	4.73% to 6.02%
		Rental per square foot	RM4.80 to RM8.10
Office building-Branches	Comparison approach	Adjusted market value per square foot for similar properties	RM 289 to RM366
2024			
Office building-Ikhlas Point	Income approach	Yield	4.73% to 6.02%
		Rental per square foot	RM5.30 to RM12.00
Office building-Branches	Comparison approach	Adjusted market value per square foot for similar properties	RM289 to RM365

The income approach entails the determination of the probable gross annual rental the property is capable of producing and deducting therefrom the outgoings to arrive at the annual net income.

The comparison approach entails critical analyses of recent 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 performed 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.

The Company has assessed that the current use of the self-occupied properties represent their highest and best use, in accordance with the principles of fair value measurement.

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14. 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	Self-occupied properties RM'000
Cost	
At 1 April 2023/ 31 March 2024/ 31 March 2025	<u>59,498</u>
Accumulated depreciation	
At 1 April 2023	15,495
Charge for the year	<u>1,190</u>
At 31 March 2024	16,685
Charge for the year	<u>1,190</u>
At 31 March 2025	<u>17,875</u>
Net carrying amount	
At 31 March 2025	<u>41,623</u>
At 31 March 2024	<u>42,813</u>

15. 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.

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15. Leases (cont'd.)

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

(i) Right-of-use assets:

Company

Cost

	Data centre RM'000	Total RM'000
At 1 April 2023	553	553
Additions during the year	686	686
Lease derecognised during the year	(553)	(553)
At 31 March 2024/2025	<u>686</u>	<u>686</u>

Company

Accumulated depreciation

	Data centre RM'000	Total RM'000
At 1 April 2023	392	392
Charge for the year (Note 4(c))	304	304
Lease derecognised during the year	(553)	(553)
At 31 March 2024	<u>143</u>	<u>143</u>
Charge for the year (Note 4(c))	343	343
At 31 March 2025	<u>486</u>	<u>486</u>

Net carrying amount

At 31 March 2025	<u>200</u>	<u>200</u>
At 31 March 2024	<u>543</u>	<u>543</u>

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15. Leases (cont'd.)**(a) Company as a lessee (cont'd.)****(ii) Lease liabilities**

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

	Company RM'000
At 1 April 2024	547
Finance costs	14
Payments	(357)
At 31 March 2025	<u>204</u>
At 1 April 2023	165
Additions	686
Finance costs	11
Payments	(315)
At 31 March 2024	<u>547</u>

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 2025

	Company RM'000
Contractual discounted cash flow	
Within 1 year	204
After 1 year but not more than 5 years	-
	<u>204</u>

	Company RM'000
Undiscounted cash flow	
Within 1 year	208
After 1 year but not more than 5 years	-
	<u>208</u>

As at 31 March 2024

	Company RM'000
Contractual discounted cash flow	
Within 1 year	304
After 1 year but not more than 5 years	243
	<u>547</u>

	Company RM'000
Undiscounted cash flow	
Within 1 year	316
After 1 year but not more than 5 years	564
	<u>880</u>

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15. Leases (cont'd.)

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

(iii) Amount recognised in the statement of comprehensive income

As at 31 March 2025	Company RM'000
Depreciation expense of right-of-use assets	343
Finance costs	14
Expense relating to short-term leases (Note 4(c))	7
Total amount recognised in profit or loss	<u>364</u>

As at 31 March 2024	Company RM'000
Depreciation expense of right-of-use assets	304
Finance costs	11
Expense relating to short-term leases (Note 4(c))	8
Total amount recognised in profit or loss	<u>323</u>

The Company have total cash outflow for leases of RM357,000 (2024: RM315,000).

(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

	2025 RM'000	2024 RM'000
Within 1 year	3,476	2,524
After 1 year but not more than 5 years	5,724	1,586
	<u>9,200</u>	<u>4,110</u>

Company

	2025 RM'000	2024 RM'000
Within 1 year	197	145
After 1 year but not more than 5 years	259	-
	<u>456</u>	<u>145</u>

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16. Investment properties

	2025	2024
Family takaful fund	RM'000	RM'000
<u>At fair value:</u>		
At beginning of year/end of year	82,085	82,085

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

Family takaful fund	2025	2024
	RM'000	RM'000
Rental income	3,799	3,561
Operating expenses	(380)	(356)
	<u>3,419</u>	<u>3,205</u>

These investment properties are stated at fair value as at 31 March 2025, in accordance with the accounting policy disclosed in Note 2.2(b).

Within the family takaful fund, the properties are classified as investment properties in accordance with MFRS 140 *Investment Property*, as they are held to earn rental income and/or for capital appreciation.

At the Company level, however, these properties are reclassified as owner-occupied properties and accounted for in accordance with MFRS 116 *Property, Plant and Equipment*. This reclassification reflects the substance of the arrangement, whereby the properties are predominantly used by the Company for administrative and operational purposes. The presentation is consistent with the Group's accounting policy, which requires properties primarily held for internal use to be recognised as property, plant and equipment.

The fair value of the investment properties is classified under Level 3 of the fair value hierarchy, as disclosed in Notes 2.2(e) and 34(v), and the resulting fair value gains are recognised in the statement of comprehensive income.

The valuation techniques applied, including the significant unobservable inputs used in determining fair value, are detailed in Note 14.

17. Intangible assets

Company

	Software development in progress	Computer software and licences	Preferred partnership fee	Total
Cost	RM'000	RM'000	RM'000	RM'000
At 1 April 2023	9,580	63,011	22,000	94,591
Additions	2,396	1,985	-	4,381
At 31 March 2024	11,976	64,996	22,000	98,972
Additions during the year	2,469	9,358	-	11,827
Reclassifications	(8,128)	8,128	-	-
Reclassification to equipment	(527)	-	-	(527)
Reclassification to expenses (Note 4(c))	(2,340)	-	-	(2,340)
Write-off	-	(4,328)	-	(4,328)
At 31 March 2025	3,450	78,154	22,000	103,604

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17. Intangible assets (cont'd.)**Company**

	Software development in progress RM'000	Computer software and licences RM'000	Preferred partnership fee RM'000	Total RM'000
Accumulated amortisation and impairment				
At 1 April 2023	-	34,495	2,200	36,695
Charge for the year (Note 4(c))	-	3,257	4,400	7,657
At 31 March 2024	-	37,752	6,600	44,352
Charge for the year (Note 4(c))	-	3,770	4,400	8,170
Impairment (Note 11)	-	3,646	-	3,646
Write-off	-	(4,327)	-	(4,327)
At 31 March 2025	-	40,841	11,000	51,841
Net carrying amount				
At 31 March 2025	3,450	37,313	11,000	51,763
At 31 March 2024	11,976	27,244	15,400	54,620

18. Deferred tax liabilities

	Family takaful fund RM'000	Company RM'000
2025		
At 1 April 2024	(15,029)	(13,138)
Recognised in:		
FVOCI reserves	(117)	(345)
Revaluation reserve	-	(183)
Statement of profit or loss	(1,643)	(1,492)
At 31 March 2025	(16,789)	(15,158)
2024		
At 1 April 2023	(5,486)	(5,925)
Recognised in:		
FVOCI reserves	(304)	(1,036)
Revaluation reserve	-	(178)
Statement of profit or loss	(9,239)	(5,999)
At 31 March 2024	(15,029)	(13,138)

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18. Deferred tax 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 liabilities shown in the statement of financial position have been determined after appropriate offsetting as follows:

	Family takaful fund RM'000	Company RM'000
2025		
Deferred tax assets	-	8,700
Deferred tax liabilities	(16,789)	(23,858)
	<u>(16,789)</u>	<u>(15,158)</u>

	Family takaful fund RM'000	Company RM'000
2024		
Deferred tax assets	-	7,409
Deferred tax liabilities	(15,029)	(20,547)
	<u>(15,029)</u>	<u>(13,138)</u>

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18. Deferred tax liabilities (cont'd.)

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

Family takaful fund

	Financial assets RM'000	Investment properties RM'000	Total RM'000
2025			
At 1 April 2024	(13,157)	(1,872)	(15,029)
Recognised in fair value reserves	(117)	-	(117)
Recognised in statement of profit or loss (Note 12)	(1,643)	-	(1,643)
At 31 March 2025	<u>(14,917)</u>	<u>(1,872)</u>	<u>(16,789)</u>
2024			
At 1 April 2023	(3,614)	(1,872)	(5,486)
Recognised in fair value reserves	(304)	-	(304)
Recognised in statement of profit or loss (Note 12)	(9,239)	-	(9,239)
At 31 March 2024	<u>(13,157)</u>	<u>(1,872)</u>	<u>(15,029)</u>

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18. Deferred tax liabilities (cont'd.)

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

Company	Takaful certificate liabilities RM '000	Accelerated capital allowances RM'000	Financial assets RM'000	Payables RM'000	Revaluation of buildings RM'000	Total RM'000
2025						
At 1 April 2024	(685)	(2,245)	(13,760)	7,409	(3,857)	(13,138)
Recognised in fair value reserves	-	-	(345)	-	-	(345)
Recognised in revaluation reserve	-	-	-	-	(183)	(183)
Recognised in statement of profit or loss	(538)	305	(2,550)	1,291	-	(1,492)
At 31 March 2025	<u>(1,223)</u>	<u>(1,940)</u>	<u>(16,655)</u>	<u>8,700</u>	<u>(4,040)</u>	<u>(15,158)</u>
	Takaful certificate liabilities RM '000	Accelerated capital allowances RM'000	Financial assets RM'000	Payables RM'000	Revaluation of buildings RM'000	Total RM'000
2024						
At 1 April 2023	(5,518)	(1,746)	(4,603)	9,621	(3,679)	(5,925)
Recognised in fair value reserves	-	-	(1,036)	-	-	(1,036)
Recognised in revaluation reserve	-	-	-	-	(178)	(178)
Recognised in statement of profit or loss	4,833	(499)	(8,121)	(2,212)	-	(5,999)
At 31 March 2024	<u>(685)</u>	<u>(2,245)</u>	<u>(13,760)</u>	<u>7,409</u>	<u>(3,857)</u>	<u>(13,138)</u>

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19. Takaful and retakaful certificate assets and liabilities

	Assets RM'000	2025 Liabilities RM'000	Net RM'000	Assets RM'000	2024 Liabilities RM'000	Net RM'000
Family takaful fund						
Takaful certificates issued						
Certificates not measured under PAA	2,506	(4,420,553)	(4,418,047)	2,607	(4,278,243)	(4,275,636)
Certificates measured under PAA	-	(22,707)	(22,707)	-	(45,142)	(45,142)
Total takaful certificates issued	2,506	(4,443,260)	(4,440,754)	2,607	(4,323,385)	(4,320,778)
Retakaful certificates held						
Certificates not measured under PAA	51,491	(15,490)	36,001	42,222	(11,266)	30,956
Certificates measured under PAA	-	(25,237)	(25,237)	84	(14,991)	(14,907)
Total retakaful certificates held	51,491	(40,727)	10,764	42,306	(26,257)	16,049
	Assets RM'000	2025 Liabilities RM'000	Net RM'000	Assets RM'000	2024 Liabilities RM'000	Net RM'000
Company						
Takaful certificates issued						
Certificates not measured under PAA	110,289	(4,510,121)	(4,399,832)	58,845	(4,322,989)	(4,264,144)
Certificates measured under PAA	-	(27,963)	(27,963)	-	(51,017)	(51,017)
Total takaful certificates issued	110,289	(4,538,084)	(4,427,795)	58,845	(4,374,006)	(4,315,161)
Retakaful certificates held						
Certificates not measured under PAA	51,491	(15,490)	36,001	42,222	(11,266)	30,956
Certificates measured under PAA	-	(25,237)	(25,237)	84	(14,991)	(14,907)
Total retakaful certificates held	51,491	(40,727)	10,764	42,306	(26,257)	16,049

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19. Takaful and retakaful certificate assets and liabilities (cont'd.)

- a) Roll-forward of net asset or liability of takaful certificates issued and retakaful certificates held showing the liability for remaining coverage and the liability for incurred claims - Certificates not measured under the PAA

Roll-forward of net asset or liability of takaful certificates issued and retakaful certificates held showing the liability for remaining coverage and the liability for incurred claims is disclosed in the table below:

Takaful certificates issued

	2025				
	Liabilities for remaining coverage				
	Excluding loss component	Loss component	Liabilities for incurred claims	Unallocated surplus	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Family takaful fund					
Takaful certificates liabilities as at 1 April 2024	3,535,101	-	305,362	437,780	4,278,243
Takaful certificates assets as at 1 April 2024	(221)	-	(2,386)	-	(2,607)
Net takaful certificate liabilities as at 1 April 2024	3,534,880	-	302,976	437,780	4,275,636
Takaful revenue	(311,579)	-	-	-	(311,579)
Certificates under the fair value approach	(145,660)	-	-	-	(145,660)
New certificates and certificates under full retrospective approach	(165,919)	-	-	-	(165,919)
Takaful service expenses	38,646	-	355,783	-	394,429
Investment components	(211,935)	-	211,935	-	-
Takaful service result	(484,868)	-	567,718	-	82,850
Takaful finance expenses	176,436	-	-	-	176,436
Unallocated surplus attributable to participants	-	-	-	(77,684)	(77,684)
Total changes in the statement of profit or loss	(308,432)	-	567,718	(77,684)	181,602
Cash flows					
Contributions received	550,921	-	-	-	550,921
Charges	(43,121)	-	-	-	(43,121)
Unit fund wakalah fees	(140,507)	-	-	-	(140,507)
Claims paid, including investment components	-	-	(455,227)	-	(455,227)
Total cash flows	367,293	-	(455,227)	-	(87,934)
Other movements	10,529	-	38,214	-	48,743
Net takaful certificate liabilities as at 31 March 2025	3,604,270	-	453,681	360,096	4,418,047
Takaful certificate liabilities as at 31 March 2025	3,604,469	-	455,988	360,096	4,420,553
Takaful certificate assets as at 31 March 2025	(199)	-	(2,307)	-	(2,506)
Net takaful certificate liabilities as at 31 March 2025	3,604,270	-	453,681	360,096	4,418,047

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19. Takaful and retakaful certificate assets and liabilities (cont'd.)

- a) Roll-forward of net asset or liability of takaful certificates issued and retakaful certificates held showing the liability for remaining coverage and the liability for incurred claims - Certificates not measured under the PAA (cont'd.)

Takaful certificates issued (cont'd.)

	2025				
	Liabilities for remaining coverage		Liabilities for incurred claims	Unallocated surplus	Total
	Excluding loss component	Loss component			
	RM'000	RM'000	RM'000	RM'000	RM'000
Company					
Takaful certificates liabilities as at 1 April 2024	3,756,506	13,418	65,957	487,108	4,322,989
Takaful certificates assets as at 1 April 2024	(56,459)	-	(2,386)	-	(58,845)
Net takaful certificate liabilities as at 1 April 2024	3,700,047	13,418	63,571	487,108	4,264,144
Takaful revenue	(310,079)	-	-	-	(310,079)
Certificates under the fair value approach	(199,460)	-	-	-	(199,460)
New certificates and certificates under full retrospective approach	(110,619)	-	-	-	(110,619)
Takaful service expenses	55,341	130	304,063	-	359,534
Investment components	(211,935)	-	211,935	-	-
Takaful service result	(466,673)	130	515,998	-	49,455
Takaful finance expenses	178,496	299	-	-	178,795
Unallocated surplus attributable to participants	-	-	-	(64,020)	(64,020)
Total changes in the statement of profit or loss	(288,177)	429	515,998	(64,020)	164,230
Cash flows					
Contributions received	551,607	-	-	-	551,607
Claims paid, including investment components	-	-	(455,227)	-	(455,227)
Administration and other expenses	-	-	(52,476)	-	(52,476)
Takaful acquisition cash flows	(103,843)	-	-	-	(103,843)
Total cash flows	447,764	-	(507,703)	-	(59,939)
Other movements	(9,842)	-	38,614	2,625	31,397
Net takaful certificate liabilities as at 31 March 2025	3,849,792	13,847	110,480	425,713	4,399,832
Takaful certificate liabilities as at 31 March 2025	3,957,774	13,847	112,787	425,713	4,510,121
Takaful certificate assets as at 31 March 2025	(107,982)	-	(2,307)	-	(110,289)
Net takaful certificate liabilities as at 31 March 2025	3,849,792	13,847	110,480	425,713	4,399,832

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19. Takaful and retakaful certificate assets and liabilities (cont'd.)

- a) Roll-forward of net asset or liability of takaful certificates issued and retakaful certificates held showing the liability for remaining coverage and the liability for incurred claims - Certificates not measured under the PAA (cont'd.)

Takaful certificates issued (cont'd.)

	2024				
	Liabilities for remaining coverage		Liabilities for incurred claims	Unallocated surplus	Total
	Excluding loss component RM'000	Loss component RM'000	RM'000	RM'000	RM'000
Family takaful fund					
Takaful certificates liabilities as at 1 April 2023	3,307,585	-	314,885	415,654	4,038,124
Takaful certificates assets as at 1 April 2023	-	-	-	-	-
Net takaful certificate liabilities as at 1 April 2023	3,307,585	-	314,885	415,654	4,038,124
Takaful revenue	(396,403)	-	-	-	(396,403)
Certificates under the fair value approach	(85,803)	-	-	-	(85,803)
New certificates and certificates under full retrospective approach	(310,600)	-	-	-	(310,600)
Takaful service expenses	33,210	-	337,405	-	370,615
Investment components	(192,295)	-	192,295	-	-
Takaful service result	(555,488)	-	529,700	-	(25,788)
Takaful finance expenses	250,211	-	-	-	250,211
Unallocated surplus attributable to participants	-	-	-	22,126	22,126
Total changes in the statement of profit or loss	(305,277)	-	529,700	22,126	246,549
Cash flows					
Contributions received	638,692	-	-	-	638,692
Charges	(40,107)	-	-	-	(40,107)
Unit fund wakalah fees	(172,449)	-	-	-	(172,449)
Claims paid, including investment components	-	-	(421,626)	-	(421,626)
Total cash flows	426,136	-	(421,626)	-	4,510
Other movements	106,436	-	(119,983)	-	(13,547)
Net takaful certificate liabilities as at 31 March 2024	3,534,880	-	302,976	437,780	4,275,636
Takaful certificate liabilities as at 31 March 2024	3,535,101	-	305,362	437,780	4,278,243
Takaful certificate assets as at 31 March 2024	(221)	-	(2,386)	-	(2,607)
Net takaful certificate liabilities as at 31 March 2024	3,534,880	-	302,976	437,780	4,275,636

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19. Takaful and retakaful certificate assets and liabilities (cont'd.)

- a) Roll-forward of net asset or liability of takaful certificates issued and retakaful certificates held showing the liability for remaining coverage and the liability for incurred claims - Certificates not measured under the PAA (cont'd.)

Takaful certificates issued (cont'd.)

	2024				
	Liabilities for remaining coverage		Liabilities for incurred claims	Unallocated surplus	Total
	Excluding loss component RM'000	Loss component RM'000	RM'000	RM'000	RM'000
Company					
Takaful certificates liabilities as at 1 April 2023	3,436,444	2,895	194,964	429,569	4,063,872
Takaful certificates assets as at 1 April 2023	(60,239)	-	-	-	(60,239)
Net takaful certificate liabilities as at 1 April 2023	3,376,205	2,895	194,964	429,569	4,003,633
Takaful revenue	(400,404)	-	-	-	(400,404)
Certificates under the fair value approach	(136,569)	-	-	-	(136,569)
New certificates and certificates under full retrospective approach	(263,835)	-	-	-	(263,835)
Takaful service expenses	53,253	10,523	268,844	-	332,620
Investment components	(192,295)	-	192,295	-	-
Takaful service result	(539,446)	10,523	461,139	-	(67,784)
Takaful finance expenses	249,019	-	-	-	249,019
Unallocated surplus attributable to participants	-	-	-	54,816	54,816
Total changes in the statement of profit or loss	(290,427)	10,523	461,139	54,816	236,051
Cash flows					
Contributions received	637,492	-	-	-	637,492
Claims paid, including investment components	-	-	(421,626)	-	(421,626)
Administration and other expenses	-	-	(48,056)	-	(48,056)
Takaful acquisition cash flows	(119,737)	-	-	-	(119,737)
Total cash flows	517,755	-	(469,682)	-	48,073
Other movements	96,514	-	(122,850)	2,723	(23,613)
Net takaful certificate liabilities as at 31 March 2024	3,700,047	13,418	63,571	487,108	4,264,144
Takaful certificate liabilities as at 31 March 2024	3,756,506	13,418	65,957	487,108	4,322,989
Takaful certificate assets as at 31 March 2024	(56,459)	-	(2,386)	-	(58,845)
Net takaful certificate liabilities as at 31 March 2024	3,700,047	13,418	63,571	487,108	4,264,144

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19. Takaful and retakaful certificate assets and liabilities (cont'd.)

- a) Roll-forward of net asset or liability of takaful certificates issued and retakaful certificates held showing the liability for remaining coverage and the liability for incurred claims - Certificates not measured under the PAA (cont'd.)

Retakaful certificates held

	2025				
	Asset for remaining coverage		Amounts recoverable: claims incurred		Total
	Excluding loss recovery component	Loss recovery	Estimates of the present value of future cash flows	Risk adjustment	
	RM'000	RM'000	RM'000	RM'000	RM'000
Family takaful fund/Company					
Retakaful certificate assets as at 1 April 2024	(15,338)	-	53,662	3,898	42,222
Retakaful certificate liabilities as at 1 April 2024	(23,739)	-	12,473	-	(11,266)
Net retakaful certificate assets/(liabilities) as at 1 April 2024	(39,077)	-	66,135	3,898	30,956
Allocation of retakaful contributions	(103,519)	-	-	-	(103,519)
Amounts recoverable from retakaful operators	-	-	74,395	(630)	73,765
Net income or expense from retakaful certificates held	(103,519)	-	74,395	(630)	(29,754)
Total changes in the statement of profit or loss and comprehensive income	(103,519)	-	74,395	(630)	(29,754)
Cash flows					
Contributions paid	103,255	-	-	-	103,255
Amount received	-	-	(80,647)	-	(80,647)
Total cash flows	103,255	-	(80,647)	-	22,608
Other movements	5,552	-	6,639	-	12,191
Net retakaful certificate assets/(liabilities) as at 31 March 2025	(33,789)	-	66,522	3,268	36,001
Retakaful certificate assets as at 31 March 2025	1,038	-	47,185	3,268	51,491
Retakaful certificate liabilities as at 31 March 2025	(34,827)	-	19,337	-	(15,490)
Net retakaful certificate assets/(liabilities) as at 31 March 2025	(33,789)	-	66,522	3,268	36,001

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19. Takaful and retakaful certificate assets and liabilities (cont'd.)

- a) Roll-forward of net asset or liability of takaful certificates issued and retakaful certificates held showing the liability for remaining coverage and the liability for incurred claims - Certificates not measured under the PAA (cont'd.)

Retakaful certificates held (cont'd.)

	2024				
	Asset for remaining coverage		Amounts recoverable: claims incurred		Total
	Excluding loss recovery component	Loss	Estimates of the present value of future cash flows	Risk adjustment	
	RM'000	recovery RM'000	RM'000	RM'000	RM'000
Family takaful fund/Company					
Retakaful certificate assets as at 1 April 2023	(13,702)	-	58,486	4,502	49,286
Retakaful certificate liabilities as at 1 April 2023	(14,727)	-	10,442	-	(4,285)
Net retakaful certificate assets/(liabilities) as at 1 April 2023	(28,429)	-	68,928	4,502	45,001
Allocation of retakaful contributions	(99,035)	-	-	-	(99,035)
Amounts recoverable from retakaful operators	-	-	82,566	(604)	81,962
Net income or expense from retakaful certificates held	(99,035)	-	82,566	(604)	(17,073)
Total changes in the statement of profit or loss and comprehensive income	(99,035)	-	82,566	(604)	(17,073)
Cash flows					
Contributions paid	99,035	-	-	-	99,035
Amount received	-	-	(88,479)	-	(88,479)
Total cash flows	99,035	-	(88,479)	-	10,556
Other movements	(10,648)	-	3,120	-	(7,528)
Net retakaful certificate assets/(liabilities) as at 31 March 2024	(39,077)	-	66,135	3,898	30,956
Retakaful certificate assets as at 31 March 2024	(15,338)	-	53,662	3,898	42,222
Retakaful certificate liabilities as at 31 March 2024	(23,739)	-	12,473	-	(11,266)
Net retakaful certificate assets/(liabilities) as at 31 March 2024	(39,077)	-	66,135	3,898	30,956

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19. Takaful and retakaful certificate assets and liabilities (cont'd.)

b) Roll-forward of net asset or liability of takaful certificates issued and retakaful certificates held showing the estimates of present value of future cash flows, risk adjustment, and CSM -
Certificates not measured under the PAA

Roll-forward of net asset or liability of takaful certificates issued and retakaful certificates held showing the estimates of present value of future cash flows, risk adjustment, and CSM is disclosed in the table below:

Takaful certificates issued

	2025				
	Estimates of present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Unallocated surplus RM'000	Total RM'000
Family takaful fund					
Takaful certificate liabilities as at 1 April 2024	3,834,334	6,129	-	437,780	4,278,243
Takaful certificate assets as at 1 April 2024	(2,641)	34	-	-	(2,607)
Net takaful certificate liabilities as at 1 April 2024	3,831,693	6,163	-	437,780	4,275,636
Changes that relate to current services					
Experience adjustments	143,630	-	-	-	143,630
Changes that relate to past services					
Changes in liability for incurred claims	(60,384)	(396)	-	-	(60,780)
Takaful finance expenses	176,436	-	-	-	176,436
Unallocated surplus attributable to participants	-	-	-	(77,684)	(77,684)
Total changes in the statement of profit or loss	259,682	(396)	-	(77,684)	181,602
Cash flows					
Contributions received	550,921	-	-	-	550,921
Charges	(43,121)	-	-	-	(43,121)
Unit fund wakalah fees	(140,507)	-	-	-	(140,507)
Claims paid, including investment components	(455,227)	-	-	-	(455,227)
Total cash flows	(87,934)	-	-	-	(87,934)
Other movements	48,743	-	-	-	48,743
Net takaful certificate liabilities as at 31 March 2025	4,052,184	5,767	-	360,096	4,418,047
Takaful certificate liabilities as at 31 March 2025	4,054,690	5,767	-	360,096	4,420,553
Takaful certificate assets as at 31 March 2025	(2,506)	-	-	-	(2,506)
Net takaful certificate liabilities as at 31 March 2025	4,052,184	5,767	-	360,096	4,418,047

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19. Takaful and retakaful certificate assets and liabilities (cont'd.)

- b) Roll-forward of net asset or liability of takaful certificates issued and retakaful certificates held showing the estimates of present value of future cash flows, risk adjustment, and CSM -
Certificates not measured under the PAA (cont'd.)

Takaful certificates issued (cont'd.)

	2025				
	Estimates of present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Unallocated surplus RM'000	Total RM'000
Company					
Takaful certificate liabilities as at 1 April 2024	3,766,335	7,581	61,965	487,108	4,322,989
Takaful certificate assets as at 1 April 2024	(262,966)	20,751	183,370	-	(58,845)
Net takaful certificate liabilities as at 1 April 2024	3,503,369	28,332	245,335	487,108	4,264,144
Changes that relate to current services					
Contractual service margin recognised for services received	-	-	(23,128)	-	(23,128)
Risk adjustment for the risk expired	-	(7,056)	-	-	(7,056)
Experience adjustments	140,289	-	-	-	140,289
Changes that relate to future services					
Certificates initially recognised in the year	(46,726)	5,924	46,261	-	5,459
Changes in estimates that adjust the contractual service margin	30,617	245	(30,862)	-	-
Changes in estimates that do not adjust the contractual service margin	(5,329)	-	-	-	(5,329)
Changes that relate to past services					
Changes in liability for incurred claims	(60,384)	(396)	-	-	(60,780)
Takaful finance expenses	175,783	713	2,299	-	178,795
Unallocated surplus attributable to participants	-	-	-	(64,020)	(64,020)
Total changes in the statement of profit or loss	234,250	(570)	(5,430)	(64,020)	164,230
Cash flows					
Contributions received	551,607	-	-	-	551,607
Claims paid, including investment components	(455,227)	-	-	-	(455,227)
Administration and other expenses	(52,476)	-	-	-	(52,476)
Takaful acquisition cash flows	(103,843)	-	-	-	(103,843)
Total cash flows	(59,939)	-	-	-	(59,939)
Other movements	28,772	-	-	2,625	31,397
Net takaful certificate liabilities as at 31 March 2025	3,706,452	27,762	239,905	425,713	4,399,832
Takaful certificate liabilities as at 31 March 2025	3,908,931	21,446	154,031	425,713	4,510,121
Takaful certificate assets as at 31 March 2025	(202,479)	6,316	85,874	-	(110,289)
Net takaful certificate liabilities as at 31 March 2025	3,706,452	27,762	239,905	425,713	4,399,832

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19. Takaful and retakaful certificate assets and liabilities (cont'd.)

- b) Roll-forward of net asset or liability of takaful certificates issued and retakaful certificates held showing the estimates of present value of future cash flows, risk adjustment, and CSM -
Certificates not measured under the PAA (cont'd.)

Takaful certificates issued (cont'd.)

	2024				
	Estimates of present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Unallocated surplus RM'000	Total RM'000
Family takaful fund					
Takaful certificate liabilities as at 1 April 2023	3,615,258	7,212	-	415,654	4,038,124
Takaful certificate assets as at 1 April 2023	-	-	-	-	-
Net takaful certificate liabilities as at 1 April 2023	3,615,258	7,212	-	415,654	4,038,124
Changes that relate to current services					
Experience adjustments	50,446	-	-	-	50,446
Changes that relate to past services					
Changes in liability for incurred claims	(75,185)	(1,049)	-	-	(76,234)
Takaful finance expenses	250,211	-	-	-	250,211
Unallocated surplus attributable to participants	-	-	-	22,126	22,126
Total changes in the statement of profit or loss	225,472	(1,049)	-	22,126	246,549
Cash flows					
Contributions received	638,692	-	-	-	638,692
Charges	(40,107)	-	-	-	(40,107)
Unit fund wakalah fees	(172,449)	-	-	-	(172,449)
Claims paid, including investment components	(421,626)	-	-	-	(421,626)
Total cash flows	4,510	-	-	-	4,510
Other movements	(13,547)	-	-	-	(13,547)
Net takaful certificate liabilities as at 31 March 2024	3,831,693	6,163	-	437,780	4,275,636
Takaful certificate liabilities as at 31 March 2024	3,834,334	6,129	-	437,780	4,278,243
Takaful certificate assets as at 31 March 2024	(2,641)	34	-	-	(2,607)
Net takaful certificate liabilities as at 31 March 2024	3,831,693	6,163	-	437,780	4,275,636

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19. Takaful and retakaful certificate assets and liabilities (cont'd.)

- b) Roll-forward of net asset or liability of takaful certificates issued and retakaful certificates held showing the estimates of present value of future cash flows, risk adjustment, and CSM -
Certificates not measured under the PAA (cont'd.)

Takaful certificates issued (cont'd.)

	2024				
	Estimates of present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Unallocated surplus RM'000	Total RM'000
Company					
Takaful certificate liabilities as at 1 April 2023	3,561,292	7,973	65,038	429,569	4,063,872
Takaful certificate assets as at 1 April 2023	(284,348)	21,933	202,176	-	(60,239)
Net takaful certificate liabilities as at 1 April 2023	3,276,944	29,906	267,214	429,569	4,003,633
Changes that relate to current services					
Contractual service margin recognised for services received	-	-	(23,456)	-	(23,456)
Risk adjustment for the risk expired	-	(7,623)	-	-	(7,623)
Experience adjustments	29,006	-	-	-	29,006
Changes that relate to future services					
Certificates initially recognised in the year	(53,717)	6,950	54,537	-	7,770
Changes in estimates that adjust the contractual service margin	55,563	(492)	(55,071)	-	-
Changes in estimates that do not adjust the contractual service margin	2,753	-	-	-	2,753
Changes that relate to past services					
Changes in liability for incurred claims	(75,185)	(1,049)	-	-	(76,234)
Takaful finance expenses	246,268	640	2,111	-	249,019
Unallocated surplus attributable to participants	-	-	-	54,816	54,816
Total changes in the statement of profit or loss	204,688	(1,574)	(21,879)	54,816	236,051
Cash flows					
Contributions received	637,492	-	-	-	637,492
Claims paid, including investment components	(421,626)	-	-	-	(421,626)
Administration and other expenses	(48,056)	-	-	-	(48,056)
Takaful acquisition cash flows	(119,737)	-	-	-	(119,737)
Total cash flows	48,073	-	-	-	48,073
Other movements	(26,336)	-	-	2,723	(23,613)
Net takaful certificate liabilities as at 31 March 2024	3,503,369	28,332	245,335	487,108	4,264,144
Takaful certificate liabilities as at 31 March 2024	3,766,335	7,581	61,965	487,108	4,322,989
Takaful certificate assets as at 31 March 2024	(262,966)	20,751	183,370	-	(58,845)
Net takaful certificate liabilities as at 31 March 2024	3,503,369	28,332	245,335	487,108	4,264,144

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19. Takaful and retakaful certificate assets and liabilities (cont'd.)

- b) Roll-forward of net asset or liability of takaful certificates issued and retakaful certificates held showing the estimates of present value of future cash flows, risk adjustment, and CSM - Certificates not measured under the PAA (cont'd.)

Retakaful certificates held

	2025			
	Estimates of present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Total RM'000
Family takaful fund/Company				
Retakaful certificate assets as at 1 April 2024	38,990	3,232	-	42,222
Retakaful certificate liabilities as at 1 April 2024	(11,932)	666	-	(11,266)
Net retakaful certificate assets as at 1 April 2024	27,058	3,898	-	30,956
Changes that relate to current services				
Experience adjustments	6,696	-	-	6,696
Changes that relate to past services				
Changes in amounts recoverable arising from changes in liability for incurred claims	(35,820)	(630)	-	(36,450)
Total changes in the statement of profit or loss	(29,124)	(630)	-	(29,754)
Cash flows				
Contributions paid	103,255	-	-	103,255
Amount received	(80,647)	-	-	(80,647)
Total cash flows	22,608	-	-	22,608
Other movements	12,191	-	-	12,191
Net retakaful certificate assets as at 31 March 2025	32,733	3,268	-	36,001
Retakaful certificate assets as at 31 March 2025	48,923	2,568	-	51,491
Retakaful certificate liabilities as at 31 March 2025	(16,190)	700	-	(15,490)
Net retakaful certificate assets as at 31 March 2025	32,733	3,268	-	36,001

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19. Takaful and retakaful certificate assets and liabilities (cont'd.)

- b) Roll-forward of net asset or liability of takaful certificates issued and retakaful certificates held showing the estimates of present value of future cash flows, risk adjustment, and CSM - Certificates not measured under the PAA (cont'd.)

Retakaful certificates held (cont'd.)

	2024			
	Estimates of present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Total RM'000
Family takaful fund/Company				
Retakaful certificate assets as at 1 April 2023	45,466	3,820	-	49,286
Retakaful certificate liabilities as at 1 April 2023	(4,967)	682	-	(4,285)
Net retakaful certificate assets as at 1 April 2023	40,499	4,502	-	45,001
Changes that relate to current services				
Experience adjustments	26,908	-	-	26,908
Changes that relate to past services				
Changes in amounts recoverable arising from changes in liability for incurred claims	(43,377)	(604)	-	(43,981)
Total changes in the statement of profit or loss	(16,469)	(604)	-	(17,073)
Cash flows				
Contributions paid	99,035	-	-	99,035
Amount received	(88,479)	-	-	(88,479)
Total cash flows	10,556	-	-	10,556
Other movements	(7,528)	-	-	(7,528)
Net retakaful certificate assets as at 31 March 2024	27,058	3,898	-	30,956
Retakaful certificate assets as at 31 March 2024	38,990	3,232	-	42,222
Retakaful certificate liabilities as at 31 March 2024	(11,932)	666	-	(11,266)
Net retakaful certificate assets as at 31 March 2024	27,058	3,898	-	30,956

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19. Takaful and retakaful certificate assets and liabilities (cont'd.)

c) Roll-forward of net asset or liability of takaful/retakaful certificates issued showing the liability for remaining coverage and the liability for incurred claims - Certificates measured under the PAA

The roll-forward of the net asset or liability for takaful/retakaful certificates issued for certificates measured under the PAA, showing the liability for remaining coverage and the liability for incurred claims for portfolios is disclosed in the table below:

Takaful certificates issued

	2025				
	Liabilities for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
	RM'000	RM'000	RM'000	RM'000	
Family takaful fund					
Takaful certificate liabilities as at 1 April 2024	23,335	-	21,807	-	45,142
Takaful certificate assets as at 1 April 2024	-	-	-	-	-
Takaful certificate liabilities as at 1 April 2024	23,335	-	21,807	-	45,142
Takaful revenue	(89,128)	-	-	-	(89,128)
Takaful service expenses	7,349	-	55,628	-	62,977
Investment components	(2,778)	-	2,778	-	-
Takaful service result	(84,557)	-	58,406	-	(26,151)
Total changes in the statement of profit or loss	(84,557)	-	58,406	-	(26,151)
Cash flows					
Contributions received	65,628	-	-	-	65,628
Claims paid, including investment components	-	-	(52,506)	-	(52,506)
Administration and other expenses	-	-	(4,688)	-	(4,688)
Takaful acquisition cash flows	(7,349)	-	-	-	(7,349)
Total cash flows	58,279	-	(57,194)	-	1,085
Other movements	2,631	-	-	-	2,631
Net takaful certificate (assets)/liabilities as at 31 March 2025	(312)	-	23,019	-	22,707
Takaful certificate liabilities as at 31 March 2025	(312)	-	23,019	-	22,707
Takaful certificate assets as at 31 March 2025	-	-	-	-	-
Net takaful certificate (assets)/liabilities as at 31 March 2025	(312)	-	23,019	-	22,707

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19. Takaful and retakaful certificate assets and liabilities (cont'd.)

- c) Roll-forward of net asset or liability of takaful/retakaful certificates issued showing the liability for remaining coverage and the liability for incurred claims - Certificates measured under the PAA (cont'd.)

Takaful certificates issued (cont'd.)

	2025				
	Liabilities for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
	RM'000	RM'000	RM'000	RM'000	
Company					
Takaful certificate liabilities as at 1 April 2024	29,210	-	21,807	-	51,017
Takaful certificate assets as at 1 April 2024	-	-	-	-	-
Net takaful certificate liabilities as at 1 April 2024	29,210	-	21,807	-	51,017
Takaful revenue	(102,671)	-	-	-	(102,671)
Takaful service expenses	16,939	-	52,386	-	69,325
Investment components	(2,778)	-	2,778	-	-
Takaful service result	(88,510)	-	55,164	-	(33,346)
Unallocated surplus attributable to participants	(1,294)	-	8,051	-	6,757
Total changes in the statement of profit or loss	(89,804)	-	63,215	-	(26,589)
Cash flows					
Contributions received	79,734	-	-	-	79,734
Claims paid, including investment components	-	-	(52,506)	-	(52,506)
Administration and other expenses	-	-	(9,385)	-	(9,385)
Takaful acquisition cash flows	(16,939)	-	-	-	(16,939)
Total cash flows	62,795	-	(61,891)	-	904
Other movements	2,631	-	-	-	2,631
Net takaful certificate liabilities as at 31 March 2025	4,832	-	23,131	-	27,963
Takaful certificate liabilities as at 31 March 2025	4,832	-	23,131	-	27,963
Takaful certificate assets as at 31 March 2025	-	-	-	-	-
Net takaful certificate liabilities as at 31 March 2025	4,832	-	23,131	-	27,963

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19. Takaful and retakaful certificate assets and liabilities (cont'd.)

- c) Roll-forward of net asset or liability of takaful/retakaful certificates issued showing the liability for remaining coverage and the liability for incurred claims - Certificates measured under the PAA (cont'd.)

Takaful certificates issued (cont'd.)

	2024				
	Liabilities for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
	RM'000	RM'000	RM'000	RM'000	
Family takaful fund					
Takaful certificate liabilities as at 1 April 2023	(40)	-	32,010	-	31,970
Takaful certificate assets as at 1 April 2023	-	-	-	-	-
Net family takaful certificate (assets)/liabilities as at 1 April 2023	(40)	-	32,010	-	31,970
Takaful revenue	(55,907)	-	-	-	(55,907)
Takaful service expenses	8,720	-	47,743	-	56,463
Investment components	(1,607)	-	1,607	-	-
Takaful service result	(48,794)	-	49,350	-	556
Takaful finance expenses	1,167	-	-	-	1,167
Total changes in the statement of profit or loss	(47,627)	-	49,350	-	1,723
Cash flows					
Contributions received	79,770	-	-	-	79,770
Claims paid, including investment components	-	-	(45,079)	-	(45,079)
Administration and other expenses	-	-	(14,474)	-	(14,474)
Takaful acquisition cash flows	(8,720)	-	-	-	(8,720)
Total cash flows	71,050	-	(59,553)	-	11,497
Other movements	(48)	-	-	-	(48)
Net takaful certificate liabilities as at 31 March 2024	23,335	-	21,807	-	45,142
Takaful certificate liabilities as at 31 March 2024	23,335	-	21,807	-	45,142
Takaful certificate assets as at 31 March 2024	-	-	-	-	-
Net takaful certificate liabilities as at 31 March 2024	23,335	-	21,807	-	45,142

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19. Takaful and retakaful certificate assets and liabilities (cont'd.)

- c) Roll-forward of net asset or liability of takaful/retakaful certificates issued showing the liability for remaining coverage and the liability for incurred claims - Certificates measured under the PAA (cont'd.)

Takaful certificates issued (cont'd.)

Company	2024				
	Liabilities for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
	RM'000	RM'000	RM'000	RM'000	
Takaful certificate liabilities as at 1 April 2023	4,462	-	32,010	-	36,472
Takaful certificate assets as at 1 April 2023	-	-	-	-	-
Net takaful certificate liabilities as at 1 April 2023	4,462	-	32,010	-	36,472
Takaful revenue	(70,232)	-	-	-	(70,232)
Takaful service expenses	18,957	-	44,027	-	62,984
Investment components	(1,607)	-	1,607	-	-
Takaful service result	(52,882)	-	45,634	-	(7,248)
Takaful finance expenses	1,167	-	-	-	1,167
Unallocated surplus attributable to participants	(922)	-	8,821	-	7,899
Total changes in the statement of profit or loss	(52,637)	-	54,455	-	1,818
Cash flows					
Contributions received	96,389	-	-	-	96,389
Claims paid, including investment components	-	-	(45,079)	-	(45,079)
Administration and other expenses	-	-	(19,579)	-	(19,579)
Takaful acquisition cash flows	(18,956)	-	-	-	(18,956)
Total cash flows	77,433	-	(64,658)	-	12,775
Other movements	(48)	-	-	-	(48)
Net takaful certificate liabilities as at 31 March 2024	29,210	-	21,807	-	51,017
Takaful certificate liabilities as at 31 March 2024	29,210	-	21,807	-	51,017
Takaful certificate assets as at 31 March 2024	-	-	-	-	-
Net takaful certificate liabilities as at 31 March 2024	29,210	-	21,807	-	51,017

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19. Takaful and retakaful certificate assets and liabilities (cont'd.)

- c) Roll-forward of net asset or liability of takaful/retakaful certificates issued showing the liability for remaining coverage and the liability for incurred claims - Certificates measured under the PAA (cont'd.)

Retakaful certificates held

	2025				
	Asset for remaining coverage		Amounts recoverable: claims incurred		Total
	Excluding loss recovery	Loss recovery	Estimates of the present value of	Risk	
	component	component	future cash flows	adjustment	
	RM'000	RM'000	RM'000	RM'000	RM'000
Family takaful fund/Company					
Retakaful certificates assets as at 1 April 2024	(2,602)	-	2,686	-	84
Retakaful certificates liabilities as at 1 April 2024	(14,991)	-	-	-	(14,991)
Net retakaful certificates assets/(liabilities) as at 1 April 2024	(17,593)	-	2,686	-	(14,907)
Allocation of retakaful contributions	(42,040)	-	-	-	(42,040)
Amounts recoverable from retakaful operators	-	-	24,128	-	24,128
Net income or expense from retakaful certificates held	(42,040)	-	24,128	-	(17,912)
Total changes in the statement of profit or loss	(42,040)	-	24,128	-	(17,912)
Cash flows					
Contributions paid	25,712	-	-	-	25,712
Amount received	-	-	(24,196)	-	(24,196)
Total cash flows	25,712	-	(24,196)	-	1,516
Other movements	5,312	-	754	-	6,066
Net retakaful certificates assets/(liabilities) as at 31 March 2025	(28,609)	-	3,372	-	(25,237)
Retakaful certificates assets as at 31 March 2025	-	-	-	-	-
Retakaful certificates liabilities as at 31 March 2025	(28,609)	-	3,372	-	(25,237)
Net retakaful certificates assets/(liabilities) as at 31 March 2025	(28,609)	-	3,372	-	(25,237)

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19. Takaful and retakaful certificate assets and liabilities (cont'd.)

- c) Roll-forward of net asset or liability of takaful/retakaful certificates issued showing the liability for remaining coverage and the liability for incurred claims - Certificates measured under the PAA (cont'd.)

Retakaful certificates held (cont'd.)

	2024				
	Asset for remaining coverage		Amounts recoverable: claims incurred		Total
	Excluding loss recovery	Loss recovery	Estimates of the present value of	Risk	
	component	component	future cash flows	adjustment	
	RM'000	RM'000	RM'000	RM'000	RM'000
Family takaful fund/Company					
Retakaful certificates assets as at 1 April 2023	(2,927)	-	9,005	-	6,078
Retakaful certificates liabilities as at 1 April 2023	-	-	(1,272)	-	(1,272)
Net retakaful certificates assets/(liabilities) as at 1 April 2023	(2,927)	-	7,733	-	4,806
Allocation of retakaful contributions	(34,924)	-	-	-	(34,924)
Amounts recoverable from retakaful operators	-	-	23,069	-	23,069
Net income or expense from retakaful certificates held	(34,924)	-	23,069	-	(11,855)
Total changes in the statement of profit or loss	(34,924)	-	23,069	-	(11,855)
Cash flows					
Contributions paid	25,548	-	-	-	25,548
Amount received	-	-	(27,575)	-	(27,575)
Total cash flows	25,548	-	(27,575)	-	(2,027)
Other movements	(5,290)	-	(541)	-	(5,831)
Net retakaful certificates assets/(liabilities) as at 31 March 2024	(17,593)	-	2,686	-	(14,907)
Retakaful certificates assets as at 31 March 2024	(2,602)	-	2,686	-	84
Retakaful certificates liabilities as at 31 March 2024	(14,991)	-	-	-	(14,991)
Net retakaful certificates assets/(liabilities) as at 31 March 2024	(17,593)	-	2,686	-	(14,907)

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19. Takaful and retakaful certificate assets and liabilities (cont'd.)

d) The impacts on the current year of transition approaches adopted to establishing CSM

The impact on the current year of the transition approaches adopted to establishing CSMs for takaful certificates portfolios is disclosed in the table below:

Takaful certificates issued

	2025		
	Certificates using the fair value approach RM'000	New certificates and certificates under full retrospective approach RM'000	Total RM'000
Company			
Contractual service margin as at 1 April 2024	121,537	123,798	245,335
Changes that relate to current services			
Contractual service margin recognised for services provided	(10,883)	(12,245)	(23,128)
Changes that relate to future services			
Certificates initially recognised in the year	-	46,261	46,261
Changes in estimates that adjust the contractual service margin	(8,899)	(21,963)	(30,862)
Takaful service result	(19,782)	12,053	(7,729)
Takaful finance expenses	1,352	947	2,299
Total changes in the statement of profit or loss	(18,430)	13,000	(5,430)
Contractual service margin as at 31 March 2025	103,107	136,798	239,905
	2024		
	Certificates using the fair value approach RM'000	New certificates and certificates under full retrospective approach RM'000	Total RM'000
Company			
Contractual service margin as at 1 April 2023	137,710	129,504	267,214
Changes that relate to current services			
Contractual service margin recognised for services provided	(12,480)	(10,976)	(23,456)
Changes that relate to future services			
Certificates initially recognised in the year	-	54,537	54,537
Changes in estimates that adjust the contractual service margin	(5,066)	(50,005)	(55,071)
Takaful service result	(17,546)	(6,444)	(23,990)
Takaful finance expenses	1,373	738	2,111
Total changes in the statement of profit or loss	(16,173)	(5,706)	(21,879)
Contractual service margin as at 31 March 2024	121,537	123,798	245,335

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19. Takaful and retakaful certificate assets and liabilities (cont'd.)

e) The components of new business

The components of new business is disclosed in the table below:

Takaful certificates issued

Company

Takaful certificate liabilities

Estimate of present value of future cash outflows, excluding
takaful acquisition cash flows

Estimates of takaful acquisition cash flows

Estimate of present value of future cash outflows

Estimates of present value of future cash inflows

Risk adjustment

CSM

Amount included in takaful certificate liabilities for the year

2025		
Certificate issued		
Non-onerous	Onerous	Total
RM'000	RM'000	RM'000
18,668	2,821	21,489
84,681	12,443	97,124
103,349	15,264	118,613
(154,752)	(10,587)	(165,339)
5,142	782	5,924
46,261	-	46,261
-	5,459	5,459

Company

Takaful certificate liabilities

Estimate of present value of future cash outflows, excluding
takaful acquisition cash flows

Estimates of takaful acquisition cash flows

Estimate of present value of future cash outflows

Estimates of present value of future cash inflows

Risk adjustment

CSM

Amount included in takaful certificate liabilities for the year

2024		
Certificate issued		
Non-onerous	Onerous	Total
RM'000	RM'000	RM'000
18,561	13,630	32,191
94,336	12,502	106,838
112,897	26,132	139,029
(173,129)	(19,617)	(192,746)
5,695	1,255	6,950
54,537	-	54,537
-	7,770	7,770

19. Takaful and retakaful certificate assets and liabilities (cont'd.)

f) CSM recognition in statement of profit and loss

The disclosure of when the CSM is expected to be in income in future years is presented below:

Company	Less than 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	More than 5 years RM'000	Total RM'000
31 March 2025							
Takaful certificates issued	20,509	19,026	17,622	16,329	15,129	151,290	239,905
Company	Less than 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	More than 5 years RM'000	Total RM'000
31 March 2024							
Takaful certificates issued	21,584	20,249	18,708	17,247	15,842	151,705	245,335

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20. 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:

	2025		2024	
	Family takaful fund RM'000	Company RM'000	Family takaful fund RM'000	Company RM'000
Unquoted Islamic private debt securities	1,428,663	1,542,699	1,405,231	1,518,725
Government investment issues	1,384,763	1,519,032	1,518,762	1,632,597
Quoted shares in Malaysia:				
Shariah approved equities	278,641	293,620	130,988	141,303
Warrants	228	239	-	-
Real estate investment trusts	12,190	13,279	12,187	13,219
Shariah approved unit trust funds	325,387	325,387	319,219	324,521
Golf club memberships	-	118	-	118
Islamic commercial papers	34,644	39,593	-	-
Deposit placements with:				
Licensed Islamic banks	709,009	848,490	445,946	585,397
Licensed development banks	146,214	166,646	354,206	427,174
Other bank	50,000	50,000	50,000	50,000
Secured staff financing:				
Receivable within 12 months	-	88	-	133
Receivable after 12 months	-	202	-	280
Due from:				
Amount due from related companies* (Note 28(b))	227	477	244	244
Income due and accrued	39,498	42,590	42,346	48,772
Sundry receivables, prepayment and deposits	348	14,450	4,718	9,974
	4,409,812	4,856,910	4,283,847	4,752,457

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

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20. 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 (cont'd.):

	2025		2024	
	Family takaful fund RM'000	Company RM'000	Family takaful fund RM'000	Company RM'000
Financial assets at FVTPL (Note 20(a))	3,176,618	3,192,697	3,252,641	3,269,290
Financial assets at FVOCI (Note 20(b))	253,254	501,677	133,746	361,193
Amortised cost and other assets (Note 20(c))	979,940	1,162,536	897,460	1,121,974
	<u>4,409,812</u>	<u>4,856,910</u>	<u>4,283,847</u>	<u>4,752,457</u>

(a) Financial assets at FVTPL

At fair value:

Designated upon initial recognition:

Unquoted Islamic private debt securities	1,354,565	1,354,565	1,357,305	1,357,305
Government investment issues	1,205,607	1,205,607	1,432,942	1,432,942

Mandatorily measured:

Quoted shares in Malaysia:				
Shariah approved equities	278,641	293,620	130,988	141,303
Warrants	228	239	-	-
Real estate investment trusts	12,190	13,279	12,187	13,219
Shariah approved unit trust funds	325,387	325,387	319,219	324,521
	<u>3,176,618</u>	<u>3,192,697</u>	<u>3,252,641</u>	<u>3,269,290</u>

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20. 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 (cont'd.):

	2025		2024	
	Family takaful fund RM'000	Company RM'000	Family takaful fund RM'000	Company RM'000
(b) Financial assets at FVOCI				
At fair value:				
Unquoted Islamic private debt securities	74,098	188,134	47,926	161,420
Government investment issues	179,156	313,425	85,820	199,655
Golf club memberships	-	118	-	118
	253,254	501,677	133,746	361,193

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20. 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 (cont'd.):

(c) Amortised cost and other assets

	2025		2024	
	Family takaful fund RM'000	Company RM'000	Family takaful fund RM'000	Company RM'000
At amortised cost				
Islamic commercial papers	34,644	39,593	-	-
Deposit placements with:				
Licensed Islamic banks	709,009	848,490	445,946	585,397
Licensed development banks	146,214	166,646	354,206	427,174
Islamic repo placements	-	-	-	-
Other bank	50,000	50,000	50,000	50,000
Secured staff financing:				
Receivable within 12 months	-	88	-	133
Receivable after 12 months	-	202	-	280
Due from:				
Amount due from related companies*	227	477	244	244
Income due and accrued	39,498	42,590	42,346	48,772
Deposits	-	-	-	-
Sundry receivables	348	9,653	4,718	9,090

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

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20. 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 (cont'd.):

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

	2025		2024	
	Family takaful fund RM'000	Company RM'000	Family takaful fund RM'000	Company RM'000
Other assets:				
Prepayments	-	4,702	-	845
Advance	-	62	-	6
Other receivables	-	33	-	33
	979,940	1,162,536	897,460	1,121,974

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 and other bank, at net carrying amounts are as below:

	2025		2024	
	Family takaful fund %	Company %	Family takaful fund %	Company %
Islamic private debt securities	5.1	5.0	6.8	6.5
Secured staff financing	-	3.0	-	3.0
Deposit placements with licensed financial institutions and other bank	3.5	3.5	2.6	3.3

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21. Tax recoverable

As at the reporting date, the balance of tax recoverable comprises the following components:

Tax remission on Government-Guaranteed Sukuk – RM15,198,020

The Company has recognised tax recoverable in respect of income taxes paid on profits derived from investments in government-guaranteed sukuk for YAs 2019 to 2024. These sukuk qualify for tax remission under a gazetted ministerial order and the remission is computed based on a prescribed formula agreed between the Inland Revenue Board (“IRB”) and the relevant insurance and takaful industry associations.

Accordingly, the Company considers the associated tax amounts as recoverable and due from the IRB, and has recognised them as part of tax recoverable in the financial statements.

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22. Other payables

	Family takaful fund RM'000	Company RM'000
2025		
Provisions on:		
Marketing related expenses	-	11,920
Staff bonus	-	6,338
Others	-	6,874
Proposal and other deposit	12,439	12,439
Amount due to shareholder's fund ⁽ⁱ⁾	32,803	-
Amount due to holding company ⁽ⁱ⁾ (Note 28(b))	-	5,867
Amount due to fellow subsidiaries ⁽ⁱ⁾ (Note 28(b))	-	65
Agency provident fund ⁽ⁱⁱ⁾	-	3,456
Other accruals and payables ⁽ⁱⁱⁱ⁾	23,803	36,997
	<u>69,045</u>	<u>83,956</u>
2024		
Provisions on:		
Marketing related expenses	-	13,357
Staff bonus	-	4,789
Others	-	7,080
Proposal and other deposit	17,136	17,136
Amount due to shareholder's fund ⁽ⁱ⁾	19,866	-
Amount due to holding company ⁽ⁱ⁾ (Note 28(b))	-	6,752
Amount due to fellow subsidiaries ⁽ⁱ⁾ (Note 28(b))	-	1,264
Agency provident fund ⁽ⁱⁱ⁾	-	4,653
Other accruals and payables ⁽ⁱⁱⁱ⁾	18,327	26,838
	<u>55,329</u>	<u>81,869</u>

- (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.
- (iii) Included in the other accruals and payables above are clearing accounts, sundry creditors, accrual and provisions, and control accounts, representing liabilities incurred on the normal course of operations and temporary balances pending final allocation or settlement as at the reporting date.

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23. Share capital

Company

	Number of ordinary shares		Amount	
	2025 '000	2024 '000	2025 RM'000	2024 RM'000
Issued and fully paid; at no par value:				
At 1 April / 31 March	405,000	405,000	405,000	405,000

24. Reserves

Company	2025 RM'000	2024 RM'000
Distributable retained profits	114,764	112,266
Non-distributable fair value reserves	109	(612)
	<u>114,873</u>	<u>111,654</u>

The entire distributable retained profits as at 31 March 2025 can be distributed as dividends under the single tier system.

25. 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:

	2025 RM'000	2024 RM'000
Profit attributable to ordinary shareholder (RM'000)	<u>12,498</u>	<u>7,758</u>
Number of ordinary shares in issue ('000)	405,000	405,000
Basic and diluted earnings per share (sen)	<u>3.1</u>	<u>1.9</u>

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26. Capital commitments and contingencies

Capital commitments

	2025	2024
	RM'000	RM'000
Company		
Authorised and contracted for:		
Property and equipment	35	-
Intangible assets	10,620	2,499
	<hr/>	<hr/>
Authorised but not contracted for:		
Property and equipment	25	-
Intangible assets	1,927	659
	<hr/>	<hr/>
Payable within 12 months	10,655	2,499
Payable after 12 months	1,952	659
	<hr/>	<hr/>
	12,607	3,158
	<hr/>	<hr/>

Contingencies

The Company has provided the following guarantees at 31 March 2025:

- Bank guarantees on the services contracts with external parties of RM243,811 in the form of cash deposit in marginal accounts.

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27. 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:

	Family takaful fund RM'000	Total RM'000
2025		
Eligible Tier-1 capital		
Share capital	-	405,000
Reserves, including retained profits	214,862	280,034
Tier-2 capital		
Fair value reserves	-	3,283
Amount deducted from capital	-	(69,153)
Total capital available	<u>214,862</u>	<u>619,164</u>
	Family takaful fund RM'000	RM'000
2024		
Eligible Tier-1 capital		
Share capital	-	405,000
Reserves, including retained profits	205,492	268,714
Tier-2 capital		
Fair value reserves	-	2,562
Amount deducted from capital	-	(72,046)
Total capital available	<u>205,492</u>	<u>604,230</u>

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28. 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.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel include all the Directors of the Company and certain members of senior management of the Company.

(a) Related party transactions

The significant related party transactions during the period are as follows:

	Family takaful fund RM'000	Company RM'000
2025		
Income/(expenses) and dividend:		
Transactions with MNRB:		
Gross contribution received	1,058	1,058
Dividend paid	-	(10,000)
Rental paid	-	(7)
Rental income from property	171	171
Management expenses paid	-	(2,957)
Management fees paid (Note 4(c))	-	(22,695)
	<hr/>	<hr/>

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28. Related party disclosures (cont'd.)

(a) Related party transactions (cont'd.)

2025	Family takaful fund RM'000	Company RM'000
Income/(expenses) and dividend (cont'd.):		
Transactions with Takaful Ikhlas General Berhad ("Takaful IKHLAS General"), a fellow subsidiary:		
Rental income from property	349	349
Gross contribution received	930	930
Retakaful recovery	-	5
Management fees received	-	1,394
Management fees paid (Note 4(c))	-	(2,693)
Management expenses received	-	4,462
Gross contribution paid for takaful cover	-	(118)
Transactions with Malaysian Reinsurance Berhad ("Malaysian Re"), a fellow subsidiary:		
Gross contribution received	512	512
Retakaful contribution ceded	(45,692)	(45,692)
Retakaful recovery	27,973	27,973
Management fees received	-	460
Management expenses paid	-	(406)
Transactions with MMIP Services Sdn. Bhd. ("MSSB"), a fellow subsidiary:		
Gross contribution received	52	52

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28. Related party disclosures (cont'd.)

(a) Related party transactions (cont'd.)

2024	Family takaful fund RM'000	Company RM'000
Income/(expenses) and dividend:		
Transactions with MNRB:		
Gross contribution received	842	842
Dividend paid	-	(80,000)
Rental paid	-	(8)
Rental income from property	171	171
Management expenses paid	-	(4,129)
Management fees paid (Note 4(c))	-	(21,311)
Transactions with Takaful IKHLAS		
General, a fellow subsidiary:		
Rental income from property	349	349
Gross contribution received	786	786
Management fees received	-	1,806
Management fees paid (Note 4(c))	-	(1,793)
Management expenses received	-	3,146
Gross contribution paid for takaful cover	-	(137)
Transactions with Malaysian Re, a fellow subsidiary:		
Gross contribution received	535	535
Retakaful contribution ceded	(40,299)	(40,299)
Retakaful recovery	26,498	26,498
Management fees received	-	429
Management fees paid (Note 4(c))	-	(309)
Management expenses paid	-	(21)
Transactions with MSSB, a fellow subsidiary:		
Gross contribution received	46	46

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28. 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:

	Family takaful fund RM'000	Company RM'000
2025		
Amount due from (Note 20):		
Takaful Ikhlas General Berhad	227	227
Malaysian Reinsurance Berhad	-	250
	<u>227</u>	<u>477</u>
Takaful certificate receivables:		
Takaful Ikhlas General Berhad	<u>3</u>	<u>3</u>
Takaful certificate payables:		
MNRB Holdings Berhad	(4)	(4)
Malaysian Reinsurance Berhad	-	(28,579)
	<u>(4)</u>	<u>(28,583)</u>
Other payables (Note 22):		
MNRB Holdings Berhad	-	(5,867)
Takaful Ikhlas General Berhad	-	(65)
	<u>-</u>	<u>(5,932)</u>

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28. 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.):

	Family takaful fund RM'000	Company RM'000
2024		
Amount due from (Note 20):		
Takaful Ikhlas General Berhad	244	244
Takaful certificate receivables:		
MNRB Holdings Berhad	21	21
Takaful Ikhlas General Berhad	7	7
	<u>28</u>	<u>28</u>
Other payables (Note 22):		
MNRB Holdings Berhad	-	(6,752)
Malaysian Reinsurance Berhad	-	(238)
Takaful Ikhlas General Berhad	-	(1,026)
	<u>-</u>	<u>(8,016)</u>

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.

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28. 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:

	2025	2024
	RM'000	RM'000
President & CEO and Executive Director's remuneration		
(Note 9(a)):		
Allowances and other emoluments	184	149
Salaries and bonus	774	933
Pension costs - EPF	138	159
Benefits-in-kind	41	32
	<u>1,137</u>	<u>1,273</u>
Non-executive Directors' remuneration (Note 9(b)):		
Fees	578	573
Benefits-in-kind	37	44
Allowances and other emoluments	230	210
	<u>845</u>	<u>827</u>
Shariah Committee members' remuneration		
(Note 9(c)):		
Fees	86	81
Allowances and other emoluments	24	19
	<u>110</u>	<u>100</u>
Other key management personnels' remuneration:		
Salaries and bonus	4,412	3,963
Pension costs - EPF	725	644
Benefits-in-kind	656	572
Total	<u>5,793</u>	<u>5,179</u>

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29. Dividends

The amounts of dividends paid by the Company are as follows:

RM'000

In respect of financial year ended 31 March 2024:

Final single tier dividend of 2.47% on 405,000,000 ordinary shares, declared on 7 October 2024 and paid on 15 October 2024.	10,000
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In respect of financial year ended 31 March 2023:

Final single tier dividend of 19.75% on 405,000,000 ordinary shares, declared on 21 September 2023 and paid on 28 November 2023.	80,000
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As at the date of this report, no dividend has been declared and proposed by the Company in respect of the current financial year.

30. 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 continuously monitoring 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.

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30. 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) Creates a risk awareness culture from a strategic, operational, and individual perspective;
- (iv) Gives 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) Ensures appropriate strategies are in place to mitigate risks and maximise opportunities;
- (vi) Allows 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.

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30. Risk management framework (cont'd.)

(a) Risk management governance

The Board and Senior Management collectively have responsibility and accountability for setting the objectives, defining strategies to achieve those objectives, and establishing governance structures and processes to best manage the risks in accomplishing those objectives.

The Company has adopted the Three Lines of Defence governance model which provides a formal, transparent, and effective risk governance structure to promote active involvement from the Board, Senior Management, and all employees in the risk management process across the Group.

In addition, the Company has set up an in-house risk management functions, compliance functions and committee on a group and entity wide basis to ensure an efficient risk management function.

The roles and responsibilities of the functions structure are 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 strong risk management culture;
- (ii) The Audit Committee ("AC") was established to complement the role of the Board by providing an independent assessments of the adequacy and effectiveness of governance, risk management and internal control. The AC is assisted by an independent Internal Audit Department in performing its role;
- (iii) The Group Shariah Committee ("GSC") was established to provide objective and expert advice to the Company to ensure that its aims and operations, business, affairs and activities are in compliance with Shariah;
- (iv) The Senior Management Committee ("SMC") oversees 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 & CEO, the President & CEOs and selected members of Senior Management from MNRB, 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;

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30. Risk management framework (cont'd.)

(a) Risk management governance (cont'd.)

The Risk management governance structure is as follows (cont'd.):

- (vi) The Information Technology Steering Committee ("ITSC"), chaired by the President & CEO, is established to oversee the implementation of IT strategic plans and provide direction in support of IT related initiatives and activities.
- (vii) Group Business Continuity Management Committee ("GBCMC") has been established and responsible to review and recommend changes to the Group BCM Framework, evaluates the Business Continuity, Crisis Management, and Disaster Recovery Plans, approves the BCM program workplan, and deliberates on issues related to crisis management and recovery centers;
- (viii) The Group Chief Risk Officer ("GCRO") oversees risk governance across the Group and is supported by the Head of Risk Management of the main operating subsidiaries. Together, they assist the GMRCC and the respective Risk Committees of the Board in ensuring effective implementation and maintenance of RM Framework and its sub-framework. Primarily, the main operating subsidiaries provide the necessary infrastructure to carry out the risk management function and the Risk Management Department acts as the central contact and guide for risk management issues within the respective entities;
- (ix) 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.

A dedicated Group Investment Committee ("GIC") has been established to further oversee investments risks and assets allocation, reporting directly to Board. The GIC is supported by the Group Investment Management Committee ("GIMC") which includes key senior executive such as President & CEO of the Company, the Group Chief Financial Officer and Group Chief Investment Officer.

To ensure effective risk management, the Group has implemented a Group Investment Policy ("GIP"), which provides a high-level framework for investment decisions. The policy governs investments in government and corporate bonds/Sukuk, deposits with licensed financial institutions, and other marketable securities.

To enhance clarity and governance, the GIP is supplemented by a separate Group Investment Guidelines ("GIG") document. This separation distinguishes the GIP's strategic objectives from the IG's detailed investment management rules, ensuring alignment with relevant regulatory frameworks of RBCT.

An Asset-Liability Committee ("ALCO") has been established to oversee and monitor asset-liability mismatches, duration gaps, credit risk profile, cashflow analysis and overall asset management. The ALCO reports directly to the Board through the GIC.

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30. Risk management framework (cont'd.)

(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 Risk-Based Capital Framework for Takaful Operators ("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.

(c) Regulatory framework

The Company is required to comply with the 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.

The total capital available of the Company as at 31 March 2025, as prescribed and reported under the RBCT Framework, are disclosed in Regulatory Capital Requirement section.

BNM Policy Document BNM/RFI/PD033-7 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.

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31. Takaful risk

Family takaful fund

(a) Nature of risk

The Company principally writes the following types of family takaful certificates: Ordinary Takaful Plans, Credit-related Takaful Plans, Group Takaful Plans and Investment-Linked Takaful Plans. The takaful contributions are segregated into two (2) separate funds: Participants' Risk Fund ("PRF"); and Participants' Individual 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 (PIF Savings) or investment (PIF 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 exposure for the PIF Investment 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 risks arise 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. The Company is exposed to concentration risk through its takaful contracts, which may be concentrated in certain geographic regions, industry sectors, or line of business.

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31. 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 introduction of new product.

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, if any to the participants may reduce.

Stress Testing is performed at least once a year, or more frequently if required. The purpose of the Stress Testing is to test the solvency and financial viability of the family takaful fund under various scenarios as guided by regulatory guidelines. Stress tests and scenario analysis are used to assess the Company's ability to maintain minimum specified levels of capital and liquidity in exceptional but plausible events and ensure consideration of the financial impact of plausible events in the decision-making process and the effectiveness of management actions under stressed conditions.

The table below discloses the takaful certificate liabilities (excluding CSM) by type of products:

	Gross RM'000	Net RM'000
2025		
Family takaful plans	1,516,091	1,506,165
Investment-linked takaful plans	335,733	325,997
Mortgage takaful plans	1,517,092	1,500,984
Group credit takaful plans	240,825	240,639
Other plans	69,348	69,348
Finance related balances	378,862	378,817
Unallocated surplus*	360,096	360,096
	<u>4,418,047</u>	<u>4,382,046</u>
2024		
Family takaful plans	1,482,868	1,474,081
Investment-linked takaful plans	320,098	307,464
Mortgage takaful plans	1,502,283	1,487,741
Group credit takaful plans	254,747	253,988
Other plans	63,848	63,848
Finance related balances	214,012	219,778
Unallocated surplus*	437,780	437,780
	<u>4,275,636</u>	<u>4,244,680</u>

* The unallocated surplus represents fulfillment cash flows that remain after all takaful certificate services have been provided to the certificates in a group. In accordance with paragraph B71 of MFRS 17, such amounts reflect expected payments to current or future participants, and need not be allocated to specific groups but instead recognised as a liability arising from all groups collectively.

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31. Takaful risk (cont'd.)

Family takaful fund (cont'd.)

(b) Reserving risk

Reserving risk relates to the risk arising from inadequate reserves to meet future benefits payment / claims and company expense needs. The risk arises from uncertainty in the estimation of future liabilities, influenced by factors such as changes in mortality and morbidity rates, economic conditions, regulatory requirements, company revenue and expense management, etc.

At each reporting date end, the Company performs a valuation of liabilities for the purpose of ensuring that reserves are objectively assessed and adequately provided for.

(c) 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.

(d) 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.

(e) 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.

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31. Takaful risk (cont'd.)

Family takaful fund (cont'd.)

(e) Impact on liabilities, profit and equity (cont'd.)

Key assumptions (cont'd.)

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	2025 Discount rates	2024 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 of respective products.

* No discounting rates used for short-term product.

** Discount rates are derived based on GII of appropriate term and adjusted for liquidity premium and other factor, if applicable.

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, as 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.

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31. Takaful risk (cont'd.)

Family takaful fund (cont'd.)

(e) Impact on liabilities, profit and equity (cont'd.)

Key assumptions (cont'd.)

(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 ("GII") zero coupon spot yields of appropriate term, which are obtained from Bond Pricing Agency Malaysia ("BPAM") and adjusted for liquidity premium and other factor, if applicable.

A decrease in the discount rate will increase the value of family takaful liabilities and consequently, may impact the surplus distribution to participants and shareholder.

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 of retakaful for liabilities, profit before tax and shareholder's equity. 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 is 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 business profile and economic assumptions.

Family takaful fund/Company

	Change in assumptions	2025		2024	
		Impact on profit before tax gross of retakaful	Impact on profit before tax net of retakaful	Impact on profit before tax gross of retakaful	Impact on profit before tax net of retakaful
	%	RM'000	RM'000	RM'000	RM'000
Mortality rates	+10%	(1,550)	(1,550)	(1,944)	(1,944)
Morbidity rates	+10%	(150)	(150)	(193)	(193)
Expenses	+10%	(2,886)	(2,886)	(3,771)	(3,771)
Surrender rates	+10%	(128)	(128)	(21)	(21)
Contribution holiday	+10%	(260)	(260)	(150)	(150)
Discount rate	+1%	2,932	2,932	3,338	3,338
Mortality rates	-10%	1,467	1,467	1,787	1,787
Morbidity rates	-10%	149	149	186	186
Expenses	-10%	2,623	2,623	3,738	3,738
Surrender rates	-10%	90	90	24	24
Contribution holiday	-10%	249	249	256	256
Discount rate	-1%	(2,979)	(2,979)	(3,950)	(3,950)

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31. Takaful risk (cont'd.)

Family takaful fund/Company (cont'd.)

(e) Impact on liabilities, profit and equity (cont'd.)

Sensitivity analysis (cont'd.)

		2025		2024	
	Change in assumptions	Impact on equity gross of retakaful RM'000	Impact on equity net of retakaful RM'000	Impact on equity gross of retakaful RM'000	Impact on equity net of retakaful RM'000
	%				
Mortality rates	+10%	(1,178)	(1,178)	(1,477)	(1,477)
Morbidity rates	+10%	(114)	(114)	(147)	(147)
Expenses	+10%	(2,193)	(2,193)	(2,866)	(2,866)
Surrender rates	+10%	(98)	(98)	(16)	(16)
Contribution holiday	+10%	(198)	(198)	(114)	(114)
Discount rates	+1%	2,229	2,229	2,537	2,537
Mortality rates	-10%	1,115	1,115	1,358	1,358
Morbidity rates	-10%	113	113	141	141
Expenses	-10%	1,994	1,994	2,841	2,841
Surrender rates	-10%	68	68	18	18
Contribution holiday	-10%	189	189	195	195
Discount rates	-1%	(2,264)	(2,264)	(3,002)	(3,002)

		2025		2024	
	Change in assumptions	Impact on CSM before gross of retakaful RM'000	Impact on CSM before net of retakaful RM'000	Impact on CSM before gross of retakaful RM'000	Impact on CSM before net of retakaful RM'000
	%				
Mortality rates	+10%	(415)	(415)	(405)	(405)
Morbidity rates	+10%	(60)	(60)	(50)	(50)
Expenses	+10%	(33,340)	(33,340)	(34,596)	(34,596)
Surrender rates	+10%	(8,419)	(8,419)	(7,052)	(7,052)
Contribution holiday	+10%	(2,918)	(2,918)	(3,202)	(3,202)
Discount rates	+1%	27,108	27,108	28,368	28,368
Mortality rates	-10%	419	419	408	408
Morbidity rates	-10%	60	60	50	50
Expenses	-10%	33,603	33,603	34,618	34,618
Surrender rates	-10%	9,041	9,041	7,452	7,452
Contribution holiday	-10%	3,322	3,322	3,117	3,117
Discount rates	-1%	(27,961)	(27,961)	(29,229)	(29,229)

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32. Financial risk

Transactions in financial instruments may expose the Company to various 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.

(a) Credit risk

Credit risk is the risk that counterparty fails on its financial obligations/does not honour its contract/default.

Credit risk includes the following major elements:

- (i) Investment credit risk refers to the potential financial loss resulting from changes in the value of an investment. This risk is linked to the creditworthiness and the expected ability of the issuer and/or financial institution ("counterparty") to meet their obligations, including timely payment of profit and/or principal. Adverse circumstances affecting the counterparty, such as rating downgrades or default can negatively impact both the investment's value and liquidity;
- (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 faces investment credit risk, mainly from its Sukuk holdings. Credit assessments are conducted for new and existing investments based on financial stability, performance, and credit ratings, following the Group Investment Policy ("GIP") and Group Investment Guidelines ("GIG") approved by the Board. Sukuk credit ratings are regularly monitored, with any downgrade triggering an immediate review to assess its impact and take necessary risk mitigation measures. As of the reporting date, the Company's bond/Sukuk portfolio has no exposure below investment grade. Credit risk for other asset classes is also evaluated based on credit ratings, issuer financial health, and market conditions to ensure compliance with risk limits and appetite.

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.

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32. 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) Group Credit Risk Management Policy sets out key processes for credit risk management with primary focus on pro-actively identifying, assessing and monitoring credit related exposure within the business;
- (ii) The GIG establishes minimum credit rating requirements for Corporate Sukuk investments to mitigate the risk of potential counterparty default;
- (iii) Internal single counterparty limits for Financial Institutions ("FIs") in money market placements and other investment instruments are determined based on their credit ratings and financial strength. These limits help prevent excessive risk concentration with any single FI;
- (iv) The Company's investment portfolio is managed with a focus on diversification and high-quality, investment-grade fixed income securities and equities with strong fundamentals. As of the financial year ended 31 March 2025, the fixed income portfolio was primarily composed of Government Investment Issues ("GII") and AAA-rated securities, as rated by Rating Agency Malaysia ("RAM") and/or Malaysian Rating Corporation Berhad ("MARC");
- (v) To mitigate retakaful counterparty risk, the Company will give due consideration to the credit quality of the retakaful operator. To facilitate this process, a list of approved 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 credit ratings of counterparties. The retakaful operators' share of unearned contribution reserves have been excluded from the analysis as they are not contractual obligations.

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32. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Credit exposure by credit rating (cont'd.)

Family takaful fund

2025	Investment grade ⁽ⁱ⁾				Not Rated RM'000	Not subject to credit risk RM'000	Total RM'000
	Government guaranteed RM'000	AAA/P1 RM'000	AA RM'000	A RM'000			
Financial assets at FVTPL							
Designated upon initial recognition:							
Unquoted Islamic private debt securities	722,253	399,729	180,854	51,729	-	-	1,354,565
Government investment issues	1,205,607	-	-	-	-	-	1,205,607
Mandatorily measured:							
Quoted shares in Malaysia	-	-	-	-	-	278,641	278,641
Warrants	-	-	-	-	-	228	228
Shariah approved unit trust funds	-	-	-	-	-	325,387	325,387
Real estate investment trusts	-	-	-	-	-	12,190	12,190
Financial assets at FVOCI							
Unquoted Islamic private debt securities	20,740	27,679	25,679	-	-	-	74,098
Government investment issues	179,156	-	-	-	-	-	179,156
Financial assets at AC							
Islamic commercial papers	-	34,644	-	-	-	-	34,644
Deposit placements with:							
Licensed Islamic banks	-	395,456	97,355	216,198	-	-	709,009
Licensed development banks	-	47,022	99,192	-	-	-	146,214
Other bank	-	-	-	50,000	-	-	50,000
Amount due from related companies	-	-	-	-	227	-	227
Income due and accrued	23,901	7,403	3,535	3,416	1,243	-	39,498
Sundry receivables	-	-	-	-	348	-	348
Retakaful certificate assets	-	-	-	51,491	-	-	51,491
Takaful certificate assets	-	-	-	-	-	2,506	2,506
Cash and bank balances	-	5,330	5,733	799	-	-	11,862
	2,151,657	917,263	412,348	373,633	1,818	618,952	4,475,671

⁽ⁱ⁾ Based on public ratings assigned by external rating agencies including Rating Agency Malaysia ("RAM") and Malaysian Rating Corporation ("MARC").

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32. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Credit exposure by credit rating (cont'd.)

Family takaful fund (cont'd.)	Investment grade ⁽ⁱ⁾				Not Rated RM'000	Not subject to credit risk RM'000	Total RM'000
	Government guaranteed RM'000	AAA/P1 RM'000	AA RM'000	A RM'000			
2024							
Financial assets at FVTPL							
Designated upon initial recognition:							
Unquoted Islamic private debt securities	794,056	384,640	106,643	71,966	-	-	1,357,305
Government investment issues	1,432,942	-	-	-	-	-	1,432,942
Mandatorily measured:							
Quoted shares in Malaysia	-	-	-	-	-	130,988	130,988
Shariah approved unit trust funds	-	-	-	-	-	319,219	319,219
Real estate investment trusts	-	-	-	-	-	12,187	12,187
Financial assets at FVOCI							
Unquoted Islamic private debt securities	25,307	22,619	-	-	-	-	47,926
Government investment issues	85,820	-	-	-	-	-	85,820
Financial assets at AC							
Deposit placements with:							
Licensed Islamic banks	-	338,865	80,557	26,524	-	-	445,946
Licensed development banks	-	94,505	122,299	137,402	-	-	354,206
Other bank	-	-	-	-	50,000	-	50,000
Amount due from related company	-	-	-	-	244	-	244
Income due and accrued	27,771	8,200	3,286	2,431	658	-	42,346
Sundry receivables	-	-	-	-	4,718	-	4,718
Retakaful certificate assets	-	-	-	42,306	-	-	42,306
Takaful certificate assets	-	-	-	-	-	2,607	2,607
Cash and bank balances	-	5,678	2,234	1,861	-	-	9,773
	<u>2,365,896</u>	<u>854,507</u>	<u>315,019</u>	<u>282,490</u>	<u>55,620</u>	<u>465,001</u>	<u>4,338,533</u>

⁽ⁱ⁾ Based on public ratings assigned by external rating agencies including Rating Agency Malaysia ("RAM") and Malaysian Rating Corporation ("MARC").

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32. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Credit exposure by credit rating (cont'd.)

Company	Investment grade ⁽ⁱ⁾				Not Rated RM'000	Not subject to credit risk RM'000	Total RM'000
	Government guaranteed RM'000	AAA/P1 RM'000	AA RM'000	A RM'000			
2025							
Financial assets at FVTPL							
Designated upon initial recognition:							
Unquoted Islamic private debt securities	722,253	399,729	180,854	51,729	-	-	1,354,565
Government investment issues	1,205,607	-	-	-	-	-	1,205,607
Mandatorily measured:							
Quoted shares in Malaysia	-	-	-	-	-	293,620	293,620
Warrants	-	-	-	-	-	239	239
Shariah approved unit trust funds	-	-	-	-	-	325,387	325,387
Real estate investment trusts	-	-	-	-	-	13,279	13,279
Financial assets at FVOCI							
Unquoted Islamic private debt securities	36,423	88,567	53,075	10,071	-	-	188,136
Government investment issues	313,425	-	-	-	-	-	313,425
Golf club memberships	-	-	-	-	-	118	118
Financial assets at AC							
Islamic commercial papers	-	39,593	-	-	-	-	39,593
Deposit placements with:							
Licensed Islamic banks	-	496,150	98,460	253,880	-	-	848,490
Licensed development banks	-	51,532	115,114	-	-	-	166,646
Other bank	-	-	-	50,000	-	-	50,000
Secured staff financing	-	-	-	-	290	-	290
Amount due from related companies	-	-	-	-	477	-	477
Income due and accrued	25,412	8,314	3,824	3,705	1,335	-	42,590
Sundry receivables	-	-	-	-	9,653	-	9,653
Retakaful certificate assets	-	-	-	51,491	-	-	51,491
Takaful certificate assets	-	-	-	-	-	110,289	110,289
Cash and bank balances	-	5,333	7,011	817	2	-	13,163
	2,303,120	1,089,218	458,338	421,693	11,757	742,932	5,027,058

⁽ⁱ⁾ Based on public ratings assigned by external rating agencies including Rating Agency Malaysia ("RAM") and Malaysian Rating Corporation ("MARC").

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32. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Credit exposure by credit rating (cont'd.)

Company (cont'd.)	Investment grade ⁽ⁱ⁾				Not Rated RM'000	Not subject to credit risk RM'000	Total RM'000
	Government guaranteed RM'000	AAA/P1 RM'000	AA RM'000	A RM'000			
2024							
Financial assets at FVTPL							
Designated upon initial recognition:							
Unquoted Islamic private debt securities	794,056	384,640	106,643	71,966	-	-	1,357,305
Government investment issues	1,432,942	-	-	-	-	-	1,432,942
Mandatorily measured:							
Quoted shares in Malaysia	-	-	-	-	-	141,303	141,303
Shariah approved unit trust funds	-	-	-	-	-	324,521	324,521
Real estate investment trusts	-	-	-	-	-	13,219	13,219
Financial assets at FVOCI							
Unquoted Islamic private debt securities	70,819	73,462	7,083	10,056	-	-	161,420
Government investment issues	199,655	-	-	-	-	-	199,655
Golf club memberships	-	-	-	-	-	118	118
Financial assets at AC							
Deposit placements with:							
Licensed Islamic banks	-	465,588	82,814	33,815	-	3,180	585,397
Licensed development banks	-	135,480	154,292	137,402	-	-	427,174
Other bank	-	-	-	-	50,000	-	50,000
Secured staff financing	-	-	-	-	413	-	413
Amount due from related companies	-	-	-	-	244	-	244
Income due and accrued	29,550	11,612	4,049	2,831	730	-	48,772
Sundry receivables	-	-	-	-	9,090	-	9,090
Retakaful certificate assets	-	-	-	42,306	-	-	42,306
Takaful certificate assets	-	-	-	-	-	58,845	58,845
Cash and bank balances	-	5,678	4,056	1,876	5	-	11,615
	2,527,022	1,076,460	358,937	300,252	60,482	541,186	4,864,339

⁽ⁱ⁾ Based on public ratings assigned by external rating agencies including Rating Agency Malaysia ("RAM") and Malaysian Rating Corporation ("MARC").

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32. 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 the 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 end.

Expected credit loss

The Company assesses the possible default events within twelve (12) months for the calculation of the 12-month ECL in Stage One (1). Given the impairment policy, the probability of defaulting 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 One (1).

To estimate the lifetime ECL for financial instruments classified in Stage Two (2), the Company is required to estimate the probability of default occurring in the twelve (12) months after the reporting date 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 Three (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.

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32. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Investment assets - Reconciliation of allowance account (cont'd.)

Expected credit loss (cont'd.)

	2025	2024
	Stage 1	Stage 1
Family takaful fund	12-month	12-month
	ECL	ECL
Financial assets at FVOCI	RM'000	RM'000
Government Guaranteed	199,896	111,127
AAA	27,679	22,619
AA	25,679	-
Carrying amount	253,254	133,746

	2025	2024
	Stage 1	Stage 1
Company	12-month	12-month
	ECL	ECL
Financial assets at FVOCI	RM'000	RM'000
Government Guaranteed	349,848	270,474
AAA	88,567	73,462
AA	53,075	7,083
A	10,071	10,056
Not subject to credit risk	118	118
Carrying amount	501,679	361,193

As at financial year, all financial investments at FVOCI and amortised cost above held by the Family fund and Company are classified as Stage One (1).

Movements in allowances for impairment losses for financial investments are as follows:

	2025	2024
	Stage 1	Stage 1
Family Takaful Fund/Company	12-month	12-month
	ECL	ECL
	RM'000	RM'000
As at 1 April 2024 / 2023	(19)	(11)
Net adjustment of loss allowance	(47)	(8)
As at 31 March 2025 / 2024	(66)	(19)

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32. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Other financial assets - Reconciliation of allowance account

Other financial assets consist of takaful certificate receivables within balance of liabilities.

The Family takaful fund/Company applies the simplified approach and measures the allowance for impairment loss based on a lifetime ECL from initial recognition.

Definition of default

The Company considers a financial asset to be in default by assessing the following criteria:

(i) Quantitative criteria

Takaful certificate receivables within balance of liabilities are considered to be in default when the counterparty fails to make contractual payments within twelve (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 within balance of liabilities held by the Company and are consistent with the default definition used for credit risk management purposes. The default definition has been applied consistently to model the probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") throughout the Company's expected loss calculations.

Incorporation of forward-looking information

The Company incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The Company has performed historical analysis 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.

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32. 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

2025

ECL rate

Gross carrying amount -

Takaful certificate receivables

Allowance for ECL

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
1.0%	8.9%	40.3%	81.8%	100.0%	3.5%
30,524	2,986	689	11	332	34,542
313	265	278	9	332	1,197

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32. 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

	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
2024						
ECL rate	1.1%	1.8%	98.8%	98.7%	100.0%	4.0%
Gross carrying amount - Takaful certificate receivables	35,776	3,175	410	158	609	40,128
Allowance for ECL	382	58	405	156	609	1,610

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32. 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
2025			
<u>Gross carrying amount</u>			
As at 1 April 2024	1,154	38,974	40,128
(Decrease)	(661)	(4,925)	(5,586)
As at 31 March 2025	493	34,049	34,542
<u>Allowance for ECL</u>			
As at 1 April 2024	1,154	456	1,610
(Decrease)/increase	(661)	249	(412)
As at 31 March 2025	493	705	1,198

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32. 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
2024			
<u>Gross carrying amount</u>			
As at 1 April 2023	559	48,050	48,609
(Decrease)/increase	595	(9,076)	(8,481)
As at 31 March 2024	<u>1,154</u>	<u>38,974</u>	<u>40,128</u>
<u>Allowance for ECL</u>			
As at 1 April 2023	559	1,332	1,891
Decrease/(increase)	595	(876)	(281)
As at 31 March 2024	<u>1,154</u>	<u>456</u>	<u>1,610</u>

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32. 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.)

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
2025			
As at 1 April 2024	1,154	456	1,610
Net adjustment of loss allowance	(661)	249	(412)
As at 31 March 2025	<u>493</u>	<u>705</u>	<u>1,198</u>
2024			
As at 1 April 2023	559	1,332	1,891
Net adjustment of loss allowance	595	(876)	(281)
As at 31 March 2024	<u>1,154</u>	<u>456</u>	<u>1,610</u>

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32. 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 additional material 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 in place a Group Liquidity Management Policy which outlines the 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;
- (iv) The holding of liquid assets in the respective funds; and
- (v) Liquidity risk position.

To manage the liquidity of the takaful funds, the investment mandate requires that a certain proportion of the funds be held as liquid assets in accordance with the liquidity requirements set forth by BNM's RBCT Framework.

Maturity profiles

The tables below summarise the maturity profiles of the financial assets and financial liabilities of the Company based on remaining undiscounted contractual cash flows, including profit receivable and payable. It also includes the maturity profiles of portfolios of takaful certificates issued and retakaful certificates held that are recognised as assets and liabilities, measured based on the estimated present value of future cash outflows.

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32. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

Family takaful fund

	Carrying value RM'000	Up to 1 year RM'000	1-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
2025						
Financial assets at FVTPL						
Designated upon initial recognition:						
Unquoted Islamic private debt securities	1,354,565	90,829	519,333	1,373,545	-	1,983,707
Government investment issues	1,205,607	52,117	208,610	1,912,504	-	2,173,231
Mandatorily measured:						
Quoted shares in Malaysia	278,641	-	-	-	278,641	278,641
Warrants	228	-	-	-	228	228
Real estate investment trusts	12,190	-	-	-	12,190	12,190
Shariah approved unit trust funds	325,387	-	-	-	325,387	325,387
Financial assets at FVOCI						
Unquoted Islamic private debt securities	74,098	3,069	33,443	73,403	-	109,915
Government investment issues	179,156	7,419	77,581	181,023	-	266,023
Financial assets at AC						
Islamic commercial papers	34,644	35,000	-	-	-	35,000
Deposit placements with:						
Licensed Islamic banks	709,009	714,604	-	-	-	714,604
Licensed development banks	146,214	149,034	-	-	-	149,034
Other bank	50,000	50,038	-	-	-	50,038
Amount due from related companies	227	227	-	-	-	227
Income due and accrued	39,498	39,498	-	-	-	39,498
Sundry receivables	348	348	-	-	-	348
Retakaful certificate assets	51,491	51,491	-	-	-	51,491
Takaful certificate assets	2,506	-	-	-	2,506	2,506
Cash and bank balances	11,862	11,862	-	-	-	11,862
Total financial and takaful assets	4,475,671	1,205,536	838,967	3,540,475	618,952	6,203,930

	Carrying value RM'000	Up to 1 year RM'000	1-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Unallocated surplus* RM'000	Total RM'000
Takaful certificate liabilities							
Non-PAA	4,414,786	103,298	569,728	3,000,296	381,368	360,096	4,414,786
PAA	23,019	23,019	-	-	-	-	23,019
Retakaful certificate liabilities							
Non-PAA	16,190	16,190	-	-	-	-	16,190
PAA	(3,372)	(3,372)	-	-	-	-	(3,372)
Other payables	69,045	69,045	-	-	-	-	69,045
Total financial and takaful liabilities	4,519,668	208,180	569,728	3,000,296	381,368	360,096	4,519,668

* The unallocated surplus represents fulfillment cash flows that remain after all takaful certificate services have been provided to the certificates in a group. In accordance with paragraph B71 of MFRS 17, such amounts reflect expected payments to current or future participants, and need not be allocated to specific groups but instead recognised as a liability arising from all groups collectively.

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32. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

Family takaful fund (cont'd.)

	Carrying value RM'000	Up to 1 year RM'000	1-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
2024						
Financial assets at FVTPL						
Designated upon initial recognition:						
Unquoted Islamic private debt securities	1,357,305	102,106	540,933	1,393,451	-	2,036,490
Government investment issues	1,432,942	62,299	262,488	2,250,990	-	2,575,777
Mandatorily measured:						
Quoted shares in Malaysia	130,988	-	-	-	130,988	130,988
Real estate investment trusts	12,187	-	-	-	12,187	12,187
Shariah approved unit trust funds	319,219	-	-	-	319,219	319,219
Financial assets at FVOCI						
Unquoted Islamic private debt securities	47,926	16,530	17,326	39,112	-	72,968
Government investment issues	85,820	3,666	14,675	132,384	-	150,725
Financial assets at AC						
Deposit placements with:						
Licensed Islamic banks	445,946	462,671	-	-	-	462,671
Licensed development banks	354,206	356,002	2,769	-	-	358,771
Other bank	50,000	2,000	50,038	-	-	52,038
Amount due from related companies	244	244	-	-	-	244
Income due and accrued	42,346	42,346	-	-	-	42,346
Sundry receivables	4,718	4,718	-	-	-	4,718
Retakaful certificate assets	42,306	42,306	-	-	-	42,306
Takaful certificate assets	2,607	-	-	-	2,607	2,607
Cash and bank balances	9,773	9,773	-	-	-	9,773
Total financial and takaful assets	4,338,533	1,104,661	888,229	3,815,937	465,001	6,273,828

	Carrying value RM'000	Up to 1 year RM'000	1-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Unallocated surplus* RM'000	Total RM'000
Takaful certificate liabilities							
Non-PAA	4,272,114	84,235	525,929	3,013,679	210,491	437,780	4,272,114
PAA	21,807	21,807	-	-	-	-	21,807
Retakaful certificate liabilities							
Non-PAA	11,932	11,932	-	-	-	-	11,932
PAA	-	-	-	-	-	-	-
Other payables	55,329	55,329	-	-	-	-	55,329
Total financial and takaful liabilities	4,361,182	173,303	525,929	3,013,679	210,491	437,780	4,361,182

* The unallocated surplus represents fulfillment cash flows that remain after all takaful certificate services have been provided to the certificates in a group. In accordance with paragraph B71 of MFRS 17, such amounts reflect expected payments to current or future participants, and need not be allocated to specific groups but instead recognised as a liability arising from all groups collectively.

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32. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

Company

	Carrying value	Up to 1 year	1-5 years	Over	No maturity	
2025	RM'000	RM'000	RM'000	5 years	date	Total
				RM'000	RM'000	RM'000
Financial assets at FVTPL						
Designated upon initial recognition:						
Unquoted Islamic private debt securities	1,354,565	90,829	519,333	1,373,545	-	1,983,707
Government investment issues	1,205,607	52,117	208,610	1,912,504	-	2,173,231
Mandatorily measured:						
Quoted shares in Malaysia	293,620	-	-	-	293,620	293,620
Warrants	239	-	-	-	239	239
Real estate investment trusts	13,279	-	-	-	13,279	13,279
Shariah approved unit trust funds	325,387	-	-	-	325,387	325,387
Financial assets at FVOCI						
Unquoted Islamic private debt securities	188,136	12,832	101,056	137,005	-	250,893
Government investment issues	313,425	12,822	166,808	259,232	-	438,862
Golf club memberships	118	-	-	-	118	118
Financial assets at AC						
Islamic commercial papers	39,593	40,000	-	-	-	40,000
Deposit placements with:						
Licensed Islamic banks	848,490	854,639	-	-	-	854,639
Licensed development banks	166,646	169,657	-	-	-	169,657
Other bank	50,000	50,038	-	-	-	50,038
Secured staff financing	290	88	202	-	-	290
Amount due from related companies	477	477	-	-	-	477
Income due and accrued	42,590	42,590	-	-	-	42,590
Sundry receivables	9,653	9,653	-	-	-	9,653
Retakaful certificate assets	51,491	51,491	-	-	-	51,491
Takaful certificate assets	110,289	-	-	-	110,289	110,289
Cash and bank balances	13,163	13,163	-	-	-	13,163
Total financial and takaful assets	5,027,058	1,400,396	996,009	3,682,286	742,932	6,821,623

	Carrying value	Up to 1 year	1-5 years	Over	No maturity	Unallocated	Total
	RM'000	RM'000	RM'000	5 years	date	surplus*	RM'000
				RM'000	RM'000	RM'000	RM'000
Takaful certificate liabilities							
Non-PAA	4,334,644	103,380	570,206	2,727,400	507,945	425,713	4,334,644
PAA	23,131	23,131	-	-	-	-	23,131
Retakaful certificate liabilities							
Non-PAA	16,190	16,190	-	-	-	-	16,190
PAA	(3,372)	(3,372)	-	-	-	-	(3,372)
Zakat payable	182	182	-	-	-	-	182
Lease liabilities	204	208	-	-	-	-	208
Other payables	83,956	83,956	-	-	-	-	83,956
Total financial and takaful liabilities	4,454,935	223,675	570,206	2,727,400	507,945	425,713	4,454,939

* The unallocated surplus represents fulfillment cash flows that remain after all takaful certificate services have been provided to the certificates in a group. In accordance with paragraph B71 of MFRS 17, such amounts reflect expected payments to current or future participants, and need not be allocated to specific groups but instead recognised as a liability arising from all groups collectively.

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32. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

Company (cont'd.)

	Carrying value RM'000	Up to 1 year RM'000	1-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
2024						
Financial assets at FVTPL						
Designated upon initial recognition:						
Unquoted Islamic private debt securities	1,357,305	102,106	540,933	1,393,451	-	2,036,490
Government investment issues	1,432,942	62,299	262,488	2,250,990	-	2,575,777
Mandatorily measured:						
Quoted shares in Malaysia	141,303	-	-	-	141,303	141,303
Real estate investment trusts	13,219	-	-	-	13,219	13,219
Shariah approved unit trust funds	324,521	-	-	-	324,521	324,521
Financial assets at FVOCI						
Unquoted Islamic private debt securities	161,420	35,968	70,864	112,359	-	219,191
Government investment issues	199,655	8,319	33,299	264,772	-	306,390
Golf club memberships	118	-	-	-	118	118
Financial assets at AC						
Deposit placements with:						
Licensed Islamic banks	585,397	602,122	-	-	-	602,122
Licensed development banks	427,174	428,970	2,769	-	-	431,739
Other bank	50,000	2,000	50,038	-	-	52,038
Secured staff financing	413	133	280	-	-	413
Amount due from related companies	244	244	-	-	-	244
Income due and accrued	48,772	48,772	-	-	-	48,772
Sundry receivables	9,090	9,090	-	-	-	9,090
Retakaful certificate assets	42,306	42,306	-	-	-	42,306
Takaful certificate assets	58,845	-	-	-	58,845	58,845
Cash and bank balances	11,615	11,615	-	-	-	11,615
Total financial and takaful assets	4,864,339	1,353,944	960,671	4,021,572	538,006	6,874,193

	Carrying value RM'000	Up to 1 year RM'000	1-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Unallocated surplus* RM'000	Total RM'000
Takaful certificate liabilities							
Non-PAA	4,253,443	84,338	526,510	2,737,685	417,802	487,108	4,253,443
PAA	21,807	21,807	-	-	-	-	21,807
Retakaful certificate liabilities							
Non-PAA	11,932	11,932	-	-	-	-	11,932
PAA	-	-	-	-	-	-	-
Zakat payable	293	293	-	-	-	-	293
Lease liabilities	547	316	564	-	-	-	880
Other payables	81,869	81,869	-	-	-	-	81,869
Total financial and takaful liabilities	4,369,891	200,555	527,074	2,737,685	417,802	487,108	4,370,224

* The unallocated surplus represents fulfillment cash flows that remain after all takaful certificate services have been provided to the certificates in a group. In accordance with paragraph B71 of MFRS 17, such amounts reflect expected payments to current or future participants, and need not be allocated to specific groups but instead recognised as a liability arising from all groups collectively.

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32. 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 on 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 Company's earnings are impacted by fluctuations in market profit rates, as such changes affect profit income from cash and cash equivalents, including investments in Islamic deposits. The value of the Company's fixed income portfolio moves inversely with profit rates. While there is no direct contractual relationship between financial assets and takaful certificates, the Company's profit rate risk policy mandates managing net profit rate risk. This is achieved by maintaining an appropriate balance of fixed and variable rate instruments to support takaful certificate liabilities as well as managing the maturity profiles of profit-bearing financial assets.

The Company manages its profit rate risk by aligning, where possible, the duration and profile of assets and liabilities to minimise the impact of mismatches between their values due to changes in profit rate. Additionally, the Company continuously monitors financial, market and economic development to assess profit rates direction and formulate its investment strategies.

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.

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32. Financial risk (cont'd.)

(c) Market risk (cont'd.)

Profit rate risk (cont'd.)

Sensitivity analysis

		2025		2024	
Family takaful fund	Changes in variable	Impact on	Impact on	Impact on	Impact on
		carrying value	participants' fund *	carrying value	participants' fund *
		RM'000	RM'000	RM'000	RM'000
		----- (Decrease)/increase -----		----- (Decrease)/increase -----	
<u>Financial assets at FVTPL:</u>					
Unquoted Islamic private debt securities	+25 bp	(28,634)	(26,344)	(29,665)	(27,292)
	-25 bp	28,634	26,344	29,665	27,292
Government investment issues	+25 bp	(39,148)	(36,016)	(45,391)	(41,760)
	-25 bp	39,148	36,016	45,391	41,760
<u>Financial assets at AC:</u>					
Islamic commercial papers	+25 bp	(18,427)	(16,953)	-	-
	-25 bp	18,427	16,953	-	-
<u>Financial assets at FVOCI:</u>					
Unquoted Islamic private debt securities	+25 bp	(1,559)	(1,434)	(935)	(860)
	-25 bp	1,559	1,434	935	860
Government investment issues	+25 bp	(4,070)	(3,745)	(2,721)	(2,503)
	-25 bp	4,070	3,745	2,721	2,503

* Impact on participants' fund is net of tax of 8% for the family fund.

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32. Financial risk (cont'd.)

(c) Market risk (cont'd.)

Profit rate risk (cont'd.)

Sensitivity analysis (cont'd.)

Company	Changes in variable	2025		2024	
		Impact on	Impact on	Impact on	Impact on
		carrying value	profit/equity/	carrying value	profit/equity/
		RM'000	participants' fund *	RM'000	participants' fund *
		----- (Decrease)/increase -----	----- (Decrease)/increase -----	----- (Decrease)/increase -----	----- (Decrease)/increase -----
<u>Financial assets at FVTPL:</u>					
Unquoted Islamic private debt securities	+25 bp	(28,634)	(26,344)	(29,665)	(27,292)
	-25 bp	28,634	26,344	29,665	27,292
Government investment issues	+25 bp	(39,148)	(36,016)	(45,391)	(41,760)
	-25 bp	39,148	36,016	45,391	41,760
<u>Financial assets at AC:</u>					
Islamic commercial papers	+25 bp	(21,059)	(18,954)	-	-
	-25 bp	21,059	18,954	-	-
<u>Financial assets at FVOCI:</u>					
Unquoted Islamic private debt securities	+25 bp	(2,983)	(2,516)	(2,583)	(2,377)
	-25 bp	2,983	2,516	2,583	2,377
Government investment issues	+25 bp	(6,122)	(5,304)	(4,834)	(4,109)
	-25 bp	6,122	5,304	4,834	4,109

* Impact on profit/equity/participants' fund is net of tax of 24% for the shareholder's fund and 8% for the family takaful fund.

32. Financial risk (cont'd.)

(c) Market risk (cont'd.)

Price risk

Price risk is the risk that the fair value of a financial instrument 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 has 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.

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32. 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 surplus before tax RM'000	Impact on participants' fund * RM'000
Family takaful fund		-----Increase/(Decrease)-----		
2025				
Market Indices				
Equity investments	+5%	14,558	14,558	13,393
Equity investments	-5%	(14,558)	(14,558)	(13,393)
2024				
Market Indices				
Equity investments	+5%	7,175	7,175	6,601
Equity investments	-5%	(7,175)	(7,175)	(6,601)

* Impact on participants' fund is net of tax of 8% for the family takaful fund.

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32. Financial risk (cont'd.)

(c) Market risk (cont'd.)

Price risk (cont'd.)

Sensitivity analysis (cont'd.)

Company	Changes in variable	Impact on carrying value	Impact on profit before tax	Impact on profit/equity/ participants' fund *
		RM'000	RM'000	RM'000
		-----Increase/(Decrease)-----		
2025				
Market Indices				
Equity investments	+5%	15,361	15,361	14,004
Equity investments	-5%	(15,361)	(15,361)	(14,004)
2024				
Market Indices				
Equity investments	+5%	8,007	8,007	7,233
Equity investments	-5%	(8,007)	(8,007)	(7,233)

* Impact on profit /participants' fund is net of tax of 24% for the shareholder's fund and 8% for the family takaful fund.

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32. Financial risk (cont'd.)

(c) Market risk (cont'd.)

Asset liability mismatch risk

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 Asset Liability Management ("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.

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.

33. 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) 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.

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33. Other risks (cont'd.)

(c) 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 ("Group SRM") Framework, guided by the Shariah Governance Framework issued by BNM.

(d) Sustainability risk

Sustainability risks are potential adverse impacts on environmental, social, and governance factors that could affect the long-term viability, financial performance, or reputation of the Company. These risks arise from various sources, including climate change, resource depletion, environmental pollution, social inequality, labour practices, human rights violations, regulatory changes, and ethical considerations.

The Risk Management Committee of the Board ("RMCB"), with support from the GMRCC, is responsible for supporting the Board in meeting expectations and responsibilities on sustainability risk management by providing effective oversight. Reporting to GMRCC, the Sustainability Working Group ("SWG"), which includes Sustainability Champions as representatives from each entity, facilitates the adoption and integration of sustainability principles across the Company's business activities and operations.

The Group has established Group Sustainability Commitment towards Net Zero Carbon Organisation by 2050, which will form part of the Group Sustainability Framework. The implementation and finalisation of the Framework shall be harmonised with the Group's Sustainability Governance, Commitments and Policy.

The MNRB Group Sustainability Risk Management Framework enhances and complements the Company's sustainability commitments and initiatives by integrating risk considerations into the Company's broader sustainability objectives.

The Company's sustainability governance and sustainability efforts in contributing positively towards global sustainability objectives are disclosed in MNRB Group's Sustainability Statement available on the corporate website.

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34. 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.

- 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.

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34. Fair values (cont'd.)

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 bank balances 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) 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.

(iv) Investments

Investments as at 31 March 2025 have been accounted for in accordance with the accounting policies as disclosed under Note 2.2(e).

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34. Fair values (cont'd.)

(v) 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:

Assets measured at fair value:

Family takaful fund	Valuation technique using:			Total RM'000
	Level 1 Quoted market prices RM'000	Level 2 Observable inputs RM'000	Level 3 Significant unobservable inputs RM'000	
2025				
Investment properties	-	-	82,085	82,085
<u>Financial assets:</u>				
Financial assets at FVTPL:				
Unquoted Islamic private debt securities	-	1,354,565	-	1,354,565
Government investment issues	-	1,205,607	-	1,205,607
Quoted shares in Malaysia:				
Shariah approved equities	278,641	-	-	278,641
Warrants	228	-	-	228
Real estate investment trusts	12,190	-	-	12,190
Shariah approved unit trust funds	325,387	-	-	325,387
	616,446	2,560,172	-	3,176,618
Financial assets at FVOCI:				
Unquoted Islamic private debt securities	-	74,098	-	74,098
Government investment issues	-	179,156	-	179,156
	-	253,254	-	253,254

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34. Fair values (cont'd.)

(v) Fair value disclosures based on 3-level hierarchy (cont'd.)

Assets measured at fair value (cont'd.):

Family takaful fund (cont'd.)	Valuation technique using:			Total RM'000
	Level 1 Quoted market prices RM'000	Level 2 Observable inputs RM'000	Level 3 Significant unobservable inputs RM'000	
2024				
Investment properties	-	-	82,085	82,085

Financial assets:

Financial assets at FVTPL:

Unquoted Islamic private debt securities	-	1,357,305	-	1,357,305
Government investment issues	-	1,432,942	-	1,432,942
Quoted shares in Malaysia:				
Shariah approved equities	130,988	-	-	130,988
Real estate investment trusts	12,187	-	-	12,187
Shariah approved unit trust funds	319,219	-	-	319,219
	<u>462,394</u>	<u>2,790,247</u>	<u>-</u>	<u>3,252,641</u>

Financial assets at FVOCI:

Unquoted Islamic private debt securities	-	47,926	-	47,926
Government investment issues	-	85,820	-	85,820
	<u>-</u>	<u>133,746</u>	<u>-</u>	<u>133,746</u>

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34. Fair values (cont'd.)**(v) Fair value disclosures based on 3-level hierarchy (cont'd.)****Assets measured at fair value (cont'd.):**

Company	Valuation technique using:			Total RM'000
	Level 1 Quoted market prices RM'000	Level 2 Observable inputs RM'000	Level 3 Significant unobservable inputs RM'000	
2025				
Self-occupied property	-	-	87,710	87,710
<u>Financial assets:</u>				
Financial assets at FVTPL:				
Unquoted Islamic private debt securities	-	1,354,565	-	1,354,565
Government investment issues	-	1,205,607	-	1,205,607
Quoted shares in Malaysia:				
Shariah approved equities	293,620	-	-	293,620
Warrants	239	-	-	239
Real estate investment trusts	13,279	-	-	13,279
Shariah approved unit trust funds	325,387	-	-	325,387
	<u>632,525</u>	<u>2,560,172</u>	<u>-</u>	<u>3,192,697</u>
Financial assets at FVOCI:				
Unquoted Islamic private debt securities	-	188,134	-	188,134
Government investment issues	-	313,425	-	313,425
Golf club memberships	-	-	118	118
	<u>-</u>	<u>501,559</u>	<u>118</u>	<u>501,677</u>
	<u>632,525</u>	<u>3,061,731</u>	<u>118</u>	<u>3,694,374</u>

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34. Fair values (cont'd.)

(v) Fair value disclosures based on 3-level hierarchy (cont'd.)

Assets measured at fair value (cont'd.):

Company (cont'd.)	Valuation technique using:			Total RM'000
	Level 1 Quoted market prices RM'000	Level 2 Observable inputs RM'000	Level 3 Significant unobservable inputs RM'000	
2024				
Self-occupied property	-	-	82,085	82,085
<u>Financial assets:</u>				
Financial assets at FVTPL:				
Unquoted Islamic private debt securities	-	1,357,305	-	1,357,305
Government investment issues	-	1,432,942	-	1,432,942
Quoted shares in Malaysia:				
Shariah approved equities	141,303	-	-	141,303
Real estate investment trusts	13,219	-	-	13,219
Shariah approved unit trust funds	324,521	-	-	324,521
	<u>479,043</u>	<u>2,790,247</u>	<u>-</u>	<u>3,269,290</u>
Financial assets at FVOCI:				
Unquoted Islamic private debt securities	-	161,420	-	161,420
Government investment issues	-	199,655	-	199,655
Golf club memberships	-	-	118	118
	<u>-</u>	<u>361,075</u>	<u>118</u>	<u>361,193</u>
	<u>479,043</u>	<u>3,151,322</u>	<u>118</u>	<u>3,630,483</u>

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35. Restatement of comparatives

The comparatives have been reclassified to conform with the presentation adopted in the current financial year. These reclassifications were made to enhance the granularity of disclosures based on the nature of the underlying transactions, improve alignment with prevailing industry practices and ensure consistency in the presentation of the financial statements.

The reclassifications have no impact on the profit before zakat and taxation, profit after zakat and taxation, or the total comprehensive income as previously reported in the statement of profit or loss, statement of comprehensive income and statement of changes in equity for the financial year ended 31 March 2024.

Family takaful fund

2024

	Previously stated RM'000	Reclassification RM'000	Restated RM'000
Statement of profit or loss			
Takaful revenue	452,187	123	452,310
Investment income	163,892	(163,892)	-
Profit revenue calculated using the effective profit method	-	33,588	33,588
Other investment income	-	130,304	130,304
Other income	4,705	(123)	4,582

Company

2024

	Previously stated RM'000	Reclassification RM'000	Restated RM'000
Statement of profit or loss			
Takaful revenue	470,513	123	470,636
Takaful service expenses	(393,934)	(1,670)	(395,604)
Investment income	178,978	(178,978)	-
Profit revenue calculated using the effective profit method	-	51,958	51,958
Other investment income	-	127,020	127,020
Net impairment loss on financial assets	-	(8)	(8)
Other income	8,521	(123)	8,398
Other expenses	(13,605)	1,689	(11,916)
Finance cost	-	(11)	(11)

Statement of cash flows

Cash flows from operating activities

Profit before zakat and taxation	18,518	21,785	40,303
Tax borne by participants	21,785	(21,785)	-