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

Unaudited Interim Condensed Financial Statements
For the six months period ended 30 September 2023

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(Incorporated in Malaysia)

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Takaful revenue		327,513	240,598	359,475	262,968
Takaful service expenses		(343,815)	(248,859)	(321,408)	(225,335)
Takaful service result before retakaful contract held		(16,302)	(8,261)	38,067	37,633
Allocation of premium retakaful contribution		(52,489)	(52,489)	(46,329)	(46,329)
Amounts recoverable from retakaful operators		42,474	42,474	40,703	40,703
Net expense from retakaful contract held		(10,015)	(10,015)	(5,626)	(5,626)
Takaful service result		(26,317)	(18,276)	32,441	32,007
Investment income	10	81,071	90,968	68,994	75,980
Net realised gains	11	2,831	2,440	1,833	1,881
Net fair value gains/(losses)	12	8,046	8,896	(129,023)	(131,005)
Net investment income		91,948	102,304	(58,196)	(53,144)
Net profit expenses from takaful contracts issued		1,346	1,346	10	10
Recognition of actual unallocated surplus		(59,840)	(70,582)	21,303	24,175
Net profit income from retakaful contracts held		539	539	4	4
Net takaful financial result		(57,955)	(68,697)	21,317	24,189
Net other operating income and expenses		(748)	(3,826)	(393)	(3,811)
Profit before zakat and taxation		**6,928**	**11,505**	**(4,831)**	**(759)**
Zakat		-	(331)	-	(133)
Taxation		(6,928)	(3,133)	4,831	(1,527)
Net profit for the financial period		**-**	**8,041**	**-**	**(2,419)**
Basic Earnings per share (sen)			**0.02**		**(0.01)**

The accompanying notes form an integrated part of these interim financial statements.

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Takaful Ikhlas Family Berhad
(Incorporated in Malaysia)

Unaudited condensed interim statement of comprehensive income for the period ended 30 September 2023

	Note	------ 1.4.2023 to 30.9.2023 ----		------ 1.4.2022 to 30.9.2022 ----	
		Family takaful fund RM'000	Company RM'000	Family takaful fund RM'000 (Restated)	Company RM'000 (Restated)
Net profit for the financial period		**-**	**8,041**	**-**	**(2,419)**
Other comprehensive income:					
Items that will not be reclassified subsequently to profit or loss:					
Revaluation reserves:					
Net gains on fair value changes		-	1,111	-	1,075
Deferred tax on fair value changes		-	(89)	-	(86)
Items that may be subsequently reclassified to profit or loss:					
Fair value reserves:					
Net gains/(loss) on fair value changes		-	241	-	(6,668)
Deferred tax on fair value changes		-	(58)	-	1,624
Realised gains on fair value changes transferred to profit or loss		-	-	-	(109)
Other comprehensive (income) attributable to participants		-	(1,022)	-	(989)
Total comprehensive income for the period		**-**	**8,224**	**-**	**(7,572)**

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

Takaful Ikhlas Family Berhad
(Incorporated in Malaysia)

Unaudited condensed interim statement of financial position as at 30 September 2023

	Note	30.09.2023 Family takaful fund RM'000	30.09.2023 Company RM'000	31.03.2023 Family takaful fund RM'000 (Restated)	31.03.2023 Company RM'000 (Restated)
Assets					
Property, plant and equipment		82,085	84,853	82,085	84,861
Intangible assets		-	36,887	-	38,096
Right-of-use assets		-	23	-	161
Financial and other assets	13	4,098,599	4,766,190	3,965,928	4,616,742
Deferred tax assets		-	12,059	-	7,758
Takaful contract assets	14	18,094	35,694	46,718	66,518
Retakaful contract assets	14	35,120	35,120	28,702	28,702
Tax recoverable		-	13,212	-	12,501
Cash and bank balances		10,947	16,185	9,023	9,982
Total assets		**4,244,845**	**5,000,223**	**4,132,456**	**4,865,321**
Liabilities					
Takaful contract liabilities	14	3,953,105	4,094,585	3,875,539	3,982,014
Retakaful contract liabilities	14	167,171	167,171	157,922	157,922
Lease liabilities		-	23	-	165
Other payables	15	111,846	153,349	93,198	155,592
Deferred tax liabilities		6,207	7,107	5,486	6,402
Tax payable		6,516	6,516	310	310
Provision for zakat		-	570	-	239
Total liabilities		**4,244,845**	**4,429,321**	**4,132,455**	**4,302,643**
Equity					
Share capital		-	405,000	-	405,000
Reserves		-	165,902	-	157,678
Total equity attributable to owners of the Company		**-**	**570,902**	**-**	**562,678**
Total liabilities and equity		**4,244,845**	**5,000,223**	**4,132,455**	**4,865,321**

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

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Takaful Ikhlas Family Berhad
(Incorporated in Malaysia)

Unaudited condensed interim statement of changes in equity
for the period ended 30 September 2023

	← Attributable to owners of the Company →			
		Non-distributable	Distributable	
	Share capital RM'000	Fair value reserve RM'000	Retained profits RM'000	Total RM'000
At 31 March 2023, as previously reported	405,000	(2,929)	124,542	526,613
Impact of initial application of MFRS 17	-	-	36,065	36,065
At 1 April 2023, restated	405,000	(2,929)	160,607	562,678
Net profit for the period	-	-	8,041	8,041
Total other comprehensive income/(loss) for the period	-	183	-	183
Total comprehensive income/(loss) for the period	405,000	(2,746)	168,648	570,902
Dividend paid during the period	-	-	-	-
At 30 September 2023	405,000	(2,746)	168,648	570,902
At 31 March 2022, as previously reported	405,000	(4,611)	108,727	509,116
Impact of initial application of MFRS 17	-	-	37,450	37,450
At 1 April 2022, restated	405,000	(4,611)	146,177	546,566
Net profit for the period	-	-	(2,419)	(2,419)
Total other comprehensive income/(loss) for the period	-	(5,153)		(5,153)
Total comprehensive income/(loss) for the period	405,000	(9,764)	143,758	538,994
Dividend paid during the period	-	-	(5,000)	(5,000)
At 30 September 2022, restated	405,000	(9,764)	138,758	533,994

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

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Takaful Ikhlas Family Berhad
(Incorporated in Malaysia)
Unaudited condensed interim statement of cash flows
for the period ended 30 September 2023

	30.09.2023 RM'000	30.09.2022 RM'000 (Restated)
Cash flows from operating activities		
Profit before zakat and taxation	11,505	759
Adjustments for:		
Net fair value losses on financial assets as FVTPL	(8,445)	130,288
(Reversal of impairment)/impairment losses on:		
- financial assets at FVOCI	12	(1)
- financial assets at amortised cost	-	2
- takaful receivables	2,970	(58)
Depreciation of:		
- property, plant and equipment	1,320	1,571
- right-of-use assets	138	138
Amortisartion of intangible assets	3,802	5,618
Net amortisation of premiums/(accretion of discount) on investments	1,360	798
Tax borne by participants	6,928	(4,832)
Profit income	(87,898)	(72,775)
Dividend income	(2,995)	(2,728)
Rental income	(260)	(323)
Finance cost	1	9
Realised gains on disposal of investments	(2,454)	(1,881)
Profit from operations before changes in operating assets and liabilities	(74,016)	55,067
Increase in placements with licensed financial institutions, Islamic investment accounts and marketable securities	16,482	(91,105)
(Purchase of)/proceeds from disposal of investments	(111,859)	(64,526)
Decrease in staff financing	58	243
Increase in insurance/takaful receivables		
(Increase)/decrease in other receivables	(2,750)	13,325
Net change in balances with subsidiaries	(4,093)	(4,935)
Changes in takaful contract assets	(6,992)	(7,504)
Changes in retakaful contract assets	31,398	39,151
Changes in takaful contract liabilities	113,005	265,801
Changes in retakaful contract liabilities	9,250	22,819
Increase/(decrease) in other payables	(31,042)	(295,504)
Taxes and zakat paid	(8,203)	(8,777)
Profit received	72,701	73,429
Dividends received	2,995	2,728
Rental received	260	323
Net cash generated from operating activities	7,193	535

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023 (CONT'D.)

	30.09.2023 RM'000	30.09.2022 RM'000 (Restated)
Cash flows from investing activities		
Purchase of property, plant and equipment	(201)	(863)
Purchase of intangible assets	(393)	(439)
Net cash (used in)/generated from investing activities	(594)	(1,302)
Cash flows from financing activities		
Payment of lease liablilites	(145)	(136)
Net cash used in financing activities	(145)	(136)
Cash and bank balances		
Net increase/(decrease) during the period	6,203	5,570
At beginning of the period	9,982	13,030
At end of the period	16,185	18,600
Cash and bank balances	16,185	18,600

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

Notes to the Unaudited Interim Condensed Financial Statements - 30 September 2023

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 Company is engaged principally in the management of family and investment-linked takaful businesses. There were no significant changes in the principal activities of the Company during the financial period from 1 April 2023 to 30 September 2023.

The holding and ultimate 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 unaudited interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 November 2023.

2. Significant accounting policies

2.1 Basis of preparation

The unaudited condensed interim financial statements for the six months period ended 30 September 2023 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), International Accounting Standard ("IAS") 34 Interim Financial Reporting issued by the International Accounting Standards Board ("IASB") and the Guidelines/ Circulars issued by the Bank Negara Malaysia.

At the beginning of the current financial year, the Company had adopted the new MFRSs applicable for annual financial periods beginning on or after 1 January 2023 as described fully in Note 2.2.

The unaudited condensed interim financial statements of the Company have been prepared on a historical cost basis, unless otherwise stated in the accounting policies. The unaudited condensed interim financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM '000) except when otherwise indicated.

The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the financial year ended 31 March 2023.

The unaudited condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's audited financial statements for the financial year ended 31 March 2023.

2. Significant accounting policies (cont'd.)

2.2 Changes in accounting policies

The significant accounting policies adopted are consistent with those applied in the annual audited financial statements for the financial year ended 31 March 2023, except for the adoption of the following standard and amendments to standards issued by the Malaysian Accounting Standards Board ("MASB") that are effective for the Company's financial year beginning 1 April 2023:

Amendments to MFRS 101 *Presentation of Financial Statements*
Classification of Liabilities as Current or Non-current
Amendments to MFRS 101 *Presentation of Financial Statements*
Disclosure of Accounting Policies
MFRS 17 *Insurance Contracts*
Amendments to MFRS 17 *Insurance Contracts Initial Application* of MFRS 17 and MFRS 9 -
Comparative Information
Amendments to MFRS 108 Ac*counting Policies, Changes in* Accounting Estimates and Errors -
Definition of Accounting Estimates
Amendments to MFRS 112 *Income Taxes Deferred Tax related to* Assets and Liabilities arising from
Single Transaction

The adoption of the above standard and amendments to standards did not have any significant effect on the disclosures or amounts recognised in the Company's unaudited condensed interim financial statements except for MFRS 17 Insurance Contracts.

2.3 MFRS 17 *Insurance Contracts* ("MFRS 17") and its amendments

The Company initially applied MFRS 17, including any consequential amendments to the other standards, from 1 April 2023. This standard has brought significant changes to the accounting for takaful and retakaful certificates. As a result, the Company has restated certain comparative amounts.

The nature and effects of the key changes in the Company's accounting policies resulting from its adoption of MFRS 17 are summarised below:

(a) Separating components from takaful and retakaful certificates

The Company assesses its family takaful and retakaful products to determine whether they contain components which must be accounted for under another MFRS rather than MFRS 17. After separating any distinct components, the Group apply MFRS 17 to all remaining components of the (host) takaful/ retakaful certificate. Currently, the Group’s products do not include distinct components that require separation.

Some retakaful certificates issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the participant will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the event happening. The minimum guaranteed amounts have been assessed to be highly interrelated with the takaful component of the retakaful certificates and are, therefore, non-distinct investment components which are not accounted for separately.

Some term family takaful certificates contracts issued by the Company include a surrender option under which the surrender value is paid to the participant on maturity or earlier lapse of the contract. These surrender options have been assessed to meet the definition of a non-distinct investment component in MFRS 17. The surrender options are considered non distinct investment components as the Company is unable to measure the value of the surrender option component separately from the family takaful portion of the contract.

MFRS 17 defines investment components as the amounts that a takaful certificate requires 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 contract of which they form a part 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.

2.3 MFRS 17 *Insurance Contracts* ("MFRS 17") and its amendments

(b) Level of aggregation

The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories:

i. onerous contracts;
ii. contracts with no significant risk of becoming onerous; and
iii. the remainder.

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

The Company has defined portfolios of family takaful certificates and family retakaful contracts issued based on its main portfolios, namely credit and non-credit products (Group, Individual Ordinary, Investment-Linked) due to the fact that the products are subject to similar risks and managed together. The expected profitability of these portfolios at inception is determined based on the actuarial valuation models which take into consideration existing and new business. In determining groups of contracts, the Company has elected to include in the same group contracts where its ability to set prices or levels of benefits for participants with different characteristics is constrained by regulation.

The groups of contracts for which the modified retrospective and the fair value approach has been adopted on transition include contracts issued more than one year apart and a full retrospective approach for contracts issued less than a year.

The takaful certificates/ annuity and term takaful and retakaful contracts portfolios are divided into:

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

The retakaful certificates held portfolios are divided into:

- A group of certificates on which there is a net gain on initial recognition.
- A group of certificates that have no significant possibility of a net gain arising subsequent to initial recognition.
- A group of the remaining certificates in the portfolio.

2. Significant accounting policies (cont'd.)

2.3 MFRS 17 *Insurance Contracts* ("MFRS 17") and its amendments (cont'd.)

(c) Recognition

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

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

The Company recognises a group of retakaful certificates held it has entered into from the earliest of the following:

- 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
- The date the Company recognises an onerous group of underlying takaful certificates if the Company entered into the related retakaful certificates held in the group of retakaful certificates held at or before that date.

The retakaful certificates held by the Company provide proportionate cover. Therefore, the Company does not recognise a proportional retakaful certificate held until at least one underlying direct takaful certificate has been recognised.

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

(d) Contract boundary

The Company includes in the measurement of a group of takaful/retakaful certificates contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a takaful/retakaful certificates contracts 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/ premiums, or in which the Company has a substantive obligation to provide the participant/cedants 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:
(a) The Company has the practical ability to reassess the risks of the portfolio of takaful/retakaful certificates contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
(b) pricing of the contributions/ premiums 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/premiums or claims outside the boundary of the takaful/retakaful certificates contracts are not recognised. Such amounts relate to future takaful/retakaful certificates contracts.

For takaful/retakaful certificates contracts 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/ cedants by the Company. The Company considers when underwriting equivalent contracts on the renewal dates for the remaining coverage. The Company reassess contract boundary of each group at the end of each reporting period.

2. Significant accounting policies (cont'd.)

2.3 MFRS 17 *Insurance Contracts* ("MFRS 17") and its amendments (cont'd.)

(e) Measurement Model

(i) Takaful certificates/Insurance contracts

a. Initial measurement

The general model measures a group of takaful certificates as the total of:
(i) Fulfilment cash flows
(ii) A CSM representing the unearned profit the Group will recognise as it provides service under the takaful certificates in the group

Fulfilment Cash Flows

Fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk.

The Company's objective in estimating future cash flows is to determine the expected value, or the probability-weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. The Company estimates future cash flows considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario are probability-weighted and discounted using current assumptions.

When estimating future cash flows, the Company includes all cash flows that are within the contract boundary including:

a) Contributions/premiums and related cash flows
b) Claims and benefits, including reported claims not yet paid, incurred claims not yet reported, expected future claims, surplus to participants and embedded surrender value options
c) Payments to participants that vary depending on returns on underlying items
d) An allocation of takaful/ retakaful acquisition cash flows attributable to the portfolio to which the contract belongs
e) Claims handling costs
f) Policy administration and maintenance costs, including recurring commissions that are expected to be paid to intermediaries
g) An allocation of fixed and variable overheads directly attributable to fulfilling takaful certificates contracts
h) Transaction-based taxes
i) Other costs specifically chargeable to the policyholder

Company incorporates, 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. The Company estimates the probabilities and amounts of future payments under existing contracts based on information obtained, including:

(a) Information about claims already reported by participants/cedants.
(b) Other information about the known or estimated characteristics of the takaful certificates/ retakaful contracts.
(c) Historical data about the Group's own experience, supplemented when necessary with dat from other sources.
(d) Historic data is adjusted to reflect current conditions.
(e) Current pricing information, when available.

2. Significant accounting policies (cont'd.)

2.3 MFRS 17 *Insurance Contracts* ("MFRS 17") and its amendments (cont'd.)

(e) Measurement Model (cont'd.)

(i) Takaful certificates/Insurance contracts (cont'd.)

a. Initial measurement (cont'd.)

The Company adopted a generally used variables as coverage unit, which represents service to participants as per product features, to release CSM throughout the contract boundary of the product. The coverage unit applied different variables for different products depending on the product features.

The measurement of fulfilment cash flows includes takaful/retakaful acquisition cash flows which are allocated as a portion of contribution to profit or loss (through takaful/retakaful revenue) over the period of the contract on a straight-line basis. The Company do not elect to accrete interest on retakaful acquisition cash flows to be allocated to profit or loss.

The Company’s 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. The Company measures the CSM on initial recognition at an amount that, unless the group of contracts is onerous, results in no income or expenses arising from:

(a) Initial recognition of the fulfilment cash flows;
(b) Derecognition at the date of initial recognition of any asset or liability recognised for takaful acquisition cash flows; and
(c) Any cash flows arising from the contracts in the group at that date.

The groups of contracts assessed as onerous, the Company has recognised a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows and the CSM of the group being zero. A loss component has been established by the Company for the liability for remaining coverage for an onerous group depicting the losses recognised.

Where, during the coverage period, a group of insurance contracts becomes onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

2. Significant accounting policies (cont'd.)

2.3 MFRS 17 *Insurance Contracts* ("MFRS 17") and its amendments (cont'd.)

(e) Measurement Model (cont'd.)

(i) Takaful certificates/Insurance contracts (cont'd.)

b. Subsequent measurement

The CSM at the end of the reporting period represents the profit in the group of takaful certificates that has not yet been recognised in profit or loss, because it relates to future service to be provided.

For a group of takaful certificates the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted, as:
1.The effect of any new contracts added to the group
2. Profit accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates at initial recognition.
3.The changes in fulfilment cash flows relating to future service, except to the extent that:
• Such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving ris to a loss; Or
• Such decreases in the fulfilment cash flows are allocated to the loss component of the liabilit for remaining coverage
4.The effect of any currency exchange differences on the CSM
5. The amount recognised as takaful revenue because of the transfer of services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

The locked-in discount rate is the weighted average of the rates applicable at the date of initial recognition of contracts 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 at inception.

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

1. 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;
2. 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;
3. differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period; and
4.Changes in the risk adjustment for non-financial risk that relate to future service

Except for changes in the risk adjustment, adjustments to the CSM noted above are measured at discount rates that reflect the characteristics of the cash flows of the group of takaful certificates/insurance contracts at initial recognition.

2. Significant accounting policies (cont'd.)

2.3 MFRS 17 *Insurance Contracts* ("MFRS 17") and its amendments (cont'd.)

(e) Measurement Model (cont'd.)

(i) Takaful certificates/Insurance contracts (cont'd.)

b. Subsequent measurement (cont'd.)

The Company measures the carrying amount of a group of takaful certificates at the end of each reporting period as the sum of:
1. the liability for remaining coverage comprising fulfilment cash flows related to future service allocated to the group at that date and the CSM of the group at that date; and
2. the liability for incurred claims for the Company comprised the fulfilment cash flows related to past service allocated to the group at that date.

(ii) Retakaful certificates contracts held

a. Initial measurement

The measurement of retakaful certificates held follows the same principles as those for takaful certificates issued, with the exception of the following:
1. 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.
2. The Company determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred to the retakaful operator.
3. 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.
4. Changes in the fulfilment cash flows are recognised in profit or loss if the related changes arising from the underlying ceded contracts have been recognised in profit or loss. Alternatively, changes in the fulfilment cash flows adjust the CSM.

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

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of retakaful contracts held. Where only some contracts in the onerous underlying group are covered by the group of retakaful contracts held, the Company uses a systematic and rational method to determine the portion of losses recognised on the underlying group of insurance contracts to insurance contracts covered by the group of retakaful contracts held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

Where the Company enters into retakaful certificates held which provide coverage relating to events that occurred before the purchase of the retakaful, such cost of retakaful is recognised in profit or loss on initial recognition.

2. Significant accounting policies (cont'd.)

2.3 MFRS 17 *Insurance Contracts* ("MFRS 17") and its amendments (cont'd.)

(e) Measurement Model (cont'd.)

(ii) Retakaful certificates contracts held (cont'd.)

b. Subsequent measurement

The measurement of retakaful certificates held follows the same principles as those for takaful certificates contratcs issued, with the exception of the following:

• Measurement of the cash flows include an allowance on a probability-weighted basis for th 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 th amount of risk being transferred to the retakaful operator.
• The Company recognises both day 1 gains and day 1 losses at initial recognition in th 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 change arising from the underlying ceded contracts 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 b the issuer of a retakaful contract held do not adjust the contractual service margin as they do not relate to future service.

Any change in the fulfilment cash flows of a retroactive retakaful contract held due to the changes of the liability for incurred claims of the underlying contracts is taken to profit and loss and not the contractual service margin of the retakaful contract held.

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

Where the Company has established a loss-recovery component, the Company adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts.

A loss-recovery component reverses consistent with reversal of the loss component of underlying groups of contracts issued, even when a reversal of the loss-recovery component is not a change in the fulfilment cash flows of the group of retakaful contracts held. Reversals of the loss- recovery component that are not changes in the fulfilment cashflows of the group of retakaful contracts held adjust the CSM.

2. Significant accounting policies (cont'd.)

2.3 MFRS 17 *Insurance Contracts* ("MFRS 17") and its amendments (cont'd.)

(e) Measurement Model (cont'd.)

Premium Allocation Approach

(i) Takaful certificates

a. Initial measurement

The Company applies the premium allocation approach (PAA) to all the takaful certificates that it issues and retakaful certificates that it holds, as:
1. The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary; or
2. For ceritficates 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 contracts under the PAA does not differ materially from the measurement that would be produced applying the general model.

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:

1.The contribution, if any, received at initial recognition
2. Minus any takaful acquisition cash flows at that date, with the exception of contracts which are one year or less where this is expensed,
3. Plus or minus any amount arising from the derecognition at that date of the asset recognised for takaful acquisition cash flows, and
4. Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of takaful certificates is recognised.

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 contract. Such onerous certificates 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 being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

2. Significant accounting policies (cont'd.)

2.3 MFRS 17 *Insurance Contracts* ("MFRS 17") and its amendments (cont'd.)

(e) Measurement Model (cont'd.)

Premium Allocation Approach

(i) Takaful certificates

b. 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:
1.Plus contributions received in the period
2. Minus takaful acquisition cash flows, with the exception of property takaful product line for which the Company chooses to expense takaful acquisition cash flows as they occur
3. Plus any amounts relating to the amortisation of the takaful acquisition cash flows recognised as an expense in the reporting period for the group
4.Plus any adjustment to the financing component, where applicable
5.Minus the amount recognised as takaful revenue for the services provided in the period
6.Minus any investment component paid or transferred to the liability for incurred claims

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).

The Company does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred. Where, during the coverage period, facts and circumstances indicate that a group of insurance certificates is onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

(ii) Retakaful certificates held

a. Initial measurement

The Company measures its retakaful assets for a group of retakaful certificates that it holds on the same basis as insurance certificates that it issues. However, they are adapted to reflect the features of retakaful certificates held that differ from insurance certificates issued, for example the generation of expenses or reduction in expenses rather than revenue.

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance certificates or when further onerous underlying insurance 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.

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance certificates and the percentage of claims on the underlying insurance certificates the Company expects to recover from the group of retakaful certificates held. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to insurance certificates covered by the group of retakaful certificates held where some certificates in the underlying group are not covered by the group of retakaful certificates held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

2. Significant accounting policies (cont'd.)

2.3 MFRS 17 *Insurance Contracts* ("MFRS 17") and its amendments (cont'd.)

(e) Measurement Model (cont'd.)

Premium Allocation Approach (cont'd.)

(ii) Retakaful certificates held (cont'd.)

b. Subsequent measurement

The subsequent measurement of retakaful certificates held follows the same principles as those for insurance certificates issued and has been adapted to reflect the specific features of retakaful held.

Variable Fee Approach ("VFA")

(a) Initial measurement

The Company applies the variable fee approach (VFA) to all the takaful certificates with direct participation features that contain the following conditions at initial recognition:

1) the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
2) the entity expects to pay to the policyholder an amount equal to a substantial share of the returns from the underlying items; and
3) a substantial proportion of the cash flows the entity expects to pay to the policyholder should be expected to vary with cash flows from the underlying items.

For takaful certificates with direct participation features, the consideration that the Company receives for the contracts is a variable fee for services which provided over time in exchange for the future services provided by the takaful certificates:

1) The services in insurance contracts with direct participation feature are the generation of an investment return for the policyholder (referred to as 'investment-related services'), integrated with insurance coverage.
2) The variable fee is based on a share in the underlying items for which the value varies over time and reflects both the investment performance of the underlying items and the other cash flows needed to fulfil the contracts.

The variable fee comprises share of the fair value underlying items and compensation for initial measurement where the Company has an obligation to pay to the participants an amount equal to the share of the return on the fair value of the underlying items less a takaful operator's fee.

The Company apply VFA for product with Participants' Account that passes VFA eligibility test.

(b) Subsequent measurement

changes to the insurer's fee (as a result of changes arising from financial risk and non-financial risk that affect the underlying items) are taken to the CSM and recognised in profit or loss thru the release/allocation of the CSM to profit or loss on the expected provision of future services, spread proportionally over the coverage period by coverage unit.

The current discount rate is the weighted average of the rates applicable at the date of initial recognition of contracts that joined a group over a 12-month period. The total liability is adjusted, through the Statement of Comprehensive Income, to reflect the change in the value of all the underlying items, including those underlying items ascribed to the shareholder (shareholders share). The portion of this change attributable to the shareholders' share captures both the effect of the passage of time, and the change in the value of the underlying assets.
The Company disaggregate takaful finance income or expenses for portfolios where the liabilities will be disaggregated to mitigate any effects of changes in financial risks on the measurement of the underlying items.

2. Significant accounting policies (cont'd.)

2.3 MFRS 17 *Insurance Contracts* ("MFRS 17") and its amendments (cont'd.)

(f) Presentation and disclosure

There are significant changes to presentation and disclosure of the financial statements upon the adoption of MFRS 17. The following outlines some of the key presentation and disclosure changes:

Statement of financial position

The Company presents portfolios of takaful certificate separately from portfolios of retakaful certificate held, and portfolios of asset position are further presented separately from portfolios of liability position. Groups of takaful certificates issued will include any assets for takaful acquisition cash flows. Takaful receivables and payables will be assessed on net portfolio position and reported within takaful certificate liabilities or assets as these are takaful certificate related balances. Retakaful receivables and payables, retakaful assets and liabilities will be assessed on a net portfolio position and reported within retakaful certificate liabilities or assets as these are retakaful certificates related. Under MFRS 4, certificates were not split and presented by asset and liability position.

Statement of profit or loss

Upon the adoption of MFRS 17, the statement of profit or loss presents clearly the underwriting and investment results of the Company. There is no longer items such as gross and net earned contributions or net claims incurred shown on the profit or loss. Under MFRS 17, the Company separately presents takaful service results which consist of takaful revenue and takaful service expense. Income or expenses from retakaful certificates held need to be presented separately from the expenses or income from takaful certificates issued.

(i) Takaful Service Result

Takaful revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of contribution that relate to recovering takaful acquisition cash flows.

Expenses that relate directly to the fulfilment of certificates are recognised in profit or loss as takaful service expenses when incurred. Expenses that do not relate directly to the fulfilment of certificates are presented in other operating expenses in profit or loss.

Amount recovered from retakaful and retakaful expenses are no longer presented separately as the Company presents on a net basis as net expenses from retakaful certificates as part of takaful service result.

(ii) Net takaful profit expenses/income

It comprises the change in the carrying amount of the group of takaful certificates arising from the effect of the time value of money and the effect of financial risk and changes in financial risk.

(g) Takaful acquisition cash flows

Takaful acquisition cash flows arise from the costs of distributing, 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.

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 related group of takaful certificates. The Company expects to derecognise all assets for takaful acquisition cash flows within the takaful covered period.

2. Significant accounting policies (cont'd.)

2.3 MFRS 17 *Insurance Contracts* ("MFRS 17") and its amendments (cont'd.)

(g) Takaful acquisition cash flows (cont'd.)

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 contract 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.

(i) Transition

On transition date, 1 April 2022, the Group is required to:

- **Full retrospective approach (“FRA”):**
  On transition to MFRS 17, the Group has applied the full retrospective approach unless impracticable. TIFB has applied the full retrospective approach on transition to all contracts issued on or 1 April 2020.

- **Modified retrospective approach (“MRA”):**
  The Group has applied the modified retrospective approach for certain groups of contracts in the immediate annuity portfolio, as prior to transition, it grouped its contracts from multiple cohorts and years into a single unit for accounting purposes. The application of the FRA on transition for these portfolios was determined to be impracticable for the Group, as obtaining all required historical data for its existing products from the actuarial valuation reports was not possible.. Therefore, the Group has used reasonable and
  supportable information from its existing reporting systems, which resulted in the closest outcome to the FRA.

  The Group has aggregated contracts issued more than one year apart for groups of contracts applying the modified retrospective approach at transition, as it did not have supportable information to aggregate contracts into groups including only contracts issued within one year.

  The Company has elected to use the simplification in the modified retrospective approach for determining the CSM or loss component of the liability for remaining coverage at the transition date.

2. Significant accounting policies (cont'd.)

2.3 MFRS 17 *Insurance Contracts* ("MFRS 17") and its amendments (cont'd.)

(i) Transition (cont'd.)

- **Modified retrospective approach ("MRA"): (cont'd.)**
  Company has used the following procedure to determine the CSM at initial recognition for these contracts:
  a. Estimated future cash flows at the date of initial recognition as the amount of the future cash flows at transition date, adjusted by the cash flows that have occurred between the date of initial recognition and the transition date. The cash flows that are known to have occurred include cash flows resulting from contracts that ceased to exist before transition date;
  b. Estimated historical discount rates applied to some cash flows in the period prior to 1 April 2022 using an observable market profit curve for that period, adjusted by the average spread between observable market yield curves and the yield curve used to determine current discount rates;
  c. Estimated the risk adjustment for non-financial risk at the date of initial recognition by adjusting the risk adjustment at transition date by the expected release of risk in the periods before transition. The expected release of risk was determined with reference to the release of risk for similar contracts that the Company has issued subsequent to the transition date.

  The CSM at transition date has been further determined by:

  a. Using the modified discount rates determined at initial recognition to accrete profit on the CSM.

  b. Applying the amount of the CSM recognised in profit or loss because of the transfer of services before the transition date, by comparing the remaining coverage units at that date with the coverage units provided under the group of contracts before the transition date.

  c. The Company has elected to disaggregate takaful finance income or expense between amounts included in profit or loss and amounts included in other comprehensive income and reset the cumulative amount of takaful finance income or expense recognised in other comprehensive income at the transition date to zero.

- **Fair value approach:**
  On transition to MFRS 17, the Group has applied the full retrospective approach unless impracticable. TIFB has applied the full retrospective approach on transition to all contracts issued on or 1 April 2020.

  Company has applied the fair value approach on transition for certain groups of contracts, as prior to transition, it grouped contracts from multiple cohorts and years into a single unit for accounting purposes. For TIFB, all certificates issued prior to 1 April 2020 will be valued using Fair Value approach.
  Obtaining reasonable and supportable information to apply the full retrospective approach was impracticable without undue cost or effort. The Company has determined the CSM of the liability for remaining coverage at the transition date, as the difference between the fair value of the group of takaful certificates and the fulfilment cash flows measured at that date. In determining fair value, the Group has applied the requirements of MFRS 13 Fair Value Measurement.

  The Group has aggregated contracts issued more than one year apart in determining groups of takaful certificates under the fair value approach at transition as it did not have reasonable and supportable information to aggregate groups into those including only contracts issued within one year.

2. Significant accounting policies (cont'd.)

2.3 MFRS 17 *Insurance Contracts* ("MFRS 17") and its amendments (cont'd.)

(i) Transition (cont'd.)

- **Fair value approach: (cont’d.)**
  For the application of the fair value approach, the Group has used reasonable and supportable information available at the transition date in order to:
  a. Identify groups of takaful certificates/ retakaful contracts;
  b. Determine whether any contracts are direct participating takaful certificates; and
  c. Identify any discretionary cash flows for takaful certificates/retakaful contracts without direct participation features

  The discount rate for the group of contracts applying the fair value approach was determined at the transition date. Therefore, for the measurement of fulfilment cash flows at the date of transition, the locked-in discount rate is the weighted average of the rates applicable at the date of initial recognition of contracts that joined a group over a 12-month period. The discount rate used for accretion of profit on the CSM is determined using the bottom-up approach at inception.

  For TIFB, the discount rate for the group of in-force contracts applying the fair value approach was determined at the transition date using current rate.

  The Company has elected to disaggregate takaful finance income or expenses between amounts included in profit or loss and amounts included in other comprehensive income and reset the cumulative amount of takaful/insurance finance income or expense recognised in other comprehensive income at the transition date to zero.

  The Company used the income approach to fair value the takaful certificates contract liabilities at the transition date.

(a) Full retrospective approach ("FRA")

The determination of whether it is impracticable to adopt the FRA for group of certificates as at the transition date was made after considering the cost or effort required to collect the required information or create information where the required data is unavailable (either due to system migrations in the past, data retention policies, and changes in requirements introduced by MFRS 17) and if hindsight is needed to determine the estimates at prior periods.

(b) Fair value approach ("FVA")

Under the FVA, the CSM is determined as the positive difference between the fair value determined in accordance with MFRS 13 *Fair Value Measurement* and the fulfilment cash flows (any negative difference will be recognised in retained earnings at the transition date).

2. Significant accounting policies (cont'd.)

2.3 MFRS 17 Insurance Contracts ("MFRS 17") and its amendments (cont'd.)

(iv) Financial Effect arising from the adoption of MFRS 17 Insurance Contract (cont'd.)

(a) Statement of financial position as at 31 March 2023

Company	MFRS 4 31.03.2023 RM '000	Remapping/ removal of MFRS 4 RM '000	Remeasurement effects of MFRS 17 RM '000	MFRS 17 01.04.2023 RM '000
Assets				
Retakaful certificate assets	121,035	(92,333)	-	28,702
Takaful certificate assets	46,718	-	19,800	66,518
Other assets	4,690,437	(13,151)	92,815	4,770,102
Total assets	**4,858,190**	**(105,484)**	**112,615**	**4,865,321**
Liabilities				
Takaful certificate liabilities	3,854,274	(3,869,965)	3,997,705	3,982,014
Retakaful certificate liabilities	-	-	157,922	157,922
Takaful certificate payables	31,355	-	(31,355)	-
Expenses liabilities	54,799	(54,799)	-	-
Other liabilities	391,149	3,777,632	(4,006,074)	162,707
Total Liabilities	**4,331,577**	**(147,132)**	**118,198**	**4,302,643**
Equity				
Share capital	405,000	-	-	405,000
Reserves	121,613	41,647	(5,583)	157,678
Total Equity	**526,613**	**41,647**	**(5,583)**	**562,678**
Total liabilities, participants' funds and equity	**4,858,190**	**(105,485)**	**112,615**	**4,865,321**

2. Significant accounting policies (cont'd.)

2.3 MFRS 17 Insurance Contracts ("MFRS 17") and its amendments (cont'd.)

Financial Effect arising from the adoption of MFRS 17 (cont'd.)

(b) Statement of profit or loss for the financial period ended 30 September 2022:

	As previously stated for the period ended 30.09.2022 RM '000	Classification and measurement RM '000	As restated for the period ended 30.09.2022 RM '000
Profit before taxation and zakat	15,688	(16,447)	(759)
Net profit for the financial period	9,389	(11,808)	(2,419)

3. Auditor's report

The auditor's report on the audited financial statements of the preceding year ended 31 March 2023 does not contain any qualification.

4. Seasonality or cyclicality factors

The businesses of the Company was not materially affected by any seasonal or cyclical fluctuations during the six months financial period ended 30 September 2023.

5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the six months financial period ended 30 September 2023.

6. Issuances, cancellations, repurchase, resale and repayments of debt and equity securities

There were no issues, repurchases and repayment of debt and equity securities for the six months financial period ended 30 September 2023.

7. Significant and subsequent event

There were no significant and subsequent events during the current financial period ended 30 September 2023.

8. Dividend paid

No dividend was paid during the financial period ended 30 September 2023.

9. Changes in the composition of the Company

There were no changes in the composition of the Company since the end of the previous financial year ended 31 March 2023.

10. Investment income

30.09.2023	Family takaful fund RM '000	Company RM '000
Financial assets at FVTPL:		
Designated upon initial recognition:		
Profit income	64,903	64,903
Mandatorily measured:		
Dividend income		
- Quoted shares in Malaysia	2,354	2,476
- Shariah approved unit trust funds	328	389
- Property trust funds	116	130
Financial assets at FVOCI:		
Profit income	-	4,394
Financial assets at amortised costs:		
Profit income	13,212	18,601
Rental income	1,721	1,721
Net amortisation of premiums	(1,276)	(1,360)
Investment expenses	(287)	(286)
	81,071	90,968

30.09.2022	Family takaful fund RM '000	Company RM '000
Financial assets at FVTPL:		
Designated upon initial recognition:		
Profit income	57,629	57,629
Mandatorily measured:		
Profit income	-	11
Dividend income		
- Quoted shares in Malaysia	1,677	1,849
- Shariah approved unit trust funds	731	766
- Property trust funds	100	113
Financial assets at FVOCI:		
Profit income	-	4,963
Financial assets at amortised costs:		
Profit income	8,021	10,172
Rental income	1,512	1,512
Net amortisation of premiums	(600)	(798)
Investment expenses	(76)	(237)
	68,994	75,980

11. Net realised gain/(losses)

30.09.2023	Family takaful fund RM '000	Company RM '000
Financial assets at FVTPL:		
Designated upon initial recognition:		
Government investment issues	4,491	4,491
Unquoted Islamic private debt securities	1,004	1,004
Mandatorily measured:		
Quoted Shariah approved equities in Malaysia	(1,635)	(2,014)
Shariah approved unit trust funds	112	112
Property trust funds	(1,141)	(1,153)
	2,831	2,440
30.09.2022		
Financial assets at FVTPL:		
Designated upon initial recognition:		
Government investment issues	1,282	1,282
Unquoted Islamic private debt securities	444	444
Mandatorily measured:		
Quoted Shariah approved equities in Malaysia	19	(56)
Shariah approved unit trust funds	88	88
Property trust funds	-	14
Financial assets at FVOCI:		
Government investment issues	-	109
	1,833	1,881

12. Fair value gains/(losses)

30.09.2023	Family takaful fund RM '000	Company RM '000
Financial assets at FVTPL	8,046	8,896
	8,046	8,896
30.09.2022		
Financial assets at FVTPL	(129,023)	(131,005)
	(129,023)	(131,005)

13. Financial and other assets

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

	30.09.2023		31.03.2023	
	Family takaful fund RM '000	Company RM '000	Family takaful fund RM '000	Company RM '000
Unquoted Islamic private debt securities	1,455,014	1,567,586	1,436,409	1,548,659
Government investment issues	1,412,520	1,508,154	1,413,859	1,509,670
Quoted shares in Malaysia:				
Shariah approved equities	150,788	158,310	78,380	86,046
Property trust funds	11,947	12,531	3,688	4,114
Shariah approved unit trust funds	277,203	282,419	254,833	259,988
Golf club memberships	-	118	-	118
Deposit placements with licensed:				
Islamic banks	375,889	548,716	530,053	749,933
Development banks	362,819	486,770	214,258	302,035
Secured staff financing:				
Receivable within 12 months	-	265	-	165
Receivable after 12 months	-	-	-	158
Due from:				
Amount due from related companies*	46	4,593	149	500
Income due and accrued	45,759	52,057	33,565	36,861
Sundry receivables, prepayment and deposits	6,614	144,671	734	118,495
	4,098,599	4,766,190	3,965,928	4,616,742

* 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.

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

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

	30.09.2023		31.03.2023	
	Family takaful fund RM '000	Company RM '000	Family takaful fund RM '000	Company RM '000
Financial assets at FVTPL (Note 21(a))	3,307,472	3,320,794	3,187,169	3,200,416
Financial assets at FVOCI (Note 21(b))	-	208,324	-	208,179
Amortised cost and other assets (Note 21(c))	791,127	1,237,072	778,759	1,208,147
	4,098,599	4,766,190	3,965,928	4,616,742

(a) Financial assets at FVTPL

At fair value:

	30.09.2023 Family takaful fund RM '000	30.09.2023 Company RM '000	31.03.2023 Family takaful fund RM '000	31.03.2023 Company RM '000
Designated upon initial recognition:				
Unquoted Islamic private debt securities	1,455,014	1,455,014	1,436,409	1,436,409
Government investment issues	1,412,520	1,412,520	1,413,859	1,413,859
Mandatorily measured:				
Quoted shares in Malaysia:				
Shariah approved equities	150,788	158,310	78,380	86,046
Units held in investment-linked fund	-	-	-	-
Property trust funds	11,947	12,531	3,688	4,114
Shariah approved unit trust funds	277,203	282,419	254,833	259,988
	3,307,472	3,320,794	3,187,169	3,200,416

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

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

	30.09.2023		31.03.2023	
	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	-	112,572	-	112,250
Government investment issues	-	95,634	-	95,811
Golf club memberships	-	118	-	118
	-	208,324	-	208,179

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

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

(c) Amortised cost and other assets

	30.09.2023		31.03.2023	
	Family takaful fund RM '000	**Company RM '000**	**Family takaful fund RM '000**	**Company RM '000**
At amortised cost/fair value				
Mandatorily measured:				
Deposit placements with licensed:				
Islamic banks	375,889	548,716	530,053	749,933
Development banks	362,819	486,770	214,258	302,035
Secured staff financing:				
Receivable within 12 months	-	265	-	165
Receivable after 12 months	-	-	-	158
Due from:				
Amount due from related companies*	46	4,593	149	500
Income due and accrued	45,759	52,057	33,565	36,861
Sundry receivables	6,614	142,239	734	118,045

***** 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.

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

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

(c) Amortised cost and other assets (cont'd.)	30.09.2023		31.03.2023	
	Family takaful fund RM '000	Company RM '000	Family takaful fund RM '000	Company RM '000
Other assets:				
Prepayments	-	2,307	-	320
Advance	-	92	-	97
Other receivables	-	33	-	33
	791,127	1,237,072	778,759	1,208,147

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.

14. Takaful Contract Issued

	Family 30.09.2023	Family 31.03.2023	Company 30.09.2023	Company 31.03.2023
Takaful contract assets	46,718	41,048	66,518	56,184
Takaful contract liabilities	(3,875,539)	(3,692,904)	(3,982,013)	(3,727,978)
Net takaful contract liabilities as at 1 April	(3,828,822)	(3,651,856)	(3,915,495)	(3,671,794)
Takaful revenue	327,513	693,629	240,598	505,160
Takaful service expense	(343,815)	(708,586)	(248,859)	(493,328)
Takaful service result	(16,302)	(14,958)	(8,262)	11,833
Net Finance Income /(expense) from takaful contracts issued	1,346	2,878	1,346	2,878
Total changes in the statement of profit or loss and OCI	(3,843,777)	(3,663,936)	(3,922,411)	(3,657,083)
Net Cash flows	(91,233)	(164,886)	(136,480)	(258,412)
Net takaful contract liabilities as at 30 September / 31 March	(3,935,010)	(3,828,822)	(4,058,891)	(3,915,495)
Of which:				
Takaful contract assets	18,094	46,718	35,694	66,518
Takaful contract liabilities	(3,953,105)	(3,875,539)	(4,094,585)	(3,982,013)
	(3,935,011)	(3,828,822)	(4,058,891)	(3,915,495)

Retakaful Contract Held

	Family 30.09.2023	Family 31.03.2023	Company 30.09.2023	Company 31.03.2023
Retakaful contract assets	28,702	38,774	28,702	38,774
Retakaful contract liabilities	(157,922)	(34,193)	(157,922)	(34,193)
Net takaful contract assets/(liabilities) as at 1 April	(129,220)	4,581	(129,220)	4,581
Allocation of retakaful contribution	(52,489)	(95,062)	(52,489)	(95,062)
Amounts recoverable from retakaful operators	42,474	87,162	42,474	87,162
Net income or expense from retakaful contract held	(10,015)	(7,900)	(10,015)	(7,900)
Net Finance Income /(Expense) from retakaful contract held	539	1,153	539	1,153
Total changes in the statement of profit or loss and OCI	(138,695)	(2,166)	(138,695)	(2,166)
Net Cash flows	6,644	(127,054)	6,644	(127,054)
Net retakaful contract assets as at 30 September / 31 March	(132,051)	(129,220)	(132,051)	(129,220)
Of which:				
Retakaful contract assets	35,120	28,702	35,120	28,702
Retakaful contract liabilities	(167,171)	(157,922)	(167,171)	(157,922)
	(132,051)	(129,220)	(132,051)	(129,220)

15. Other payables

30.09.2023	**Family takaful fund RM '000**	**Company RM '000**
Provisions	-	31,337
Deposit contributions	36,460	36,460
Amount due to shareholder's fund (i)	7,482	-
Amount due to holding company(i)	-	5,195
Amount due to fellow subsidiaries (i)	-	393
Agency provident fund (ii)	-	4,603
Other accruals and payables	67,904	153,349
	111,846	231,337

31.03.2023	**Family takaful fund RM '000**	**Company RM '000**
Provisions	-	31,595
Deposit contributions	39,214	39,214
Amount due to shareholder's fund (i)	2,472	-
Amount due to holding company (i)	-	4,783
Amount due to fellow subsidiaries (i)	-	2,513
Agency provident fund (ii)	-	4,469
Other accruals and payables	51,512	73,018
	93,198	155,592

(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.

16. Capital commitments and contingencies

Capital commitments

	30.09.2023 RM '000	31.03.2023 RM '000
Company		
Authorised and contracted for:		
Intangible assets	2,218	3,006
Authorised but not contracted for:		
Intangible assets	1,007	2,819
Payable within 12 months	2,218	3,006
Payable after 12 months	1,007	2,819
	3,225	5,825

17. 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:

30.09.2023	Family takaful fund RM '000	Total RM'000
Eligible Tier-1 capital		
Share capital	-	405,000
Reserves, including retained earnings	190,289	330,582
Tier-2 capital		
Fair value reserves	-	428
Amount deducted from capital	-	(75,443)
Total capital available	190,289	660,567

18. Regulatory capital requirement (cont'd.)

31.03.2023	Family takaful fund RM '000	Total RM'000
Eligible Tier-1 capital		
Share capital	-	405,000
Reserves, including retained earnings	200,258	324,295
Tier-2 capital		
Fair value reserves	-	245
Amount deducted from capital	-	(77,044)
Total capital available	200,258	652,496

19. Related party disclosures

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or to exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

(a) Related party transactions

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

30.09.2023	Family takaful fund RM '000	Company RM '000
Income/(expenses) and dividend:		
Transactions with MNRB:		
Gross contribution received	820	820
Rental paid	-	(4)
Rental income from property	85	85
Management expenses chargeback	-	(1,070)
Management fees paid	-	(10,540)

19. Related party disclosures (cont'd.)

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

30.09.2023	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	175	175
Gross contribution received	765	765
Management fees received	-	910
Management fees paid		(571)
Management expenses chargeback	-	1,389
Gross contribution paid for takaful cover	-	(111)
Transactions with Malaysian Reinsurance Berhad ("Malaysian Re"), a fellow subsidiary:		
Gross contribution received	524	524
Management fees paid	-	(194)
Management fees received	-	105
Management expenses chargeback	-	(14)
Transactions with MMIP Services Sdn. Bhd. ("MSSB"), a fellow subsidiary:		
Gross contribution received	46	46

19. Related party disclosures (cont'd.)

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

30.09.2022	Family takaful fund RM '000	Company RM '000
Income/(expenses) and dividend:		
Transactions with MNRB:		
Gross contribution received	394	394
Dividend paid	-	(5,000)
Rental income from property	53	53
Management expenses chargeback	-	(934)
Management fees paid	-	(10,394)
Transactions with Takaful IKHLAS General, a fellow subsidiary:		
Rental income from property	266	266
Gross contribution received	342	342
Management fees received	-	512
Management expenses chargeback	-	3,549
Gross contribution paid for takaful cover	-	(173)
Transactions with Malaysian Reinsurance Berhad ("Malaysian Re"), a fellow subsidiary:		
Gross contribution received	269	269
Management fees received	-	77
Management expenses chargeback	-	(122)
Transactions with MSSB, a fellow subsidiary:		
Gross contribution received	23	23

20. 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.

20. 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 period/years.

There were no transfers in and out of Level 3 of the fair value hierarchy during the current and previous financial period/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) Takaful certificate receivables and payables

The carrying amounts are measured at amortised cost in accordance with the accounting policies as disclosed in the audited financial statements for the financial year ended 31 March 2023. The carrying amounts approximate fair values due to the relatively short-term maturity of these financial instruments.

(iv) Investment property and self occupied property

Buildings and investment property have been revalued at financial year end based on valuations performed by an accredited independent valuer having an appropriate recognised professional qualification. The valuations are based on the comparisons approach. In arriving at the fair value of the assets, the valuer had also taken into consideration the future developments in terms of infrastructure in the vicinity of the properties.

20. Fair values (cont'd.)

(v) Investments

Investments as at 30 September 2023 have been accounted for in accordance with the accounting policies as disclosed under audited financial statements for the financial year ended 31 March 2023.

(vi) Fair value disclosures based on 3-level hierarchy

The following tables show financial assets that are measured and/or disclosed at fair value on a recurring basis analysed by the different bases of fair values:

Assets measured at fair value

	Valuation technique using:			
Family takaful fund	**Level 1**	**Level 2**	**Level 3**	
30.09.2023	**Quoted market prices RM '000**	**Observable inputs RM '000**	**Significant unobservable inputs RM '000**	**Total RM '000**
Investment properties	-	-	82,085	82,085
Financial assets:				
Financial assets at FVTPL:				
Unquoted Islamic private debt securities	-	1,455,014	-	1,455,014
Government investment issues	-	1,412,520	-	1,412,520
Quoted shares in Malaysia: Shariah approved equities	150,788	-	-	150,788
Property trust funds	11,947	-	-	11,947
Shariah approved unit trust funds	277,203	-	-	277,203
	439,938	2,867,534	-	3,307,472

20. Fair values (cont'd.)

(vi) 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:			
30.09.2022	**Level 1 Quoted market prices RM '000**	**Level 2 Observable inputs RM '000**	**Level 3 Significant unobservable inputs RM '000**	**Total RM '000**
Investment properties	-	-	82,085	82,085
Financial assets:				
Financial assets at FVTPL:				
Unquoted Islamic private debt securities	-	1,373,461	-	1,373,461
Government investment issues	-	1,166,339	-	1,166,339
Quoted shares in Malaysia:				
Shariah approved equities	78,380	-		78,380
Property trust funds	3,688	-	-	3,688
Shariah approved unit trust funds	254,833	-	-	254,833
	336,901	2,539,800	-	2,876,701

20. Fair values (cont'd.)

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

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

	Valuation technique using:			
Company	**Level 1**	**Level 2**	**Level 3**	
30.09.2023	**Quoted market prices**	**Observable inputs**	**Significant unobservable inputs**	**Total**
	RM '000	**RM '000**	**RM '000**	**RM '000**
Self occupied property	-	-	82,085	82,085
Financial assets:				
Financial assets at FVTPL:				
Unquoted Islamic private debt securities	-	1,455,014	-	1,455,014
Government investment issues	-	1,412,520	-	1,412,520
Quoted shares in Malaysia: Shariah approved equities	158,310	-	-	158,310
Property trust funds	12,531	-	-	12,531
Shariah approved unit trust funds	282,419	-	-	282,419
	453,260	2,867,534	-	3,320,794
Financial assets at FVOCI:				
Unquoted Islamic private debt securities	-	112,572	-	112,572
Government investment issues	-	95,634	-	95,634
Golf club memberships	-	-	118	118
	-	208,206	118	208,324
	453,260	3,075,740	118	3,529,118

20. Fair values (cont'd.)

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

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

Company (cont'd.) 30.09.2022	Valuation technique using: Level 1 Quoted market prices RM '000	Level 2 Observable inputs RM '000	Level 3 Significant unobservable inputs RM '000	Total RM '000
Self occupied property	-	-	82,085	82,085
Financial assets:				
Financial assets at FVTPL:				
Unquoted Islamic private debt securities	-	1,374,114	-	1,374,114
Government investment issues	-	1,166,339	-	1,166,339
Quoted shares in Malaysia: Shariah approved equities	86,046	-	-	86,046
Property trust funds	4,114	-	-	4,114
Shariah approved unit trust funds	237,826	-	-	237,826
	327,986	2,540,453	-	2,868,439
Financial assets at FVOCI:				
Unquoted Islamic private debt securities	-	112,250	-	112,250
Government investment issues	-	95,811	-	95,811
Golf club memberships	-	-	118	118
	-	208,061	118	208,179
	327,986	2,748,514	118	3,076,618