

**Takaful Ikhlas General Berhad
(201701019705 (1233870-A))
(Incorporated in Malaysia)**

**Unaudited Interim Financial Statements
For the six months period ended 30 September 2021**

201701019705 (1233870-A)

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

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Takaful Ikhlas General Berhad
(Incorporated in Malaysia)

Unaudited statements of comprehensive income
For the six months period ended 30 September 2021

	1.4.2021 to 30.9.2021			1.4.2020 to 30.9.2020		
	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000
Gross earned contributions	-	218,425	218,425	-	188,801	188,801
Earned contributions ceded to retakaful	-	(79,685)	(79,685)	-	(94,806)	(94,806)
Net earned contributions	-	138,740	138,740	-	93,995	93,995
Investment income	3,900	7,831	11,731	3,817	8,617	12,434
Realised gains	222	301	523	567	562	1,129
Fair value gains/(losses)	168	2,000	2,168	(11)	(168)	(179)
Fee and commission income	74,287	15,946	15,946	76,307	17,603	17,603
Other operating income	99	4,489	4,588	-	-	-
Other revenue	78,676	30,567	34,956	80,680	26,614	30,987
Gross claims paid	-	(87,067)	(87,067)	-	(59,250)	(59,250)
Claims ceded to retakaful	-	44,524	44,524	-	22,824	22,824
Gross change to certificate liabilities	-	(43,741)	(43,741)	-	4,036	4,036
Change in certificate liabilities ceded to retakaful	-	18,043	18,043	-	(19,658)	(19,658)
Net claims and benefits	-	(68,241)	(68,241)	-	(52,048)	(52,048)
Fee and commission expenses	(24,039)	(74,287)	(24,039)	(23,427)	(76,307)	(23,427)
Management expenses	(38,667)	-	(38,667)	(31,834)	-	(31,834)
Finance costs	(68)	-	(68)	(86)	-	(86)
Other operating expenses	-	-	-	(206)	(3,258)	(3,464)
Change in expense liabilities	1,796	-	1,796	(3,607)	-	(3,607)
Tax borne by participants	-	(6,793)	(6,793)	-	1,082	1,082
Other expenses	(60,978)	(81,080)	(67,771)	(59,160)	(78,483)	(61,336)

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Unaudited statements of comprehensive income (cont'd.)
For the period ended 30 September 2021

	1.4.2021 to 30.9.2021			1.4.2020 to 30.9.2020		
	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000
Operating profit/(loss) (cont'd.)	17,698	19,986	37,684	21,520	(9,922)	11,598
(Surplus)/deficit attributable to participants	-	(19,986)	(19,986)	-	9,922	9,922
Profit before zakat and taxation	17,698	-	17,698	21,520	-	21,520
Zakat	(327)	-	(327)	(402)	-	(402)
Taxation	(4,602)	-	(4,602)	(5,430)	-	(5,430)
Net profit for the period	12,769	-	12,769	15,688	-	15,688
Basic earnings per share (sen)	-	-	5.6	-	-	6.8

These unaudited financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2021. The accompanying explanatory notes form an integral part of these interim financial statements.

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Unaudited statements of comprehensive income (cont'd.)
For the period ended 30 September 2021

	1.4.2021 to 30.9.2021			1.4.2020 to 30.9.2020		
	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000
Net profit for the period	12,769	-	12,769	15,688	-	15,688
Other comprehensive income:						
Items that may be subsequently reclassified to income statement:						
Net (loss)/gains on financial assets at Fair Value through Other Comprehensive Income ("FVOCI"):						
- Fair value changes	(138)	(812)	(950)	3,820	5,057	8,877
- Transferred to profit or loss upon disposal	-	-	-	(152)	(478)	(630)
Tax effects relating to components of other comprehensive income	44	715	759	(880)	1,588	708
Other comprehensive income attributable to participants	-	97	97	-	(6,167)	(6,167)
Total comprehensive income for the period	12,675	-	12,675	18,476	-	18,476

These unaudited financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2021. The accompanying explanatory notes form an integral part of these interim financial statements.

Takaful Ikhlas General Berhad
(Incorporated in Malaysia)
Unaudited statements of financial position
As at 30 September 2021

	30.09.2021			31.03.2021		
Note	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000
Assets						
Equipment	174	-	174	207	-	207
Intangible assets	9,103	-	9,103	7,773	-	7,773
Right-of-use assets	2,514	-	2,514	2,559	-	2,559
Deferred tax assets	11,427	5,240	16,667	12,639	7,244	19,883
Financial assets	10	306,209	610,522	912,338	319,331	541,114
Retakaful certificate assets	12	-	213,746	213,746	-	200,313
Takaful certificate receivables	11	-	44,728	44,728	-	75,211
Cash and bank balances		7,827	3,809	11,636	1,464	8,173
Total assets		337,254	878,045	1,210,906	343,973	832,055
Liabilities						
Takaful certificate liabilities	12	-	577,476	577,476	-	549,235
Expense liabilities	13	44,392	-	44,392	46,188	-
Takaful certificate payables	15	-	51,438	51,438	-	49,349
Lease liabilities		2,601	-	2,601	2,685	-
Zakat payable		1,256	-	1,256	929	-
Tax payable		5,802	1,626	7,428	5,708	61
Other payables	16	26,681	67,631	89,919	23,617	73,425
Total liabilities		80,732	698,171	774,510	79,127	672,070
Participants' fund						
General takaful fund	16	-	179,874	179,874	-	159,985
Equity						
Share capital		230,000	-	230,000	230,000	-
Reserves		26,522	-	26,522	34,846	-
Total equity		256,522	-	256,522	264,846	-
Total liabilities, participants' funds and equity		337,254	878,045	1,210,906	343,973	832,055

These unaudited financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2021. The accompanying explanatory notes form an integral part of these interim financial statements.

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Unaudited statements of changes in equity
For the six months period ended 30 September 2021

Shareholder's fund and Company	Share capital RM '000	Non distributable fair value reserves RM '000	Distributable retained profits RM '000	Total RM '000
At 1 April 2020	230,000	1,346	22,184	253,530
Net profit for the period	-	-	15,688	15,688
Other comprehensive income for the period	-	2,788	-	2,788
Total comprehensive income for the period	-	2,788	15,688	18,476
Dividend paid	-	-	(15,000)	(15,000)
At 30 September 2020	<u>230,000</u>	<u>4,134</u>	<u>22,872</u>	<u>257,006</u>
At 1 April 2021	230,000	234	34,612	264,846
Net profit for the period	-	-	12,769	12,769
Other comprehensive loss for the period	-	(94)	-	(94)
Total comprehensive (loss)/income for the period	-	(94)	12,769	12,675
Dividend paid	-	-	(21,000)	(21,000)
At 30 September 2021	<u>230,000</u>	<u>140</u>	<u>26,381</u>	<u>256,522</u>

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Unaudited statement of cash flows
For the six months period ended 30 September 2021

	1.4.2021 to 30.9.2021 RM '000	1.4.2020 to 30.9.2020 RM '000
Cash flows from operating activities		
Profit before zakat and taxation	17,698	21,520
Adjustments for:		
Depreciation of equipment	33	32
Depreciation of right-of-use assets	1,101	1,115
Finance costs on lease liabilities	68	86
Amortisation of intangible assets	496	53
Net amortisation of premiums	639	809
Profit income	(11,560)	(12,773)
Dividend income	(834)	(485)
Fair value adjustments of financial assets at fair value through profit or loss ("FVTPL")	(2,168)	179
(Writeback of impairment)/impairment loss of financial assets at FVOCI	(62)	19
Realised gain on disposal of investments	(523)	(1,129)
(Writeback of)/allowance for impairment of takaful certificate receivables	(4,339)	3,509
Surplus/(deficit) transferred to general takaful fund	19,986	(9,922)
Operating cash flows before working capital changes	20,534	3,014
Changes in working capital:		
Net purchase of financial assets	(17,341)	(66,124)
Increase in placement of Islamic investment accounts	(44,364)	(15,917)
Decrease in staff financing	85	160
(Increase)/decrease in retakaful certificate assets	(13,433)	17,895
Decrease/(increase) in takaful certificate receivables	34,822	(5,644)
Decrease/(increase) in other receivables and deposits	2,935	(7,940)
(Increase)/decrease fair value reserves	(94)	2,788
Net change in balance with related companies	(7,401)	4,625
Increase in gross claims liabilities	43,741	20,808
(Decrease)/increase in gross contribution liabilities	(15,500)	15,381
(Decrease)/increase in expense liabilities	(1,796)	3,607
Increase in takaful certificate payables (and due to agents, retakaful and brokers)	2,089	10,190
Increase in zakat, tax and other payables	16,517	22,327
Operating cash flows after working capital changes	20,793	5,170

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Unaudited statement of cash flows (cont'd.)
For the six months period ended 30 September 2021

	1.4.2021 to 30.9.2021 RM '000	1.4.2020 to 30.9.2020 RM '000
Cash flows from operating activities (cont'd.)		
Operating cash flows after working capital changes (cont'd.)	20,793	5,170
Profit income received	11,361	12,244
Finance cost paid on lease liabilities	(68)	(86)
Dividend income received	1,025	845
Surplus paid to participants	(688)	(378)
Income tax paid	(6,458)	(14,803)
Zakat paid	-	(103)
Net cash generated from operating activities	<u>25,965</u>	<u>2,888</u>
Cash flows from investing activities		
Purchase of equipment	-	(13)
Purchase of intangible assets	(1,826)	(5,473)
Payment of principal portion of lease liabilities	(1,140)	(1,121)
Net cash used in investing activities	<u>(2,966)</u>	<u>(6,607)</u>
Cash flows from financing activity		
Dividend paid	(21,000)	(15,000)
Net cash used in financing activities	<u>(21,000)</u>	<u>(15,000)</u>
Net increase/(decrease) in cash and cash equivalents	1,999	(18,719)
Cash and cash equivalents at beginning of period	9,637	37,117
Cash and cash equivalents at end of period	<u>11,636</u>	<u>18,398</u>
Cash and cash equivalents comprise:		
Cash and bank balances of:		
Shareholder's fund	7,827	12,535
General takaful fund	3,809	5,863
	<u>11,636</u>	<u>18,398</u>

These unaudited financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2021. The accompanying explanatory notes form an integral part of these interim financial statements.

**Takaful Ikhlas General Berhad
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Notes to the unaudited interim financial statements - 30 September 2021

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 9th Floor, IKHLAS Point, Tower 11A, Avenue 5, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

The Company is engaged principally in the management of general takaful businesses. There were no significant changes in the principal activities of the Company during the financial period from 1 April 2021 to 30 September 2021.

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 29 November 2021.

2. Significant accounting policies

2.1 Basis of preparation

The unaudited interim financial statements for the six months period ended 30 September 2021 have been prepared in accordance with Malaysia Financial Reporting Standards ("MFRS") 134 *Interim Financial Reporting*, IAS 34 *Interim Financial Reporting* issued by the International Financial Reporting Standards Board 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 2021 as described fully in Note 2.2.

The financial statements of the Company have been prepared on a historical cost basis, unless otherwise stated in the accounting policies. The 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 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 2021.

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2. Significant accounting policies (cont'd.)

2.1 Basis of preparation (cont'd.)

The 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 period ended 31 March 2021.

Takaful operations and its funds

Financial assets and financial liabilities are offset and the net amount is reported in the statements 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 statements of comprehensive income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

The statements of comprehensive income and statements of financial position of the shareholder's fund and general takaful fund which are presented on pages 1 to 3 and page 4 of the interim financial statements have been provided as supplementary financial information and to comply with the requirements of BNM/RH/PD 033-5: Financial Reporting for Takaful Operators issued by BNM. The Islamic Financial Services Act, ("IFSA") 2013 in Malaysia requires the clear segregation of the assets, liabilities, income and expenses of the shareholder's fund and the general takaful fund. Accordingly, the statements of financial position and statements of comprehensive income prepared for the shareholder's fund and general takaful fund as referred to above reflect only the assets, liabilities, income, expenses and comprehensive income or losses of the individual funds.

However, in compliance with MFRS 10 *Consolidated Financial Statements*, the assets, liabilities, income and expenses of the general takaful fund are consolidated with those of the takaful operator to represent the control possessed by the operator over the respective funds.

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

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 general 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.

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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 2021, except for the adoption of the following standards, amendments to standards and interpretations issued by the Malaysian Accounting Standards Board ("MASB") that are effective for the Company's financial year beginning 1 April 2021:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16 <i>Leases</i> <i>Covid-19 - Related Rent Concessions beyond 30 June 2021</i>	1 April 2021
Amendments to MFRS 16 <i>Covid-19-Related Rent Concessions</i>	1 June 2020

The adoption of the above standards, amendments to standards and interpretations did not have any significant effect on the disclosures or amounts recognised in the Company's financial statements.

3. Auditor's report

The auditor's report on the audited financial statements of the preceding year ended 31 March 2021 does not contain any qualification.

4. Seasonality or cyclical 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 2021.

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 2021.

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6. Changes in estimates

There was a change in the unearned contribution reserves ("UCR") computation by deducting net wakalah from gross contribution less ceded amount during the financial year ended 31 March 2021. The net wakalah fee is determined based on proportion of contribution retained instead of gross contribution. As contrasted with the previous computation basis for net UCR where in gross wakalah fee were deducted from net contribution.

The revised computation is more accurate in reflecting the unexpired portion of tabarru' allocation where a proportional treaty is in place. The change in the computation of net UCR has been accounted for prospectively in the last financial year ended 31 March 2021 in accordance with the requirements of MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors.

7. 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 .

8. Significant and subsequent event

Dividend of RM21 million in respect of the financial year ended 31 March 2021 was paid on 4 October 2021.

9. Changes in the composition of the Company

There is no change in the composition of the Company since the end of the previous financial year.

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10. Financial assets

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

	30.09.2021			31.03.2021		
	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000
Unquoted sukuks	93,355	203,847	297,202	83,146	196,156	279,302
Government investment issues	63,015	98,320	161,335	63,708	98,838	162,546
Quoted Shariah approved equities in Malaysia	10,528	37,481	48,009	7,222	29,718	36,940
Real estate investment trusts	776	815	1,591	836	859	1,695
Shariah approved unit trust funds	-	14,831	14,831	-	-	-
Islamic commercial papers	2,490	-	2,490	9,974	14,958	24,932
Islamic investment accounts with licensed:						
Islamic banks	118,291	152,870	271,161	129,139	126,721	255,860
Investment banks	-	-	-	-	-	-
Development banks	3,153	95,299	98,452	3,678	65,710	69,388
Secured staff financing:						
Receivable within 12 months	260	-	260	251	-	251
Receivable after 12 months	406	-	406	500	-	500
Due from general takaful fund *	4,393	-	-	18,189	-	-
Amount due from:						
Holding company *	7,000	-	7,000	378	-	378
Fellow subsidiary *	3	1,764	1,767	261	730	991
Income due and accrued	1,651	3,698	5,349	1,371	3,970	5,341
Sundry receivables	888	1,597	2,485	678	3,454	4,132
	306,209	610,522	912,338	319,331	541,114	842,256
Financial assets at FVTPL (Note 10(a))	11,304	53,127	64,431	8,058	30,577	38,635
Financial assets at FVOCI (Note 10(b))	156,370	302,167	458,537	146,854	294,994	441,848
Financial assets at AC (Note 10(c))	138,535	255,228	389,370	164,419	215,543	361,773
	306,209	610,522	912,338	319,331	541,114	842,256

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10. Financial assets (cont'd.)

	30.09.2021			31.03.2021		
	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000
(a) Financial assets at FVTPL						
At fair value:						
- Mandatorily measured:						
Quoted Shariah approved equities in Malaysia	10,528	37,481	48,009	7,222	29,718	36,940
Real estate investment trusts	776	815	1,591	836	859	1,695
Shariah approved unit trust funds	-	14,831	14,831	-	-	-
	<u>11,304</u>	<u>53,127</u>	<u>64,431</u>	<u>8,058</u>	<u>30,577</u>	<u>38,635</u>
(b) Financial assets at FVOCI						
At fair value:						
Unquoted sukuk	93,355	203,847	297,202	83,146	196,156	279,302
Government investment issues	63,015	98,320	161,335	63,708	98,838	162,546
	<u>156,370</u>	<u>302,167</u>	<u>458,537</u>	<u>146,854</u>	<u>294,994</u>	<u>441,848</u>

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10. Financial assets (cont'd.)

	30.09.2021			31.03.2021		
	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000
(c) Financial assets at AC						
At amortised cost						
Islamic commercial papers	2,490	-	2,490	9,974	14,958	24,932
Islamic investment accounts with licensed:						
Islamic banks	118,291	152,870	271,161	129,139	126,721	255,860
Development banks	3,153	95,299	98,452	3,678	65,710	69,388
Secured staff financing:						
Receivable within 12 months	260	-	260	251	-	251
Receivable after 12 months	406	-	406	500	-	500
Due from general takaful fund *	4,393	-	-	18,189	-	-
Amount due from:						
Holding company *	7,000	-	7,000	378	-	378
Fellow subsidiary *	3	1,764	1,767	261	730	991
Income due and accrued	1,651	3,698	5,349	1,371	3,970	5,341
Sundry receivables	411	1,597	2,008	362	1,440	1,802
	<u>138,058</u>	<u>255,228</u>	<u>388,893</u>	<u>164,103</u>	<u>213,529</u>	<u>359,443</u>
Other assets:						
Prepayments	477	-	477	316	2,014	2,330
	<u>477</u>	<u>-</u>	<u>477</u>	<u>316</u>	<u>2,014</u>	<u>2,330</u>
	<u>138,535</u>	<u>255,228</u>	<u>389,370</u>	<u>164,419</u>	<u>215,543</u>	<u>361,773</u>

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

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11. Takaful certificate receivables**General takaful fund and Company**

	30.09.2021	31.03.2021
	RM '000	RM '000
Due contributions including agents/brokers and co-takaful balances	41,842	65,462
Due from retakaful operators	14,170	25,357
	<u>56,012</u>	<u>90,819</u>
Allowance for impairment	(11,284)	(15,608)
	<u>44,728</u>	<u>75,211</u>

Included in takaful certificate receivables are amounts due from related parties as disclosed under Note 20. The amounts receivable are subject to settlement terms stipulated in the takaful and retakaful certificates.

12. Takaful certificate liabilities**General takaful fund and Company**

	Gross	Retakaful	Net
	RM '000	RM '000	RM '000
30.09.2021			
Provision for claims reported by certificate holders	238,192	(113,235)	124,957
Provision for claims incurred but not yet reported ("IBNR")	91,972	(37,297)	54,675
Provision of Risk Margin for Adverse Deviation ("PRAD")	39,266	(17,429)	21,837
Claim liabilities (i)	<u>369,430</u>	<u>(167,961)</u>	<u>201,469</u>
Contribution liabilities (ii)	208,046	(45,785)	162,262
	<u>577,476</u>	<u>(213,746)</u>	<u>363,731</u>

General takaful fund and Company

	Gross	Retakaful	Net
	RM '000	RM '000	RM '000
31.03.2021			
Provision for claims reported by certificate holders	220,856	(105,523)	115,333
Provision for claims incurred but not yet reported ("IBNR")	70,818	(29,242)	41,576
Provision of Risk Margin for Adverse Deviation ("PRAD")	34,015	(15,154)	18,861
Claim liabilities (i)	<u>325,689</u>	<u>(149,919)</u>	<u>175,770</u>
Contribution liabilities (ii)	223,546	(50,394)	173,153
	<u>549,235</u>	<u>(200,313)</u>	<u>348,923</u>

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12. Takaful certificate liabilities (cont'd.)

The movement of the claim liabilities and contribution liabilities of the general takaful fund are presented as below:

(i) Claim liabilities

General takaful fund and Company

30.09.2021	Gross RM '000	Retakaful RM '000	Net RM '000
At 1 April 2021	325,689	(149,919)	175,770
Claims incurred in the current accident period	164,884	(67,359)	97,525
Adjustment to claims incurred in prior accident years due to changes in assumptions:			
Decrease in PRAD	(5,775)	1,998	(3,777)
Decrease in expected ultimate loss ratios	(33,676)	13,324	(20,352)
Movements in claims incurred in prior accident years	5,375	(10,529)	(5,154)
Claims paid during the period	(87,067)	44,524	(42,543)
At 30 September 2021	<u>369,430</u>	<u>(167,961)</u>	<u>201,469</u>
31.03.2021			
At 1 April 2020	307,125	(143,533)	163,592
Claims incurred in the current accident year	242,110	(96,303)	145,807
Adjustment to claims incurred in prior accident years due to changes in assumptions:			
Decrease in PRAD	(11,647)	4,492	(7,155)
Decrease in expected ultimate loss ratios	(44,619)	17,229	(27,390)
Movements in claims incurred in prior accident years	(8,515)	4,207	(4,308)
Claims paid during the year	(158,765)	63,989	(94,776)
At 31 March 2021	<u>325,689</u>	<u>(149,919)</u>	<u>175,770</u>

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12. Takaful certificate liabilities (cont'd.)**(ii) Contribution liabilities**

General takaful fund and Company	Gross RM '000	Retakaful RM '000	Net RM '000
30.09.2021			
At 1 April 2021	223,546	(50,394)	173,153
Contributions written during the period	202,925	(75,075)	127,850
Contributions earned during the period	(218,425)	79,684	(138,741)
At 30 September 2021	<u>208,046</u>	<u>(45,785)</u>	<u>162,262</u>
31.03.2021			
At 1 April 2020	174,251	(49,882)	124,369
Contributions written during the year	468,782	(174,845)	293,937
Contributions earned during the year	(419,487)	174,333	(245,153)
At 31 March 2021	<u>223,546</u>	<u>(50,394)</u>	<u>173,153</u>

13. Expense liabilities**Shareholder's fund and Company**

	30.09.2021 RM '000	31.03.2021 RM '000
Expense liabilities of general takaful fund		
Unearned wakalah fees reserve	<u>44,392</u>	<u>46,188</u>

The movement of expense liabilities are presented as follows:

	RM '000
At 1 April 2021	46,188
- Wakalah fees received during the period	<u>74,287</u>
- Wakalah fees earned during the period	<u>(76,083)</u>
At 30 September 2021	<u>44,392</u>
At 1 April 2020	36,433
- Wakalah fees received during the period	<u>170,581</u>
- Wakalah fees earned during the period	<u>(160,826)</u>
	9,755
At 30 September 2020	<u>46,188</u>

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14. Takaful certificate payables**General takaful fund and Company**

	30.09.2021	31.03.2021
	RM '000	RM '000
Due to retakaful operators	51,438	49,349

Included in takaful certificate receivables are amounts due from related parties as disclosed under Note 20. The amounts receivable are subject to settlement terms stipulated in the takaful and retakaful certificates.

15. Other payables

	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000
30.09.2021			
Provision on:			
Marketing incentive	1,552	-	1,552
Salary bonus	1,521	-	1,521
Others	22,601	-	22,601
Advance contributions	-	8,606	8,606
Deposit contributions	-	4,607	4,607
Amount due to participants	-	6,512	6,512
Amount due to shareholder's fund*	-	4,393	-
Amount due to fellow subsidiaries*	346	-	346
Surplus payable	-	18,779	18,779
Other accruals and payables	661	24,734	25,395
	<u>26,681</u>	<u>67,631</u>	<u>89,919</u>
31.03.2021			
Provision on:			
Marketing incentive	7,274	-	7,274
Salary bonus	4,626	-	4,626
Others	3,509	-	3,509
Advance contributions	-	3,386	3,386
Deposit contributions	-	3,226	3,226
Amount due to participants	-	6,375	6,375
Amount due to shareholder's fund*	-	18,189	-
Amount due to fellow subsidiaries*	3	-	3
Surplus payable	-	19,467	19,467
Other accruals and payables	8,205	22,782	30,987
	<u>23,617</u>	<u>73,425</u>	<u>78,853</u>

* 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.

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16. General takaful fund

General takaful fund and Company

	30.09.2021	31.03.2021
	RM '000	RM '000
Accumulated surplus		
At beginning of the period/year	157,623	146,751
Surplus attributable to participants	19,986	15,872
Surplus payable to participants during the period/year	-	(5,000)
At end of the period/year	<u>177,609</u>	<u>157,623</u>

	30.09.2021	31.03.2021
	RM '000	RM '000
Fair value reserves		
At beginning of the period/year	2,362	4,494
Net losses on fair value changes	(812)	(596)
Deferred tax on fair value changes	715	673
Realised gains transferred to profit or loss	-	(2,209)
At end of the period/year	<u>2,265</u>	<u>2,362</u>

	30.09.2021	31.03.2021
	RM '000	RM '000
General takaful fund at end of the period		
Accumulated surplus	177,609	157,623
Fair value reserves	<u>2,265</u>	<u>2,362</u>
	<u>179,874</u>	<u>159,985</u>

17. Capital commitments and contingencies

Capital commitments

	30.09.2021	31.03.2021
	RM '000	RM '000
Shareholder's fund and Company		
Authorised and contracted for:		
Intangible assets	1,715	5,445
Equipment	-	-
	<u>1,715</u>	<u>5,445</u>
Authorised but not contracted for:		
Intangible assets	17,495	19,180
Equipment	153	153
	<u>17,648</u>	<u>19,333</u>
Payable within 1 year	6,699	8,426
Payable after 1 year but not more than 5 years	12,664	16,352
	<u>19,363</u>	<u>24,778</u>

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17. Capital commitments and contingencies (cont'd.)

Contingencies

The Company has provided bank guarantees on the services contracts with external parties of RM150,036 in the form of cash deposit in marginal accounts.

18. Regulatory capital requirement

The capital structure of the Company as at 30 September 2021, as prescribed under the Risk-Based Capital Framework for Takaful Operators ("RBCT Framework") is provided below:

	Shareholder's fund RM '000	General takaful fund RM '000	Total RM'000
30.09.2021			
Eligible tier-1 capital			
Share capital	230,000	-	230,000
Retained profits/accumulated surplus	26,381	177,609	203,990
Tier-2 capital			
Fair value reserves	140	2,265	2,405
Amount deducted from capital	(20,531)	(5,242)	(25,773)
Total capital available	<u>235,990</u>	<u>174,632</u>	<u>410,622</u>
31.03.2021			
Eligible tier-1 capital			
Share capital	230,000	-	230,000
Retained profits/accumulated surplus	34,611	157,623	192,234
Tier-2 capital			
Fair value reserves	233	2,362	2,595
Amount deducted from capital	(20,413)	(7,244)	(27,657)
Total capital available	<u>244,431</u>	<u>152,741</u>	<u>397,172</u>

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19. Related party transactions

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 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.

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

30.09.2021	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000
Income/(expenses) :			
Transactions with MNRB			
Gross contributions	-	33	33
Management fees	(6,966)	-	(6,966)
Dividend paid	(21,000)	-	(21,000)
Management expense chargeback	(4)	-	(4)
	<u>(4)</u>	<u>-</u>	<u>(4)</u>
Transactions with Takaful IKHLAS			
Family, a fellow subsidiary:			
Gross contribution received	-	250	250
Gross contribution paid for takaful cover	(147)	-	(147)
Management expense chargeback	(3,353)	-	(3,353)
	<u>(3,353)</u>	<u>-</u>	<u>(3,353)</u>
Transactions with Malaysian Re, a fellow subsidiary:			
Gross contributions received	-	512	512
Contributions ceded	-	(14,263)	(14,263)
Retakaful commission income	-	328	328
Claims recoveries	-	2,138	2,138
Management fees	(37)	-	(37)
	<u>(37)</u>	<u>-</u>	<u>(37)</u>

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19. Related party transactions (cont'd.)

30.09.2021 (Cont'd.)	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000
Income/(expenses) :			
Transactions with Labuan Reinsurance (L) Ltd ("Labuan Re"), in which Malaysian Re is a substantial shareholder:			
Contributions ceded	-	(2,921)	(2,921)
Retakaful commission income	-	242	242
Claims recoveries	-	4,213	4,213
	<u> </u>	<u> </u>	<u> </u>

31.03.2021	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000
Income/(expenses) :			
Transactions with MNRB:			
Gross contributions	-	225	225
Management fees	(4,788)	-	(4,788)
Dividend paid	(15,000)	-	(15,000)
	<u> </u>	<u> </u>	<u> </u>
Transactions with Takaful IKHLAS Family, a fellow subsidiary:			
Gross contribution received	-	104	104
Gross contribution paid for takaful cover	(305)	-	(305)
Management expense chargeback	(4,807)	-	(4,807)
	<u> </u>	<u> </u>	<u> </u>

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19. Related party transactions (cont'd.)

31.03.2021 (Cont'd.)	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000
Transactions with Malaysian Re, a fellow subsidiary:			
Gross contributions received	-	88	88
Contributions ceded	-	(14,632)	(14,632)
Retakaful commission income	-	869	869
Claims recoveries	-	4,402	4,402
	<hr/>	<hr/>	<hr/>
Transactions with Labuan Reinsurance (L) Ltd ("Labuan Re"), in which Malaysian Re is a substantial shareholder:			
Gross contributions received	-	6	6
Contributions ceded	-	(9,370)	(9,370)
Retakaful commission income	-	368	368
Claims recoveries	-	1,528	1,528
	<hr/>	<hr/>	<hr/>

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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 government guaranteed ("GG") sukuks, unsecured sukuks and government investment issues ("GII").

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

Refers to financial instruments where fair values are measured using unobservable market inputs. The valuation technique is consistent with Level 2. The chosen valuation technique incorporates management's assumptions and data.

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no reclassifications between Level 1 and Level 2 of the fair value hierarchy during the current and previous financial period/years.

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20. Fair values (cont'd.)

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 cash equivalents and other receivables/payables

The carrying amounts of cash and bank balances and other receivables/payables, are reasonable approximations of fair value due to the relatively short-term maturity of these financial instruments.

(ii) Financial assets at AC

The management had assessed that the fair value of financial assets at AC approximate their carrying amounts largely due to the short-term maturities of these 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 2021. The carrying amounts approximate fair values due to the relatively short-term maturity of these financial instruments.

(iv) Investments

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 2021.

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20. 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:

	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	
Company				
30.09.2021				
<u>Financial assets:</u>				
Financial assets at FVTPL:				
Quoted Shariah approved equities in Malaysia	48,009	-	-	48,009
Real estate investment trusts	1,591	-	-	1,591
Shariah approved unit trust funds	14,831	-	-	14,831
	<u>64,431</u>	<u>-</u>	<u>-</u>	<u>64,431</u>
Financial assets at FVOCI:				
Unquoted sukuks Government investment issues	-	297,202	-	297,202
	-	161,335	-	161,335
	<u>-</u>	<u>458,537</u>	<u>-</u>	<u>458,537</u>
	<u>64,431</u>	<u>458,537</u>	<u>-</u>	<u>522,968</u>
31.03.2021				
<u>Financial assets:</u>				
Financial assets at FVTPL:				
Quoted Shariah approved equities in Malaysia	36,940	-	-	36,940
Real estate investment trusts	1,695	-	-	1,695
	<u>38,635</u>	<u>-</u>	<u>-</u>	<u>38,635</u>

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20. Fair values (cont'd.)

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

Company (cont'd.)	Valuation technique using:			Total RM '000
	Level 1	Level 2	Level 3	
	Quoted	Observable	Significant	
	market	inputs	unobservable	
	prices	inputs		
	RM '000	RM '000	RM '000	RM '000
31.03.2021				
Financial assets at FVOCI:				
Unquoted sukuks	-	279,302	-	279,302
Government				
investment				
issues	-	162,546	-	162,546
	-	441,848	-	441,848
	38,635	441,848	-	480,483

Shareholder's fund	Valuation technique using:			Total RM '000
	Level 1	Level 2	Level 3	
	Quoted	Observable	Significant	
	market	inputs	unobservable	
	prices	inputs		
	RM '000	RM '000	RM '000	RM '000
30.09.2021				
<u>Financial assets:</u>				
Financial assets at FVTPL:				
Quoted Shariah				
approved equities				
in Malaysia	10,528	-	-	10,528
Real estate				
investment trusts	776	-	-	776
	11,304	-	-	11,304
Financial assets at FVOCI:				
Unquoted sukuks	-	93,355	-	93,355
Government				
investment				
issues	-	63,015	-	63,015
	-	156,370	-	156,370
	11,304	156,370	-	167,674

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20. Fair values (cont'd.)

(v) Fair value disclosures based on 3-level hierarchy (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	
Shareholder's fund (cont'd.)				
31.03.2021				
<u>Financial assets:</u>				
Financial assets at FVTPL:				
Quoted Shariah approved equities in Malaysia	7,222	-	-	7,222
Real estate investment trusts	836	-	-	836
	<u>8,058</u>	<u>-</u>	<u>-</u>	<u>8,058</u>
Financial assets at FVOCI:				
Unquoted sukuks Government investment issues	-	83,146	-	83,146
	-	63,708	-	63,708
	<u>-</u>	<u>146,854</u>	<u>-</u>	<u>146,854</u>
	<u>8,058</u>	<u>146,854</u>	<u>-</u>	<u>154,912</u>

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20. Fair values (cont'd.)

(v) Fair value disclosures based on 3-level hierarchy (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	
General takaful fund				
31.03.2021				
<u>Financial assets:</u>				
Financial assets at FVTPL:				
Quoted Shariah approved equities in Malaysia	37,481	-	-	37,481
Real estate investment trusts	815	-	-	815
Shariah approved unit trust funds	14,831	-	-	14,831
	<u>53,127</u>	<u>-</u>	<u>-</u>	<u>53,127</u>
Financial assets at FVOCI:				
Unquoted sukuks Government investment issues	-	203,847	-	203,847
	-	98,320	-	98,320
	<u>-</u>	<u>302,167</u>	<u>-</u>	<u>302,167</u>
	<u>53,127</u>	<u>302,167</u>	<u>-</u>	<u>355,294</u>

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20. Fair values (cont'd.)

(v) Fair value disclosures based on 3-level hierarchy (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	
General takaful fund (cont'd.)				
31.03.2021				
<u>Financial assets:</u>				
Financial assets at FVTPL:				
Quoted Shariah approved equities in Malaysia	29,718	-	-	29,718
Real estate investment trusts	859	-	-	859
	<u>30,577</u>	<u>-</u>	<u>-</u>	<u>30,577</u>
Financial assets at FVOCI:				
Unquoted sukuks Government investment issues	-	196,156	-	196,156
	-	98,838	-	98,838
	<u>-</u>	<u>294,994</u>	<u>-</u>	<u>294,994</u>
	<u>30,577</u>	<u>294,994</u>	<u>-</u>	<u>325,571</u>