

**Takaful Ikhlas Berhad
(593075-U)
(Incorporated in Malaysia)**

**Unaudited Interim Financial Statements
For the six months period ended 30 September 2017**

593075-U

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

Contents	Page
Unaudited statements of comprehensive income	1 - 2
Unaudited statements of financial position	3
Unaudited statements of changes in equity	4 - 5
Unaudited statement of cash flows	6 - 7
Notes to the unaudited interim financial statements	8 - 47

593075-U

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

Unaudited statements of comprehensive income
For the six months period ended 30 September 2017

	01.04.2017 to 30.09.2017				01.04.2016 to 30.09.2016			
	Shareholder's fund RM '000	General takaful fund RM '000	Family takaful fund RM '000	Company RM '000	Shareholder's fund RM '000	General takaful fund RM '000	Family takaful fund RM '000	Company RM '000
Gross earned contributions	-	131,532	318,816	449,948	-	139,850	307,268	445,359
Earned contributions ceded to retakaful	-	(60,389)	(42,988)	(103,377)	-	(57,113)	(35,539)	(92,652)
Net earned contributions	-	71,143	275,828	346,571	-	82,737	271,729	352,707
Investment income	4,987	8,054	55,870	66,424	5,864	7,229	46,795	57,401
Realised gains/(losses)	79	114	3,272	3,465	281	418	1,880	2,579
Fair value gains/(losses)	508	635	2,265	3,408	(560)	(462)	(1,632)	(2,654)
Fee and commission income	149,689	12,268	-	12,268	132,810	12,966	-	12,966
Other operating income	259	-	24,628	18,036	779	-	5,385	3,663
Other revenue	155,522	21,071	86,035	103,601	139,174	20,151	52,428	73,955
Gross claims and benefits paid	-	(74,912)	(124,261)	(199,173)	-	(64,538)	(134,713)	(199,251)
Claims and benefits ceded to retakaful	-	31,702	1,607	33,309	-	27,583	35,961	63,544
Gross change to certificate liabilities	-	(24,876)	(83,074)	(107,950)	-	(21,391)	(100,127)	(121,518)
Change in certificate liabilities ceded to retakaful	-	15,063	(6,912)	8,151	-	13,229	9,543	22,772
Net claims and benefits	-	(53,023)	(212,640)	(265,663)	-	(45,117)	(189,336)	(234,453)
Fee and commission expenses	(50,431)	(41,935)	(107,754)	(50,431)	(52,895)	(41,872)	(90,938)	(52,895)
Management expenses	(79,529)	(13)	-	(78,004)	(73,019)	(1,906)	(1,808)	(73,804)
Other operating expenses	-	(6,851)	-	-	-	(2,501)	-	-
Change in expense liabilities	985	-	-	985	(16)	-	-	(16)
Tax borne by participants	-	1,222	(6,366)	(5,144)	-	(3,134)	(4,029)	(7,163)
Other expenses	(128,975)	(47,577)	(114,120)	(132,594)	(125,930)	(49,413)	(96,775)	(133,878)
Operating profit before (deficit)/surplus attributable to participants, zakat and taxation	26,547	(8,386)	35,103	51,915	13,244	8,358	38,046	58,331
Deficit/(surplus) attributable to participants	-	8,386	(35,103)	(25,368)	-	(8,358)	(38,046)	(45,087)
Profit before zakat and taxation	26,547	-	-	26,547	13,244	-	-	13,244
Zakat	-	-	-	-	(452)	-	-	(452)
Taxation	(4,363)	-	-	(4,363)	(3,304)	-	-	(3,304)
Net profit for the period	22,184	-	-	22,184	9,488	-	-	9,488
Basic and diluted earnings per share (sen)				7.5				3.2

These unaudited financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2017. The accompanying explanatory notes form an integral part of these interim financial statements.

593075-U

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

Unaudited statements of comprehensive income
For the six months period ended 30 September 2017 (cont'd.)

	01.04.2017 to 30.09.2017				01.04.2016 to 30.09.2016			
	Shareholder's fund RM '000	General takaful fund RM '000	Family takaful fund RM '000	Company RM '000	Shareholder's fund RM '000	General takaful fund RM '000	Family takaful fund RM '000	Company RM '000
Net profit for the period	22,184	-	-	22,184	9,488	-	-	9,488
Other comprehensive income:								
Items that will not be reclassified subsequently to profit or loss:								
Revaluation reserves:								
Net gains on fair value changes	-	-	-	1,349	-	-	-	1,317
Deferred tax on fair value changes	-	-	-	(108)	-	-	-	(105)
Items that may be subsequently reclassified to profit or loss:								
Available-for-sale fair value reserves:								
Net (losses)/gains on fair value changes	(375)	(194)	3,994	3,257	1,918	1,366	25,866	29,496
Deferred tax on fair value changes	109	74	(58)	165	(391)	(225)	(1,915)	(2,614)
Net gains transferred to transferred to profit or loss	(79)	(114)	(3,272)	(3,465)	(286)	(423)	(1,919)	(2,628)
Other comprehensive (loss)/income attributable to participants	-	234	(664)	(1,671)	-	(718)	(22,032)	(23,962)
Total comprehensive profit for the year	21,839	-	-	21,711	10,729	-	-	10,992

These unaudited financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2017. The accompanying explanatory notes form an integral part of these interim financial statements.

593075-U

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

Unaudited statements of financial position
As at 30 September 2017

Note	30.09.2017				31.03.2017			
	Shareholder's fund RM '000	General takaful fund RM '000	Family takaful fund RM '000	Company RM '000	Shareholder's fund RM '000	General takaful fund RM '000	Family takaful fund RM '000	Company RM '000
Assets								
Property and equipment	1,764	-	-	117,542	1,837	-	-	117,615
Investment properties	-	-	115,778	-	-	-	115,778	-
Intangible assets	14,613	-	-	14,613	12,491	-	-	12,491
Deferred tax assets	6,249	4,394	-	8,462	6,408	3,098	-	7,558
Financial assets:								
Financial assets at fair value through profit or loss ("FVTPL")	12(a) 501	819	119,414	120,734	570	898	121,808	123,276
Held-to-maturity investments ("HTM")	12(b) 61,966	71,690	331,483	465,139	61,998	71,746	331,689	465,433
Available-for-sale ("AFS") financial assets	12(c) 136,235	220,175	1,740,307	2,083,342	154,393	226,761	1,493,788	1,861,735
Loans and receivables ("LAR")	12(d) 158,792	152,271	543,731	798,197	138,520	118,383	607,278	817,092
Retakaful certificate assets	14 -	163,067	38,160	201,227	-	149,868	45,072	194,940
Takaful certificate receivables	-	33,301	68,458	101,759	-	37,422	60,865	98,287
Tax recoverable	7,729	-	-	7,729	7,729	-	-	7,729
Cash and bank balances	4,382	4,403	49,402	58,187	3,117	10,519	49,364	63,000
Total assets	392,231	650,120	3,006,733	3,976,931	387,063	618,695	2,825,642	3,769,156
Liabilities								
Takaful certificate liabilities	14 -	423,006	2,661,924	3,074,930	-	401,012	2,578,850	2,969,862
Expense liabilities	15 57,451	-	-	57,451	58,436	-	-	58,436
Takaful certificate payables	-	27,113	58,403	85,516	-	30,710	42,780	73,490
Due to agents, retakaful and brokers	-	-	-	-	5,311	-	-	5,311
Deferred tax liabilities	-	-	1,577	-	-	-	1,412	-
Zakat payable	59	-	-	59	64	-	-	64
Tax payable	-	6,697	8,194	14,891	328	6,681	1,935	8,944
Other payables	30,578	83,410	159,327	216,718	40,620	60,965	119,124	173,620
Total liabilities	88,088	540,226	2,889,425	3,449,565	104,759	499,368	2,744,101	3,289,727
Participants' fund								
General takaful fund	17 -	109,894	-	109,894	-	119,327	-	119,327
Family takaful fund	18 -	-	117,308	115,894	-	-	81,541	80,235
Total participants' funds	-	109,894	117,308	225,788	-	119,327	81,541	199,562
Equity								
Share capital	295,000	-	-	295,000	295,000	-	-	295,000
Reserves	9,143	-	-	6,578	(12,696)	-	-	(15,133)
Total equity	304,143	-	-	301,578	282,304	-	-	279,867
Total liabilities, participants' funds and equity	392,231	650,120	3,006,733	3,976,931	387,063	618,695	2,825,642	3,769,156

These unaudited financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2017. The accompanying explanatory notes form an integral part of these interim financial statements.

593075-U

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

Unaudited statements of changes in equity
For the six months period ended 30 September 2017

Shareholder's fund	Share capital RM '000	Non distributable available-for sale reserves RM '000	Distributable retained profits/ (accumulated losses) RM '000	Total RM '000
At 1 April 2016	295,000	2,868	(7,236)	290,632
Net profit for the year	-	-	9,488	9,488
Other comprehensive income for the period	-	1,241	-	1,241
Total comprehensive income for the period	-	1,241	9,488	10,729
At 30 September 2016	295,000	4,109	2,252	301,361
At 1 April 2017	295,000	3,126	(15,822)	282,304
Net profit for the period	-	-	22,184	22,184
Other comprehensive loss for the period	-	(345)	-	(345)
Total comprehensive (loss)/income for the period	-	(345)	22,184	21,839
At 30 September 2017	295,000	2,781	6,362	304,143

These unaudited financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2017. The accompanying explanatory notes form an integral part of these interim financial statements.

593075-U

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

Unaudited statements of changes in equity
For the six months period ended 30 September 2017 (cont'd.)

Company	Share capital RM '000	Non distributable available-for sale reserves RM '000	Non distributable revaluation reserve RM '000	Distributable retained profits/ (accumulated losses) RM '000	Total RM '000
At 1 April 2016	295,000	52	-	(7,236)	287,816
Net profit for the year	-	-	-	9,488	9,488
Other comprehensive income for the period	-	24,254	1,212	-	25,466
Total comprehensive income for the period	-	24,254	1,212	9,488	34,954
Attributable to participants	-	(22,750)	(1,212)	-	(23,962)
At 30 September 2016	295,000	1,556	-	2,252	298,808
At 1 April 2017	295,000	689	-	(15,822)	279,867
Net profit for the period	-	-	-	22,184	22,184
Other comprehensive (loss)/income for the period	-	(43)	1,241	-	1,198
Total comprehensive income for the period	-	(43)	1,241	22,184	23,382
Attributable to participants	-	(430)	(1,241)	-	(1,671)
At 30 September 2017	295,000	216	-	6,362	301,578

These unaudited financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2017. The accompanying explanatory notes form an integral part of these interim financial statements.

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

Unaudited statement of cash flows
For the six months period ended 30 September 2017

	01.04.2017	1.04.2016
	to	to
	30.09.2017	30.09.2016
	RM '000	RM '000
Cash flows from operating activities		
Profit before zakat and taxation	26,547	13,244
Adjustments for:		
Depreciation of property and equipment	2,017	2,518
Amortisation of intangible assets	690	543
Net amortisation of premiums	1,471	1,269
Profit income	(62,795)	(53,022)
Rental income	(519)	(506)
Dividend income	(4,792)	(6,161)
Fair value adjustments of financial assets at FVTPL	148	(753)
(Writeback of)/allowance for impairment of AFS financial assets	(3,556)	3,407
Gain on disposal of investments	(3,465)	(2,579)
Writeback of impairment of takaful certificate receivables	(18,027)	(2,707)
Writeback of impairment of other receivables	903	-
(Decrease)/increase in gross contribution liabilities	(2,882)	7,593
(Decrease)/increase in expense liabilities	(985)	16
(Decrease)/increase in general takaful fund	(8,386)	8,358
Increase in family takaful fund	33,754	36,729
Operating cash flows before working capital changes	(39,877)	7,949
Changes in working capital:		
Purchase of financial assets	(333,065)	(64,756)
Proceeds from disposal of of financial assets	119,488	233
Decrease/(increase) in placement of Islamic investment accounts	29,464	(159,894)
Decrease in staff financing	810	444
Decrease/(increase) in retakaful certificate assets	(6,287)	(28,627)
Decrease/(increase) in takaful certificate receivables	14,555	(25,801)
Increase in other receivables and deposits	(4,003)	(10,802)
Increase in gross claims and certificate liabilities	107,950	121,518
Increase/(decrease) in takaful certificate payables (and due to agents, retakaful and brokers)	6,715	(10,703)
Increase in zakat, tax and other payables	55,503	14,591
Net change in balance with holding company	(940)	(15)
Operating cash flows after working capital changes	(49,687)	(155,863)

593075-U

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

Unaudited statement of cash flows

For the six months period ended 30 September 2017 (cont'd.)

	01.04.2017	1.04.2016
	to	to
	30.09.2017	30.09.2016
	RM '000	RM '000
Cash flows from operating activities (cont'd.)		
Operating cash flows after working capital changes	(49,687)	(155,863)
Profit income received	55,503	56,172
Rental income received	519	506
Dividend income received	4,745	5,795
Hibah paid to participants	(813)	(916)
Income tax paid	(11,668)	(6,500)
Zakat paid	(5)	(80)
Net cash used in operating activities	(1,406)	(100,886)
Cash flows from investing activities		
Purchase of property and equipment	(595)	514
Purchase of intangible assets	(2,812)	(903)
Net cash used in investing activities	(3,407)	(389)
Net decrease in cash and cash equivalents	(4,813)	(101,275)
Cash and cash equivalents at beginning of period	63,000	154,793
Cash and cash equivalents at end of period	58,187	53,518
 Cash and cash equivalents comprise:		
Cash and bank balances of:		
Shareholder's fund	4,382	15,465
General takaful fund	4,403	2,247
Family takaful fund	49,402	35,806
	58,187	53,518

These unaudited financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2017. The accompanying explanatory notes form an integral part of these interim financial statements.

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

Notes to the unaudited interim financial statements

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at 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, 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 2017 to 30 September 2017.

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 20 November 2017.

2. Significant accounting policies

2.1 Basis of preparation

The unaudited interim financial statements for the six months period ended 30 September 2017 have been prepared in accordance with Malaysia Financial Reporting Standard ("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"), the Guidelines/ Circulars issued by the Bank Negara Malaysia ("BNM") and the Companies Act, 2016 in Malaysia.

The statements of financial position and statements of comprehensive income of the shareholder's fund, family takaful fund and general takaful fund which are presented on pages 1 to 2 and page 3 of the unaudited interim financial statements have been provided as supplementary financial information and to comply with the requirements of BNM/RH/STD 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 respective takaful funds. Accordingly, the statements of financial position and statements of comprehensive income prepared for the shareholder's fund, family takaful fund and general takaful fund as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the individual funds.

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

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

2. Significant accounting policies (cont'd.)

2.1 Basis of preparation (cont'd.)

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

Financial assets and financial liabilities are offset and the net amount 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.

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

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 2017.

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 year ended 31 March 2017.

2.2 Takaful operations and its funds

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

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

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

2. Significant accounting policies (cont'd.)

2.2 Takaful operations and its funds (cont'd.)

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

2.3 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 2017, except for the adoption of the following amendments/improvements to the existing accounting standards issued by the MASB that are effective for the Company's financial year beginning 1 April 2017:

Description	Effective for annual periods beginning on or after
Amendment to MFRS 12 <i>Disclosure of Interests in Other Entities</i> (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)	1 January 2017
MFRS 107 <i>Statement of Cash Flows</i> - Disclosures Initiatives (Amendments to MFRS 107)	1 January 2017
MFRS 112 <i>Income Taxes</i> - Recognition of Deferred Tax for Unrealised Losses (Amendments to MFRS 112)	1 January 2017

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

2.4 Standards issued but not yet effective

The standards, amendments/improvements to the existing accounting standards and Issues Committee ("IC") Interpretations that are issued but not yet effective up to the date of issuance of the Company's unaudited interim financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendment to MFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards</i> (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)	1 January 2018
MFRS 2 <i>Share-based Payment</i> - Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	1 January 2018

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

2. Significant accounting policies (cont'd.)

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

Description	Effective for annual periods beginning on or after
MFRS 9 <i>Financial Instruments</i> (IFRS 9 issued by IASB in July 2014)	1 January 2018
Applying MFRS 9 <i>Financial Instruments</i> with MFRS 4 <i>Insurance Contracts</i> (Amendments to MFRS 4)	1 January 2018
Amendment to MFRS 128 <i>Investments in Associates and Joint Ventures</i> (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)	1 January 2018
Transfer to <i>Investment Property</i> (Amendments to MFRS 140)	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
MFRS 17 <i>Insurance Contract</i>	1 January 2021
MFRS 10 <i>Consolidated Financial Statements</i> and MFRS 128 <i>Investment in Associates and Joint Ventures: Sale or Contribution of Assets between an investor and its Associate or Joint Venture</i> (Amendments to MFRS 10 and MFRS 128)	To be announced by MASB

The Directors expect that the adoption of the above standards, amendments/improvements to the existing accounting standards and IC Interpretations are not expected to have a material impact on the financial statements in the period of initial application except for as discussed below:

MFRS 9 *Financial Instruments*

The International Accounting Standards Board ("IASB") issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS3 9 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but restatement of comparative information is not compulsory.

The Company plans to adopt the new standard on the required effective date. The Company had performed a preliminary assessment on the gaps under all three aspects of MFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Company. Overall, the Company does not anticipate significant impact to the financial statements except for the effect of potentially higher impairment losses under the expected credit loss model. The Company will perform a detailed assessment to determine the extent of the anticipated impacts.

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

2. Significant accounting policies (cont'd.)

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

MFRS 9 *Financial Instruments* (cont'd.)

The areas with expected impact from application of MFRS 9 are summarised below:

(i) Classification and measurement

The classification and measurement of financial assets is determined on the basis of the contractual cash flow characteristics and the objective of the business model associated with holding the asset. Key changes include:

- The held-to-maturity (“HTM”) and available-for-sale (“AFS”) asset categories will be removed;
- A new asset category measured at fair value through other comprehensive income (“FVOCI”) is introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principle and interest and held in a model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- A new asset category for non-traded equity investments measured at FVOCI is introduced; and
- Classification of financial liabilities will remain largely unchanged, other than the fair value gains and losses attributable to changes in ‘own credit risk’ for financial liabilities designated and measured at fair value through profit or loss (“FVTPL”) to be presented in other comprehensive income (“OCI”). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability’s credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.

The Company does not expect a significant impact to the financial statements on applying the classification and measurement requirements.

Loans and receivables (“LAR”) are held to collect contractual cash flows and are representing solely payments of principal and interest. Thus, the Company expects that these will continue to be measured at amortised cost under MFRS 9. However, the Company will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under MFRS 9.

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

2. Significant accounting policies (cont'd.)

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

MFRS 9 *Financial Instruments* (cont'd.)

(ii) Impairment

The MFRS 9 impairment requirements are based on an Expected Credit Loss (“ECL”) model that replaces the Incurred Loss model under the current accounting standard. The Company expects to recognise either a 12-month (Stage 1) or lifetime ECL (Stage 2 and 3), depending on whether there has been a significant increase in credit risk since initial recognition. The ECL model applies to financial assets measured at amortised cost or at FVOCI, irrevocable loan commitments and financial guarantee contracts, which will include loans, advances and financing and debt instruments held by the Company. The ECL model also applies to contract assets under MFRS 15 *Revenue from Contracts with Customers* and lease receivables under MFRS 117 *Leases*. Appropriate impairment methodology will be adopted for calculating allowances for impairment losses.

(iii) Hedge accounting

The requirements for general hedge accounting have been simplified for hedge effectiveness testing and may result in more designations of hedged items for accounting purposes.

The Company does not expect a significant impact to the financial statements on applying the hedge accounting.

MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 was issued in 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under MFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Company expects to apply MFRS 15 fully retrospective. Given that takaful contracts are scoped out of MFRS 15, the Company thus, does not expect the impact to be significant.

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

2. Significant accounting policies (cont'd.)

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

MFRS 16 Leases

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on balance sheet model, similar to the accounting for finance leases under MFRS 117. The standard will supersede MFRS 117 *Leases*, IC Interpretation 4 *Determining whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Lease-Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

(i) Lessee

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Subsequently, lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

(ii) Lessor

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

The standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Company plans to assess the potential effect of MFRS 16 on its financial statement in the near future.

**Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts*
(Amendments to MFRS 4)**

In December 2016, the MASB issued amendments to MFRS 4 to address issues arising from the different effective dates of MFRS 9 and the upcoming new insurance contracts standard (IFRS 17) to be issued by the International Accounting Standards Board.

The amendments introduce two alternative options for entities issuing contracts within the scope of MFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of MFRS 9 for annual periods beginning before 1 January 2021 at the latest whilst the overlay approach allows an entity applying MFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied MFRS 139 to these designated financial assets.

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

2. Significant accounting policies (cont'd.)

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

**Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts*
(Amendments to MFRS 4) (cont'd.)**

The Company has opted not to utilise the exemptions permitted under this Amendment and will fully adopt MFRS 9 effective from 1 January 2018.

MFRS 17 *Insurance Contract*

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

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

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured at every reporting period (the fulfilment cash flows);
- A Contractual Service Margin ("CSM") that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profitability of the takaful certificates to be recognised in statement of comprehensive income over the service period (i.e., coverage period);
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in statement of comprehensive income over the remaining contractual service period;
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice;
- The presentation of takaful revenue and takaful service expenses in the statement of comprehensive income based on the concept of services provided during the period;
- Amounts that the participants will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the statement of comprehensive income, but are recognised directly on the balance sheet;
- Takaful services results (earned revenue less incurred claims) are presented separately from the takaful finance income or expense; and
- Extensive disclosures to provide information on the recognised amounts from takaful certificates and the nature and extent of risks arising from these certificates.

The Company has established a project team with assistance from consultants to plan and manage the implementation of MFRS 17 and is in the process of assessing the gaps and the financial implications for adopting the new standard.

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

3. Auditor's report

The auditor's report on the audited financial statements of the preceding year ended 31 March 2017 does not contain any qualification.

4. Seasonality or cyclicity 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 2017.

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 during the current financial period ended 30 September 2017.

6. Changes in estimates

There was no changes in estimates during the current financial period ended 30 September 2017 that has a material effect to the unaudited interim financial statements.

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

There were no issues, repurchases and repayment of debt and equity securities during the current financial period ended 30 September 2017.

8. Significant event

There was no significant event during the current financial period ended 30 September 2017.

9. Subsequent events

There were no significant subsequent events during the current financial period ended 30 September 2017.

10. Dividend paid

No dividend was paid during the current financial period ended 30 September 2017.

11. Changes in the composition of the Company

There was no change in the composition of the Company for the financial period ended 30 September 2017.

593075-U

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

12. Financial 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:

	30.09.2017				31.03.2017			
	Shareholder's fund RM '000	General takaful fund RM '000	Family takaful fund RM '000	Company RM '000	Shareholder's fund RM '000	General takaful fund RM '000	Family takaful fund RM '000	Company RM '000
Unquoted sukuks:								
Government guaranteed	26,420	86,194	552,261	664,875	31,465	86,099	511,347	628,911
Unsecured	104,281	70,657	474,600	649,538	114,270	70,657	461,616	646,543
Government investment issues	42,721	122,068	951,726	1,116,515	42,746	121,327	743,465	907,538
Quoted shares in Malaysia:								
Shariah approved equities	10,863	12,980	86,290	110,133	14,177	20,396	105,523	140,096
Warrants	15	46	414	475	25	40	366	431
Property trust funds	849	739	8,444	10,032	893	886	5,376	7,155
Shariah approved unit trust funds	-	-	117,469	117,469	-	-	119,592	119,592
Golf club memberships	178	-	-	178	178	-	-	178
Islamic investment accounts with licensed:								
Islamic banks	73,820	140,354	306,751	520,925	81,739	95,198	318,502	495,439
Investment banks	-	-	5,476	5,476	-	-	51,627	51,627
Development bank	1,321	-	193,567	194,888	1,228	1,094	201,365	203,687
Units held in investment-linked fund	13,375	-	-	-	13,207	-	-	-
Secured staff financing:								
Receivable within 12 months	1,575	-	-	1,575	1,666	-	-	1,666
Receivable after 12 months	2,751	-	-	2,751	3,470	-	-	3,470
Due from:								
General takaful fund	26,148	-	148	-	16,522	-	2,909	-
Family takaful fund	10,475	1,333	-	-	7,650	-	-	-
Investment-linked fund	18,493	-	-	-	20,008	-	-	-
Amount due from holding company	962	-	-	962	29	-	-	29
Amount due from related companies	41	-	-	41	34	-	-	34
Income due and accrued	2,229	3,806	26,235	32,270	2,364	3,096	19,471	24,931
Other receivables and deposits	20,977	6,778	11,554	39,309	3,810	18,995	13,404	36,209
	357,494	444,955	2,734,935	3,467,412	355,481	417,788	2,554,563	3,267,536

593075-U

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

12. Financial assets (cont'd.)

	30.09.2017				31.03.2017			
	Shareholder's fund RM '000	General takaful fund RM '000	Family takaful fund RM '000	Company RM '000	Shareholder's fund RM '000	General takaful fund RM '000	Family takaful fund RM '000	Company RM '000
Financial assets at FVTPL (Note 12(a))	501	819	119,414	120,734	570	898	121,808	123,276
HTM investments (Note 12(b))	61,966	71,690	331,483	465,139	61,998	71,746	331,689	465,433
AFS financial assets (Note 12(c))	136,235	220,175	1,740,307	2,083,342	154,393	226,761	1,493,788	1,861,735
Loans and receivables (Note 12(d))	158,792	152,271	543,731	798,197	138,520	118,383	607,278	817,092
	<u>357,494</u>	<u>444,955</u>	<u>2,734,935</u>	<u>3,467,412</u>	<u>355,481</u>	<u>417,788</u>	<u>2,554,563</u>	<u>3,267,536</u>

(a) Financial assets at FVTPL

At fair value:

Quoted shares in Malaysia:

Shariah approved equities	486	802	1,923	3,211	545	871	2,183	3,599
Warrants	15	17	22	54	25	27	33	85
Shariah approved unit trust funds	-	-	117,469	117,469	-	-	119,592	119,592
	<u>501</u>	<u>819</u>	<u>119,414</u>	<u>120,734</u>	<u>570</u>	<u>898</u>	<u>121,808</u>	<u>123,276</u>

593075-U

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

12. Financial assets (cont'd.)

	30.09.2017				31.03.2017			
	Shareholder's fund RM '000	General takaful fund RM '000	Family takaful fund RM '000	Company RM '000	Shareholder's fund RM '000	General takaful fund RM '000	Family takaful fund RM '000	Company RM '000
(b) HTM investments								
At amortised cost:								
Unquoted sukuk:								
Government guaranteed	18,999	18,298	32,005	69,302	19,006	18,305	32,016	69,327
Unsecured	246	-	-	246	246	-	-	246
Government investment issues	42,721	53,392	299,478	395,591	42,746	53,441	299,673	395,860
	<u>61,966</u>	<u>71,690</u>	<u>331,483</u>	<u>465,139</u>	<u>61,998</u>	<u>71,746</u>	<u>331,689</u>	<u>465,433</u>
At fair value:								
Unquoted sukuk:								
Government guaranteed	19,027	18,325	32,084	69,436	19,036	18,334	32,111	69,481
Unsecured	807	-	-	807	788	-	-	788
Government investment issues	42,194	53,713	298,521	394,428	41,951	53,361	296,584	391,896
	<u>62,028</u>	<u>72,038</u>	<u>330,605</u>	<u>464,671</u>	<u>61,775</u>	<u>71,695</u>	<u>328,695</u>	<u>462,165</u>

593075-U

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

12. Financial assets (cont'd.)

	30.09.2017				31.03.2017			
	Shareholder's fund RM '000	General takaful fund RM '000	Family takaful fund RM '000	Company RM '000	Shareholder's fund RM '000	General takaful fund RM '000	Family takaful fund RM '000	Company RM '000
(c) AFS financial assets								
At cost:								
Golf club memberships ⁽ⁱ⁾	178	-	-	178	178	-	-	178
At fair value:								
Unquoted sukuks:								
Government guaranteed	7,421	67,896	520,256	595,573	12,459	67,794	479,331	559,584
Unsecured	104,035	70,657	474,600	649,292	114,024	70,657	461,616	646,297
Government investment issues	-	68,676	652,248	720,924	-	67,886	443,792	511,678
Quoted shares in Malaysia:								
Shariah approved equities	10,377	12,178	84,367	106,922	13,632	19,525	103,340	136,497
Warrants	-	29	392	421	-	13	333	346
Units held in investment-linked fund	13,375	-	-	-	13,207	-	-	-
Property trust funds	849	739	8,444	10,032	893	886	5,376	7,155
	<u>136,235</u>	<u>220,175</u>	<u>1,740,307</u>	<u>2,083,342</u>	<u>154,393</u>	<u>226,761</u>	<u>1,493,788</u>	<u>1,861,735</u>

(i) The golf club memberships are valued at cost less impairment. The fair value has not been disclosed because the fair value cannot be measured reliably based on available information.

593075-U

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

12. Financial assets (cont'd.)

(d) Loans and receivables	30.09.2017				31.03.2017			
	Shareholder's fund RM '000	General takaful fund RM '000	Family takaful fund RM '000	Company RM '000	Shareholder's fund RM '000	General takaful fund RM '000	Family takaful fund RM '000	Company RM '000
At amortised cost/fair value								
Islamic investment accounts with licensed:								
Islamic banks	73,820	140,354	306,751	520,925	81,739	95,198	318,502	495,439
Investment banks	-	-	5,476	5,476	-	-	51,627	51,627
Development banks	1,321	-	193,567	194,888	1,228	1,094	201,365	203,687
Secured staff financing:								
Receivable within 12 months	1,575	-	-	1,575	1,666	-	-	1,666
Receivable after 12 months	2,751	-	-	2,751	3,470	-	-	3,470
Due from: *								
General takaful fund	26,148	-	148	-	16,522	-	2,909	-
Family takaful fund	10,475	1,333	-	-	7,650	-	-	-
Investment-linked fund	18,493	-	-	-	20,008	-	-	-
Amount due from holding company *	962	-	-	962	29	-	-	29
Amount due from related company *	41	-	-	41	34	-	-	34
Income due and accrued	2,229	3,806	26,235	32,270	2,364	3,096	19,471	24,931
Other receivables and deposits	20,977	6,778	11,554	39,309	3,810	18,995	13,404	36,209
	<u>158,792</u>	<u>152,271</u>	<u>543,731</u>	<u>798,197</u>	<u>138,520</u>	<u>118,383</u>	<u>607,278</u>	<u>817,092</u>

The carrying amounts disclosed above are reasonable approximations of fair values due to the short term maturity of these financial assets.

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

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

13. Takaful certificate receivables

	General takaful fund RM '000	Family takaful fund RM '000	Company RM '000
30.09.2017			
Due contributions including agents/brokers and co-takaful balances	44,603	66,861	111,464
Due from retakaful operators	2,709	7,819	10,528
	<u>47,312</u>	<u>74,680</u>	<u>121,992</u>
Allowance for impairment	(14,011)	(6,222)	(20,233)
	<u>33,301</u>	<u>68,458</u>	<u>101,759</u>
31.03.2017			
Due contributions including agents/brokers and co-takaful balances	43,812	62,638	106,450
Due from retakaful operators	1,683	18,218	19,901
	<u>45,495</u>	<u>80,856</u>	<u>126,351</u>
Allowance for impairment	(8,073)	(19,991)	(28,064)
	<u>37,422</u>	<u>60,865</u>	<u>98,287</u>

The carrying amounts disclosed above approximate fair value at the reporting date due to its relatively short term nature.

Included in amounts due from retakaful operators of the general takaful fund are amounts due from MNRB Retakaful Berhad and Labuan Reinsurance (L) Limited of RM 367,000 and RM 2,000 (31.03.2017: RM993,000 and RM2,000), respectively.

593075-U

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

14. Takaful certificate liabilities

	General Takaful Fund			Family Takaful Fund			Company		
	Gross RM '000	Retakaful RM '000	Net RM '000	Gross RM '000	Retakaful RM '000	Net RM '000	Gross RM '000	Retakaful RM '000	Net RM '000
30.09.2017									
General takaful fund (Note (a))	423,006	(163,067)	259,939	-	-	-	423,006	(163,067)	259,939
Family takaful fund (Note (b))	-	-	-	2,661,924	(38,160)	2,623,764	2,651,924	(38,160)	2,613,764
	<u>423,006</u>	<u>(163,067)</u>	<u>259,939</u>	<u>2,661,924</u>	<u>(38,160)</u>	<u>2,623,764</u>	<u>3,074,930</u>	<u>(201,227)</u>	<u>2,873,703</u>
31.03.2017									
General takaful fund (Note (a))	401,012	(149,868)	251,144	-	-	-	401,012	(149,868)	251,144
Family takaful fund (Note (b))	-	-	-	2,578,850	(45,072)	2,533,778	2,568,850	(45,072)	2,523,778
	<u>401,012</u>	<u>(149,868)</u>	<u>251,144</u>	<u>2,578,850</u>	<u>(45,072)</u>	<u>2,533,778</u>	<u>2,969,862</u>	<u>(194,940)</u>	<u>2,774,922</u>

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

14. Takaful certificate liabilities (cont'd.)

(a) General takaful fund

General takaful fund and Company	Gross RM '000	Retakaful RM '000	Net RM '000
30.09.2017			
Provision for claims reported by certificate holders	187,822	(78,279)	109,543
Provision for claims incurred but not yet reported ("IBNR")	61,413	(26,943)	34,470
Provision for risk margin for adverse deviation ("PRAD")	35,511	(14,527)	20,984
Claim liabilities ⁽ⁱ⁾	284,746	(119,749)	164,997
Contribution liabilities ⁽ⁱⁱ⁾	138,260	(43,318)	94,942
	<u>423,006</u>	<u>(163,067)</u>	<u>259,939</u>
31.03.2017			
Provision for claims reported by certificate holders	165,348	(67,634)	97,714
Provision for IBNR	61,600	(24,152)	37,448
Provision for PRAD	32,922	(12,900)	20,022
Claim liabilities ⁽ⁱ⁾	259,870	(104,686)	155,184
Contribution liabilities ⁽ⁱⁱ⁾	141,142	(45,182)	95,960
	<u>401,012</u>	<u>(149,868)</u>	<u>251,144</u>

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	Gross RM '000	Retakaful RM '000	Net RM '000
30.09.2017			
At 1 April 2017	259,870	(104,686)	155,184
Claims incurred in the current accident period	112,930	(49,083)	63,847
Adjustment to claims incurred in prior accident years due to changes in assumptions:			
Increase in PRAD	2,589	(1,627)	962
Decrease in expected ultimate loss ratios	(22,850)	7,130	(15,720)
Movements in claims incurred in prior accident years	7,119	(3,185)	3,934
Claims paid during the period	(74,912)	31,702	(43,210)
At 30 September 2017	<u>284,746</u>	<u>(119,749)</u>	<u>164,997</u>

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

14. Takaful certificate liabilities (cont'd.)

(a) General takaful fund (cont'd.)

(i) Claim liabilities (cont'd.)

General takaful fund and Company	Gross RM '000	Retakaful RM '000	Net RM '000
31.03.2017			
At 1 April 2016	240,257	(84,615)	155,642
Claims incurred in the current accident year	226,535	(92,267)	134,268
Adjustment to claims incurred in prior accident years due to changes in assumptions:			
Decrease in PRAD	(7,681)	2,535	(5,146)
Decrease in expected ultimate loss ratios	(64,107)	22,186	(41,921)
Movements in claims incurred in prior accident years	14,063	(12,232)	1,831
Claims paid during the year	(149,197)	59,707	(89,490)
At 31 March 2017	<u>259,870</u>	<u>(104,686)</u>	<u>155,184</u>

(ii) Contribution liabilities

General takaful fund and Company	Gross RM '000	Retakaful RM '000	Net RM '000
30.09.2017			
At 1 April 2017	141,142	(45,182)	95,960
Contributions written during the period	128,650	(58,525)	70,125
Contributions earned during the period	(131,532)	60,389	(71,143)
At 30 September 2017	<u>138,260</u>	<u>(43,318)</u>	<u>94,942</u>
31.03.2017			
At 1 April 2016	137,792	(42,839)	94,953
Contributions written during the year	315,220	(133,697)	181,523
Contributions earned during the year	(311,870)	131,354	(180,516)
At 31 March 2017	<u>141,142</u>	<u>(45,182)</u>	<u>95,960</u>

593075-U

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

14. Takaful certificate liabilities (cont'd.)

(b) Family takaful fund

	Family takaful fund			Company		
	Gross RM '000	Retakaful RM '000	Net RM '000	Gross RM '000	Retakaful RM '000	Net RM '000
30.09.2017						
Provision for claims reported by certificate holders	111,427	(7,257)	104,170	111,427	(7,257)	104,170
Participants' Investment Fund ("PIF")	2,275,108	-	2,275,108	2,275,108	-	2,275,108
Participants' Risk Fund ("PRF")	164,407	(30,903)	133,504	164,407	(30,903)	133,504
Net Assets Value ("NAV") attributable to unitholders	110,982	-	110,982	100,982	-	100,982
	<u>2,661,924</u>	<u>(38,160)</u>	<u>2,623,764</u>	<u>2,651,924</u>	<u>(38,160)</u>	<u>2,613,764</u>
31.03.2017						
Provision for claims reported by certificate holders	97,193	(12,161)	85,032	97,193	(12,161)	85,032
PIF	2,203,749	-	2,203,749	2,203,749	-	2,203,749
PRF	171,201	(32,911)	138,290	171,201	(32,911)	138,290
NAV attributable to unitholders	106,707	-	106,707	96,707	-	96,707
	<u>2,578,850</u>	<u>(45,072)</u>	<u>2,533,778</u>	<u>2,568,850</u>	<u>(45,072)</u>	<u>2,523,778</u>

593075-U

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

14. Takaful certificate liabilities (cont'd.)

(b) Family takaful fund (cont'd.)

The movement of family takaful fund liabilities are presented as follows:

	Family takaful fund			Company		
	Gross RM '000	Retakaful RM '000	Net RM '000	Gross RM '000	Retakaful RM '000	Net RM '000
30.09.2017						
At 1 April 2017	2,578,850	(45,072)	2,533,778	2,568,850	(45,072)	2,523,778
Net earned contributions	306,493	(42,988)	263,505	306,493	(42,988)	263,505
Net creation of units	12,323	-	12,323	12,323	-	12,323
Liabilities paid for death, maturities, surrenders, benefits and claims	(124,261)	1,607	(122,654)	(124,261)	1,607	(122,654)
Net cancellation of units	(10,634)	-	(10,634)	(10,634)	-	(10,634)
Benefits and claims experience variation	14,234	4,904	19,138	14,234	4,904	19,138
Fees deducted	(102,601)	-	(102,601)	(102,601)	-	(102,601)
Other revenue and expenses	2,586	-	2,586	2,586	-	2,586
Transfer to shareholder's fund	(5,153)	-	(5,153)	(5,153)	-	(5,153)
Increase in reserve	(9,913)	43,389	33,476	(9,913)	43,389	33,476
At 30 September 2017	<u>2,661,924</u>	<u>(38,160)</u>	<u>2,623,764</u>	<u>2,651,924</u>	<u>(38,160)</u>	<u>2,613,764</u>

593075-U

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

14. Takaful certificate liabilities (cont'd.)

(b) Family takaful fund (cont'd.)

31.03.2017	Family takaful fund			Company		
	Gross RM '000	Retakaful RM '000	Net RM '000	Gross RM '000	Retakaful RM '000	Net RM '000
At 1 April 2016	2,263,314	(33,098)	2,230,216	2,253,314	(33,098)	2,220,216
Net earned contributions	665,707	(74,735)	590,972	665,707	(74,735)	590,972
Net creation of units	11,526	-	11,526	11,526	-	11,526
Liabilities paid for death, maturities, surrenders, benefits and claims	(259,980)	(5,938)	(265,918)	(259,980)	(5,938)	(265,918)
Net cancellation of units	(27,183)	-	(27,183)	(27,183)	-	(27,183)
Benefits and claims experience variation	34,044	(8,693)	25,351	34,044	(8,693)	25,351
Fees deducted	(188,311)	-	(188,311)	(188,311)	-	(188,311)
Other revenue and expenses	1,357	-	1,357	1,357	-	1,357
Transfer to shareholder's fund	(13,405)	-	(13,405)	(13,405)	-	(13,405)
Increase in reserve	91,781	77,392	169,173	91,781	77,392	169,173
At 31 March 2017	<u>2,578,850</u>	<u>(45,072)</u>	<u>2,533,778</u>	<u>2,568,850</u>	<u>(45,072)</u>	<u>2,523,778</u>

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

15. Expense liabilities

	30.09.2017	31.03.2017
	RM '000	RM '000
Shareholder's fund and Company		
General takaful fund		
Unearned wakalah fees reserve	21,690	21,902
Family takaful fund		
Unexpired expense reserve ("UER")	35,761	36,534
	<u>57,451</u>	<u>58,436</u>

The movement of expense liabilities are presented as follows:

	General takaful fund RM '000	Family takaful fund RM '000	Total RM '000
30.09.2017			
At 1 April 2017	21,902	36,534	58,436
- Wakalah fees received during the period	41,935	-	41,935
- Wakalah fees earned during the period	(42,147)	-	(42,147)
- Movement in provision for UER	-	(773)	(773)
At 30 September 2017	<u>21,690</u>	<u>35,761</u>	<u>57,451</u>
31.03.2017			
At 1 April 2016	18,626	38,062	56,688
- Wakalah fees received during the year	95,694	-	95,694
- Wakalah fees earned during the year	(92,418)	-	(92,418)
- Movement in provision for UER	-	(1,528)	(1,528)
At 31 March 2017	<u>21,902</u>	<u>36,534</u>	<u>58,436</u>

16. Takaful certificate payables

	General takaful fund RM '000	Family takaful fund RM '000	Company RM '000
30.09.2017			
Due to agents and brokers	-	58,403	58,403
Due to retakaful operators	27,113	-	27,113
	<u>27,113</u>	<u>58,403</u>	<u>85,516</u>

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

16. Takaful certificate payables (cont'd.)

31.03.2017	General takaful fund RM '000	Family takaful fund RM '000	Company RM '000
Due to agents and brokers	-	21,187	21,187
Due to retakaful operators	30,710	21,593	52,303
	<u>30,710</u>	<u>42,780</u>	<u>73,490</u>

Included in amounts due to retakaful operators of the family takaful fund is an amount due to MNRB Holdings Berhad, Malaysian Reinsurance Berhad and Labuan Reinsurance (L) Ltd of RM 8,000, RM 401,000 and RM 568,000 (31.03.2017: RM 8,000, RM 191,000 and RM 537,000), respectively. The amount payable is subject to settlement terms stipulated in the retakaful certificates.

17. General takaful fund

General takaful fund and Company

	30.09.2017 RM '000	31.03.2017 RM '000
Accumulated surplus		
At beginning of period/year	118,803	93,988
(Deficit)/surplus attributable to participants	(8,386)	30,299
Hibah payable to participants during the period/year	(813)	(5,484)
At end of period/year	<u>109,604</u>	<u>118,803</u>
AFS reserves		
At beginning of period/year	524	70
Net (losses)/gains on fair value changes	(194)	424
Deferred tax on fair value changes	74	(141)
Realised gains /(losses) transferred to statement of comprehensive income	(114)	171
At end of period/year	<u>290</u>	<u>524</u>
General takaful fund at end of the period		
Accumulated surplus	109,604	118,803
AFS reserves	290	524
	<u>109,894</u>	<u>119,327</u>

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

18. Family takaful fund

	Family takaful fund RM '000	Company RM '000
30.09.2017		
Unallocated surplus		
At 1 April 2017	82,171	42,049
Surplus attributable to participants	35,103	33,754
At 30 September 2017	<u>117,274</u>	<u>75,803</u>
AFS reserves		
At 1 April 2017	(630)	(630)
Net gains on fair value changes	3,994	3,994
Deferred tax on fair value changes	(58)	(58)
Realised gains transferred to statement of comprehensive income	(3,272)	(3,272)
At 30 September 2017	<u>34</u>	<u>34</u>
Revaluation reserve		
At 1 April 2017	-	38,816
Net gains on fair value changes	-	1,349
Deferred tax on fair value changes	-	(108)
At 30 September 2017	<u>-</u>	<u>40,057</u>
Family takaful fund at end of the period		
Unallocated surplus	117,274	75,803
AFS reserves	34	34
Revaluation reserve	-	40,057
	<u>117,308</u>	<u>115,894</u>
31.03.2017		
Unallocated surplus		
At 1 April 2016	105,659	68,284
Deficits attributable to participants	(23,488)	(26,235)
At 31 March 2017	<u>82,171</u>	<u>42,049</u>

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

18. Family takaful fund (cont'd.)

	Family takaful fund RM '000	Company RM '000
31.03.2017 (cont'd.)		
AFS reserves		
At 1 April 2016	2,565	2,565
Net losses on fair value changes	(3,525)	(3,525)
Deferred tax on fair value changes	278	278
Realised losses transferred to statement of comprehensive income	52	52
At 31 March 2017	<u>(630)</u>	<u>(630)</u>
Revaluation reserve		
At 1 April 2016	-	36,280
Net gains on fair value changes	-	2,757
Deferred tax on changes to revaluation reserves	-	(221)
At 31 March 2017	<u>-</u>	<u>38,816</u>
Family takaful fund at end of the year		
Unallocated surplus	82,171	42,049
AFS reserves	(630)	(630)
Revaluation reserve	-	38,816
	<u>81,541</u>	<u>80,235</u>

19. Operating lease commitments

As at the reporting date, the Company leases office premises under lease agreements that are not cancellable within a year. The term of the leases range from 1 to 3 years and with the option to renew.

Future minimum lease payments for leases with initial or remaining terms of one year or more are as follows:

Shareholder's fund and Company

	30.09.2017 RM '000	31.03.2017 RM '000
Within 1 year	929	773
After 1 year but not more than 5 years	947	498
	<u>1,876</u>	<u>1,271</u>

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

20. Capital commitments

	30.09.2017 RM '000	31.03.2017 RM '000
Shareholder's fund and Company		
Authorised and contracted for:		
Intangible assets	20,959	18,486
Authorised but not contracted for:		
Intangible assets	12,131	5,201
Payable within 12 months	16,841	18,486
Payable after 12 months	16,249	5,201
	<u>33,090</u>	<u>23,687</u>

21. Regulatory capital requirement

The capital structure of the Company as at 30 September 2017, 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	Family takaful fund RM '000	Company RM'000
30.09.2017				
Eligible tier-1 capital				
Share capital	295,000	-	-	295,000
Reserves, including retained earnings	6,362	105,120	118,714	230,196
Tier-2 capital				
Availabe-for-sale reserves	2,781	290	(146)	2,925
Amount deducted from capital	(21,626)	(6,109)	12	(27,723)
Total capital available	<u>282,517</u>	<u>99,301</u>	<u>118,580</u>	<u>500,398</u>
31.03.2017				
Eligible tier-1 capital				
Share capital	295,000	-	-	295,000
Reserves, including retained earnings	(15,822)	115,541	82,171	181,890
Tier-2 capital				
Availabe-for-sale reserves	3,126	524	(1,054)	2,596
Amount deducted from capital	(19,995)	(4,699)	92	(24,602)
Total capital available	<u>262,309</u>	<u>111,366</u>	<u>81,209</u>	<u>454,884</u>

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

22. 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:

30.09.2017	Shareholder's fund RM '000	General takaful fund RM '000	Family takaful fund RM '000	Company RM '000
Income/(expenses) :				
Transactions with MNRB Holdings Berhad ("MNRB"):				
Gross contributions	-	58	34	92
Investment property fees	(364)	-	-	(364)
Management fees	(5,070)	-	-	(5,070)
	<hr/>	<hr/>	<hr/>	<hr/>
Transactions with Malaysian Reinsurance Berhad ("MRE"), a fellow subsidiary:				
Gross contributions	-	93	59	152
Retakaful outward contributions	-	(1,116)	-	(1,116)
Retakaful commissions	-	36	-	36
	<hr/>	<hr/>	<hr/>	<hr/>
Transactions with MNRB Retakaful Berhad ("MRT"), a fellow subsidiary:				
Gross contributions	-	-	447	447
Retakaful outward contributions	-	(100)	-	(100)
Retakaful commissions	-	2	-	2
Claims recoveries	-	613	-	613
	<hr/>	<hr/>	<hr/>	<hr/>

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

22. Related party transactions (cont'd.)

30.09.2017 (cont'd.)	Shareholder's fund RM '000	General takaful fund RM '000	Family takaful fund RM '000	Company RM '000
Income/(expenses) :				
Transactions with Labuan Reinsurance (L) Ltd ("Labuan Re"), in which MRE is a substantial shareholder:				
Gross contributions	-	6	-	6
Retakaful outward contributions	-	(2,928)	-	(2,928)
Retakaful commissions	-	189	-	189
Claims recoveries	-	3,400	-	3,400
Transactions with a related party, MIDF Amanah ("MIDF") Investment Bank Berhad:				
Fund management fees	-	-	(47)	(47)
30.09.2016				
Transactions with MNRB:				
Gross contributions	-	55	311	366
Investment property fees	-	-	(337)	(337)
Management fees	(5,370)	-	-	(5,370)
Transactions with MRE, a fellow subsidiary:				
Gross contributions	-	117	242	359
Retakaful outward contributions	-	(444)	-	(444)
Retakaful commissions	-	36	-	36

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

22. Related party transactions (cont'd.)

30.09.2016 (cont'd.)	Shareholder's fund RM '000	General takaful fund RM '000	Family takaful fund RM '000	Company RM '000
Income/(expenses) :				
Transactions with MRT, a fellow subsidiary:				
Gross contributions	-	1	8	9
Retakaful outward contributions	-	(58)	-	(58)
Retakaful commissions	-	18	-	18
Claims recoveries	-	1,285	-	1,285
<hr/>				
Transactions with MMIP, a fellow subsidiary:				
Referral fees income	62	-	-	62
Gross contributions	-	-	36	36
<hr/>				
Transactions with Labuan Re, in which MRE is a substantial shareholder:				
Gross contributions	-	9	-	9
Retakaful outward contributions	-	(3,466)	-	(3,466)
Retakaful commissions	-	18	-	18
Claims recoveries	-	3,256	-	3,256
<hr/>				
Transactions with a related party, MIDF:				
Fund management fees	-	-	(41)	(41)
<hr/>				

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

23. 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 sukuk 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.

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.

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

23. Fair values (cont'd.)

(i) Cash and cash equivalents and other receivables/payables

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

(ii) Loans and receivables

Loans and receivables are granted at profit rates which are comparable with the rates offered on similar instruments in the market and to counterparties with similar credit profiles. Accordingly, the carrying amounts of loans and receivables approximate their fair values as the impact of discounting is not material.

(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 2017. 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.

(v) Investments

Investments as at 30 September 2017 have been accounted for in accordance with the accounting policies as disclosed in the audited financial statements for the financial year ended 31 March 2017.

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

23. Fair values (cont'd.)

(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:

Shareholder's fund	Valuation technique using:			Total RM '000
	Level 1 Quoted market prices RM '000	Level 2 Observable inputs RM '000	Level 3 Significant unobservable inputs RM '000	
30.09.2017				
<u>Financial assets:</u>				
Assets measured at fair value:				
Financial assets at FVTPL:				
Quoted shares in Malaysia:				
Shariah approved equities	486	-	-	486
Warrants	15	-	-	15
	<u>501</u>	<u>-</u>	<u>-</u>	<u>501</u>
AFS financial assets				
Unquoted sukuks:				
Government guaranteed	-	7,421	-	7,421
Unsecured	-	104,035	-	104,035
Government investment issues	-	-	-	-
Quoted shares in Malaysia:				
Shariah approved equities	10,377	-	-	10,377
Warrants	-	-	-	-
Units held in investment-linked fund	13,375	-	-	13,375
Property trust funds	849	-	-	849
Wholesale unit trust fund	-	-	-	-
	<u>24,601</u>	<u>111,456</u>	<u>-</u>	<u>136,057</u>
	<u>25,102</u>	<u>111,456</u>	<u>-</u>	<u>136,558</u>

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

23. Fair values (cont'd.)

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

Shareholder's fund (cont'd.)	Valuation technique using:			Total RM '000
	Level 1 Quoted market prices RM '000	Level 2 Observable inputs RM '000	Level 3 Significant unobservable inputs RM '000	
30.09.2017 (cont'd.)				
<u>Financial assets:</u>				
Assets for which fair values are disclosed:				
HTM investments:				
Unquoted sukuk:				
Government guaranteed	-	19,027	-	19,027
Unsecured	-	807	-	807
Government investment issues	-	42,194	-	42,194
	-	62,028	-	62,028
31.03.2017				
<u>Financial assets:</u>				
Assets measured at fair value:				
Financial assets at FVTPL:				
Quoted shares in Malaysia:				
Shariah approved equities	545	-	-	545
Warrants	25	-	-	25
	570	-	-	570

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

23. Fair values (cont'd.)

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

Shareholder's fund (cont'd.)	Valuation technique using:			Total RM '000
	Level 1 Quoted market prices RM '000	Level 2 Observable inputs RM '000	Level 3 Significant unobservable inputs RM '000	
31.03.2017 (cont'd.)				
<u>Financial assets:</u>				
Assets measured at fair value (cont'd.):				
AFS financial assets				
Unquoted sukuk:				
Government guaranteed	-	12,459	-	12,459
Unsecured	-	114,024	-	114,024
Quoted shares in Malaysia:				
Shariah approved equities	13,632	-	-	13,632
Units held in investment-linked fund	13,207	-	-	13,207
Property trust funds	893	-	-	893
	<u>27,732</u>	<u>126,483</u>	<u>-</u>	<u>154,215</u>
	<u>28,302</u>	<u>126,483</u>	<u>-</u>	<u>154,785</u>

Assets for which fair values are disclosed:

HTM investments:				
Unquoted sukuk:				
Government guaranteed	-	19,036	-	19,036
Unsecured	-	788	-	788
Government investment issues	-	41,951	-	41,951
	<u>-</u>	<u>61,775</u>	<u>-</u>	<u>61,775</u>

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

23. Fair values (cont'd.)

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

General takaful fund	Valuation technique using:			Total RM '000
	Level 1 Quoted market prices RM '000	Level 2 Observable inputs RM '000	Level 3 Significant unobservable inputs RM '000	
30.09.2017				
<u>Financial assets:</u>				
Assets measured at fair value:				
Financial assets at FVTPL:				
Quoted shares in Malaysia:				
Shariah approved equities	802	-	-	802
Warrants	17	-	-	17
	<u>819</u>	<u>-</u>	<u>-</u>	<u>819</u>
AFS financial assets				
Unquoted sukuk:				
Government guaranteed	-	67,896	-	67,896
Unsecured	-	70,657	-	70,657
Government investment issues	-	68,676	-	68,676
Quoted shares in Malaysia:				
Shariah approved equities	12,178	-	-	12,178
Warrants	29	-	-	29
Property trust funds	739	-	-	739
	<u>12,946</u>	<u>207,229</u>	<u>-</u>	<u>220,175</u>
	<u>13,765</u>	<u>207,229</u>	<u>-</u>	<u>220,994</u>
Assets for which fair values are disclosed:				
HTM investments:				
Government guaranteed sukuk	-	18,325	-	18,325
Government investment issues	-	53,713	-	53,713
	<u>-</u>	<u>72,038</u>	<u>-</u>	<u>72,038</u>

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

23. Fair values (cont'd.)

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

General takaful fund (cont'd.)	Valuation technique using:			Total RM '000
	Level 1 Quoted market prices RM '000	Level 2 Observable inputs RM '000	Level 3 Significant unobservable inputs RM '000	
31.03.2017				
<u>Financial assets:</u>				
Assets measured at fair value:				
Financial assets at FVTPL:				
Quoted shares in Malaysia:				
Shariah approved equities	871	-	-	871
Warrants	27	-	-	27
	<u>898</u>	<u>-</u>	<u>-</u>	<u>898</u>
AFS financial assets				
Unquoted sukuk:				
Government guaranteed	-	67,794	-	67,794
Unsecured	-	70,657	-	70,657
Government investment issues	-	67,886	-	67,886
Quoted shares in Malaysia:				
Shariah approved equities	19,525	-	-	19,525
Warrants	13	-	-	13
Property trust funds	886	-	-	886
	<u>20,424</u>	<u>206,337</u>	<u>-</u>	<u>226,761</u>
	<u>21,322</u>	<u>206,337</u>	<u>-</u>	<u>227,659</u>
Assets for which fair values are disclosed:				
HTM investments:				
Government guaranteed sukuk	-	18,334	-	18,334
Government investment issues	-	53,361	-	53,361
	<u>-</u>	<u>71,695</u>	<u>-</u>	<u>71,695</u>

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

23. Fair values (cont'd.)

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

Family takaful fund	Valuation technique using:			Total RM '000
	Level 1 Quoted market prices RM '000	Level 2 Observable inputs RM '000	Level 3 Significant unobservable inputs RM '000	
30.09.2017				
Assets measured at fair value:				
Investment properties	-	-	115,778	115,778
<u>Financial assets:</u>				
Financial assets at FVTPL:				
Quoted shares in Malaysia:				
Shariah approved equities	1,923	-	-	1,923
Warrants	22	-	-	22
Shariah approved unit trust funds	117,469	-	-	117,469
	<u>119,414</u>	<u>-</u>	<u>-</u>	<u>119,414</u>
AFS financial assets				
Unquoted sukuk:				
Government guaranteed Unsecured	-	520,256	-	520,256
Government investment issues	-	474,600	-	474,600
	-	652,248	-	652,248
Quoted shares in Malaysia:				
Shariah approved equities	84,367	-	-	84,367
Warrants	392	-	-	392
Property trust funds	8,444	-	-	8,444
	<u>93,203</u>	<u>1,647,104</u>	<u>-</u>	<u>1,740,307</u>
	<u>212,617</u>	<u>1,647,104</u>	<u>-</u>	<u>1,859,721</u>
Assets for which fair values are disclosed:				
HTM investments:				
Government guaranteed sukuk	-	32,084	-	32,084
Government investment issues	-	298,521	-	298,521
	<u>-</u>	<u>330,605</u>	<u>-</u>	<u>330,605</u>

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

23. Fair values (cont'd.)

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

Family takaful fund (cont'd.)	Valuation technique using:			Total RM '000
	Level 1 Quoted market prices RM '000	Level 2 Observable inputs RM '000	Level 3 Significant unobservable inputs RM '000	
31.03.2017				
Assets measured at fair value:				
Investment properties	-	-	115,778	115,778
<u>Financial assets:</u>				
Financial assets at FVTPL:				
Quoted shares in Malaysia:				
Shariah approved equities	2,183	-	-	2,183
Warrants	33	-	-	33
Shariah approved unit trust funds	119,592	-	-	119,592
	<u>121,808</u>	<u>-</u>	<u>-</u>	<u>121,808</u>
AFS financial assets				
Unquoted sukuku:				
Government guaranteed Unsecured	-	479,331	-	479,331
Government investment issues	-	443,792	-	443,792
Quoted shares in Malaysia:				
Shariah approved equities	103,340	-	-	103,340
Warrants	333	-	-	333
Property trust funds	5,376	-	-	5,376
	<u>109,049</u>	<u>1,384,739</u>	<u>-</u>	<u>1,493,788</u>
	<u>230,857</u>	<u>1,384,739</u>	<u>-</u>	<u>1,615,596</u>
Assets for which fair values are disclosed:				
HTM investments:				
Government guaranteed sukuku	-	32,111	-	32,111
Government investment issues	-	296,584	-	296,584
	<u>-</u>	<u>328,695</u>	<u>-</u>	<u>328,695</u>

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

23. Fair values (cont'd.)

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

Company	Valuation technique using:			Total RM '000
	Level 1 Quoted market prices RM '000	Level 2 Observable inputs RM '000	Level 3 Significant unobservable inputs RM '000	
30.09.2017				
Assets measured at fair value:				
Self occupied property	-	-	115,778	115,778
Financial assets:				
Financial assets at FVTPL:				
Quoted shares in Malaysia:				
Shariah approved equities	3,211	-	-	3,211
Warrants	54	-	-	54
Shariah approved unit trust funds	117,469	-	-	117,469
	<u>120,734</u>	<u>-</u>	<u>-</u>	<u>120,734</u>
AFS financial assets				
Unquoted sukuks:				
Government guaranteed Unsecured	-	595,573	-	595,573
Government investment issues	-	649,292	-	649,292
Quoted shares in Malaysia:				
Shariah approved equities	106,922	-	-	106,922
Warrants	421	-	-	421
Property trust funds	10,032	-	-	10,032
	<u>117,375</u>	<u>1,965,789</u>	<u>-</u>	<u>2,083,164</u>
	<u>238,109</u>	<u>1,965,789</u>	<u>-</u>	<u>2,203,898</u>
Assets for which fair values are disclosed:				
HTM investments:				
Unquoted sukuks:				
Government guaranteed Unsecured	-	69,436	-	69,436
Government investment issues	-	807	-	807
	<u>-</u>	<u>394,428</u>	<u>-</u>	<u>394,428</u>
	<u>-</u>	<u>464,671</u>	<u>-</u>	<u>464,671</u>

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

23. Fair values (cont'd.)

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

Company (cont'd.)	Valuation technique using:			Total RM '000
	Level 1 Quoted market prices RM '000	Level 2 Observable inputs RM '000	Level 3 Significant unobservable inputs RM '000	
31.03.2017				
Assets measured at fair value:				
Self occupied property	-	-	115,778	115,778
<u>Financial assets:</u>				
Financial assets at FVTPL:				
Quoted shares in Malaysia:				
Shariah approved equities	3,599	-	-	3,599
Warrants	85	-	-	85
Shariah approved unit trust funds	119,592	-	-	119,592
	<u>123,276</u>	<u>-</u>	<u>-</u>	<u>123,276</u>
AFS financial assets				
Unquoted sukuks:				
Government guaranteed	-	559,584	-	559,584
Unsecured	-	646,297	-	646,297
Government investment issues	-	511,678	-	511,678
Quoted shares in Malaysia:				
Shariah approved equities	136,497	-	-	136,497
Warrants	346	-	-	346
Property trust funds	7,155	-	-	7,155
	<u>143,998</u>	<u>1,717,559</u>	<u>-</u>	<u>1,861,557</u>
	<u>267,274</u>	<u>1,717,559</u>	<u>-</u>	<u>1,984,833</u>
Assets for which fair values are disclosed:				
HTM investments:				
Unquoted sukuks:				
Government guaranteed	-	69,481	-	69,481
Unsecured	-	788	-	788
Government investment issues	-	391,896	-	391,896
	<u>-</u>	<u>462,165</u>	<u>-</u>	<u>462,165</u>