

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

**Unaudited Interim Financial Statements  
For the six months period ended 30 September 2018**

**593075-U**

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

<b>Contents</b>	<b>Page</b>
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 - 58

593075-U

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

**Unaudited statements of comprehensive income**  
For the six months period ended 30 September 2018

	01.04.2018 to 30.09.2018				01.04.2017 to 30.09.2017			
	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
Gross earned contributions	-	128,382	257,470	257,437	-	131,532	318,816	318,416
Earned contributions ceded to retakaful	-	(48,760)	(25,559)	(25,559)	-	(60,389)	(42,988)	(42,988)
<b>Net earned contributions</b>	-	79,622	231,911	231,878	-	71,143	275,828	275,428
Investment income	5,642	8,184	61,330	64,517	4,987	8,054	55,870	58,370
Realised gains	179	446	202	381	79	114	3,272	3,351
Fair value (losses)/gains	(763)	(1,043)	7,654	6,891	508	635	2,265	2,773
Fee and commission income	133,391	10,044	2	2	149,689	12,268	-	-
Other operating income	519	-	-	-	259	-	24,628	18,036
<b>Other revenue</b>	138,968	17,631	69,188	71,791	155,522	21,071	86,035	82,530
Gross claims and benefits paid	-	(66,817)	(147,571)	(147,571)	-	(74,912)	(124,261)	(124,261)
Claims and benefits ceded to retakaful	-	25,760	8,548	8,548	-	31,702	1,607	1,607
Gross change to certificate liabilities	-	(58,269)	(122,396)	(122,396)	-	(24,876)	(83,074)	(83,074)
Change in certificate liabilities ceded to retakaful	-	39,663	65,684	65,684	-	15,063	(6,912)	(6,912)
<b>Net claims and benefits</b>	-	(59,663)	(195,735)	(195,735)	-	(53,023)	(212,640)	(212,640)
Fee and commission expenses	(54,140)	(39,679)	(93,712)	(40,909)	(50,431)	(41,935)	(107,754)	(38,102)
Management expenses	(67,584)	-	(296)	(45,856)	(79,529)	(13)	-	(53,600)
Other operating expenses	-	(3,092)	(1,835)	(1,316)	-	(6,851)	-	6,851
Change in expense liabilities	4,440	-	-	3,890	985	-	-	772
Tax borne by participants	-	955	(4,794)	(4,794)	-	1,222	(6,366)	(6,366)
<b>Other expenses</b>	(117,284)	(41,816)	(100,637)	(88,985)	(128,975)	(47,577)	(114,120)	(90,445)
<b>Operating profit/(loss)</b>	<b>21,684</b>	<b>(4,226)</b>	<b>4,727</b>	<b>18,949</b>	<b>26,547</b>	<b>(8,386)</b>	<b>35,103</b>	<b>54,873</b>
Deficit/(surplus) attributable to participants	-	4,226	(4,727)	(3,346)	-	8,386	(35,103)	(33,754)
<b>Profit before zakat and taxation from continuing operations</b>	<b>21,684</b>	-	-	<b>15,603</b>	<b>26,547</b>	-	-	<b>21,119</b>
Zakat from continuing operations	(213)	-	-	(125)	-	-	-	-
Taxation from continuing operations	(5,036)	-	-	(3,577)	(4,363)	-	-	(3,061)
<b>Net profit for the period from continuing operations</b>	<b>16,435</b>	-	-	<b>11,901</b>	<b>22,184</b>	-	-	<b>18,058</b>
<b>Discontinuing operations</b>								
Profit before zakat and taxation from discontinuing operations	-	-	-	6,081	-	-	-	5,428
Zakat for discontinuing operations	-	-	-	(88)	-	-	-	-
Taxation for discontinuing operations	-	-	-	(1,459)	-	-	-	(1,302)
<b>Net profit for the period from discontinuing operations</b>	-	-	-	<b>4,534</b>	-	-	-	<b>4,126</b>
<b>Net profit for the period</b>	<b>16,435</b>	-	-	<b>16,435</b>	<b>22,184</b>	-	-	<b>22,184</b>
<b>Basic and diluted earnings per share (sen) from:</b>								
- Continuing operations				3.6				6.1
- Discontinuing operations				1.4				1.4

\* The Company submitted a proposal to BNM to transfer the general takaful business to a fellow subsidiary, for the purpose of complying with the splitting of license exercise, as disclosed in Note 24. All related notes to the statements of comprehensive income for the general takaful business are considered as income and expenditure for the discontinuing operations.

These unaudited financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2018. 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 2018 (cont'd.)**

	01.04.2018 to 30.09.2018				01.04.2017 to 30.09.2017			
	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>Net profit for the period from:</b>								
- Continuing operations	16,435	-	-	11,901	22,184	-	-	18,058
- Discontinuing operations	-	-	-	4,534	-	-	-	4,126
<b>Other comprehensive income:</b>								
Items that will not be reclassified subsequently to profit or loss:								
Revaluation reserves:								
Net gains on fair value changes	-	-	-	1,381	-	-	-	1,349
Deferred tax on fair value changes	-	-	-	(111)	-	-	-	(108)
Items that may be subsequently reclassified to profit or loss:								
Available-for-sale fair value reserves:								
Net gains/(losses) on fair value changes	454	1,008	-	489	(375)	(194)	3,994	3,451
Deferred tax on fair value changes	(109)	(212)	-	(117)	109	74	(58)	91
Net losses transferred to transferred to profit or loss	-	(127)	-	-	(79)	(114)	(3,272)	(3,351)
Other comprehensive (income)/loss attributable to participants	-	(669)	-	(1,270)	-	234	(664)	(1,905)
<b>Total comprehensive income for the period</b>	<b>16,780</b>	<b>-</b>	<b>-</b>	<b>16,807</b>	<b>21,839</b>	<b>-</b>	<b>-</b>	<b>21,711</b>

\* The Company submitted a proposal to BNM to transfer the general takaful business to a fellow subsidiary, for the purpose of complying with the splitting of license exercise, as disclosed in Note 24. All related notes to the statements of comprehensive income for the general takaful business are considered as other comprehensive income/(loss) for the discontinuing operations.

These unaudited financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2018. 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 2018**

Note	30.09.2018				31.03.2018			
	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>Assets</b>								
Property and equipment	1,475	-	-	117,293	1,636	-	-	117,454
Investment in subsidiary	#	-	-	#	#	-	-	#
Investment properties	-	-	115,818	-	-	-	115,818	-
Intangible assets	26,105	-	-	26,105	22,540	-	-	22,540
Deferred tax assets	5,673	3,133	-	3,041	6,943	2,426	-	5,269
Financial assets:								
Financial assets at fair value through profit or loss ("FVTPL")	12(a)	24,869	8,132	2,600,875	2,612,190	-	116,127	116,127
Financial assets at fair value through other comprehensive income ("FVOCI")	12(b)	139,265	257,872	-	397,137	-	-	-
Financial assets at amortised costs ("AC")	12(c)	242,562	161,929	318,169	516,099	-	-	-
Held-to-maturity investments ("HTM")	12(d)	-	-	-	46,943	57,342	316,283	363,226
Available-for-sale ("AFS") financial assets	12(e)	-	-	-	124,562	209,299	1,986,079	2,097,052
Loans and receivables ("LAR")	12(f)	-	-	-	249,991	154,905	350,281	546,066
Retakaful certificate assets	14	-	187,056	108,811	108,811	-	149,625	43,127
Takaful certificate receivables	-	-	15,398	27,266	27,266	-	30,407	44,206
Tax recoverable	7,729	-	-	7,729	7,729	-	-	7,729
Cash and bank balances	13,344	5,129	17,274	30,618	7,633	27,589	70,175	77,808
		461,022	638,649	3,188,213	3,846,289	467,977	631,593	3,042,096
Assets of discontinuing operations *	-	-	-	380,777	-	-	-	631,593
<b>Total assets</b>	<b>461,022</b>	<b>638,649</b>	<b>3,188,213</b>	<b>4,227,066</b>	<b>467,977</b>	<b>631,593</b>	<b>3,042,096</b>	<b>4,072,197</b>
<b>Liabilities</b>								
Takaful certificate liabilities	14	-	460,730	2,834,617	2,824,617	-	403,666	2,707,435
Expense liabilities	15	52,684	-	-	30,703	57,124	-	34,593
Takaful certificate payables	-	-	13,742	41,568	41,568	-	18,105	33,287
Due to agents, retakaful and brokers	13,759	-	-	13,759	9,878	-	-	9,878
Deferred tax liabilities	-	-	1,852	-	-	-	1,013	-
Zakat payable	805	-	-	805	610	-	-	610
Tax payable	-	1,411	5,111	5,111	-	431	1,278	1,278
Other payables	17,354	45,790	155,001	149,704	40,703	89,138	146,948	155,976
		84,602	521,673	3,038,149	3,066,267	108,315	511,340	2,943,057
Liabilities of discontinuing operations *	-	-	-	521,673	-	-	-	511,340
<b>Total liabilities</b>	<b>84,602</b>	<b>521,673</b>	<b>3,038,149</b>	<b>3,587,940</b>	<b>108,315</b>	<b>511,340</b>	<b>2,899,961</b>	<b>3,454,397</b>
<b>Participants' fund</b>								
General takaful fund	17	-	116,976	-	-	120,253	-	-
Family takaful fund	18	-	-	150,064	148,431	-	142,135	140,613
		-	116,976	150,064	148,431	-	142,135	140,613
Participants' fund of discontinuing operations *	-	-	-	116,976	-	-	-	120,253
<b>Total participants' funds</b>	<b>-</b>	<b>116,976</b>	<b>150,064</b>	<b>265,407</b>	<b>-</b>	<b>120,253</b>	<b>142,135</b>	<b>260,866</b>
<b>Equity</b>								
Share capital	335,000	-	-	335,000	335,000	-	-	335,000
Reserves	41,420	-	-	38,719	24,662	-	-	21,934
<b>Total equity</b>	<b>376,420</b>	<b>-</b>	<b>-</b>	<b>373,719</b>	<b>359,662</b>	<b>-</b>	<b>-</b>	<b>356,934</b>
<b>Total liabilities, participants' funds and equity</b>	<b>461,022</b>	<b>638,649</b>	<b>3,188,213</b>	<b>4,227,066</b>	<b>467,977</b>	<b>631,593</b>	<b>3,042,096</b>	<b>4,072,197</b>

\* The Company submitted a proposal to BNM to transfer the general takaful business to a fellow subsidiary, for the purpose of complying with the splitting of license exercise, as disclosed in Note 24. All related notes to the statements of financial position for the general takaful business are considered as assets, liabilities and participants' fund of the discontinuing operations.

# Denotes RM2.

These unaudited financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2018. 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 2018**

Shareholder's fund	Note	Share capital RM '000	Non distributable fair value reserves RM '000	Distributable retained profits/ (accumulated losses) RM '000	Total RM '000
<b>At 1 April 2017</b>		295,000	3,126	(15,822)	282,304
Net profit for the year		-	-	22,184	22,184
Other comprehensive income for the period		-	(345)	-	(345)
Total comprehensive income for the period		-	(345)	22,184	21,839
<b>At 30 September 2017</b>		<u>295,000</u>	<u>2,781</u>	<u>6,362</u>	<u>304,143</u>
<b>At 1 April 2018</b>		335,000	2,720	21,942	359,662
Effect of adopting MFRS 9	2.3	-	(3,146)	3,124	(22)
<b>At 1 April 2018 (restated)</b>		<u>335,000</u>	<u>(426)</u>	<u>25,066</u>	<u>359,640</u>
Net profit for the period		-	-	16,435	16,435
Other comprehensive income for the period		-	345	-	345
Total comprehensive income for the period		-	345	16,435	16,780
<b>At 30 September 2018</b>		<u>335,000</u>	<u>(81)</u>	<u>41,501</u>	<u>376,420</u>

These unaudited financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2018. 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 2018 (cont'd.)

<b>Company</b>	<b>Note</b>	<b>Share capital RM '000</b>	<b>Non distributable fair value reserves RM '000</b>	<b>Non distributable revaluation reserve RM '000</b>	<b>Distributable retained profits/ (accumulated losses) RM '000</b>	<b>Total RM '000</b>
<b>At 1 April 2017</b>		295,000	689	-	(15,822)	279,867
Net profit for the year		-	-	-	18,058	18,058
Other comprehensive income for the period		-	191	1,241	-	1,432
Total comprehensive income for the period		-	191	1,241	18,058	19,490
Attributable to participants		-	(664)	(1,241)	-	(1,905)
<b>At 30 September 2017</b>		<b>295,000</b>	<b>216</b>	<b>-</b>	<b>2,236</b>	<b>297,452</b>
<b>At 1 April 2018</b>		335,000	(8)	-	21,942	356,934
Effect of adopting MFRS 9	<b>2.3</b>		(3,146)	-	3,124	(22)
<b>At 1 April 2018 (restated)</b>		<b>335,000</b>	<b>(3,154)</b>	<b>-</b>	<b>25,066</b>	<b>356,912</b>
Net profit for the period		-	-	-	16,435	16,435
Other comprehensive income for the period		-	372	1,270	-	1,642
Total comprehensive income for the period		-	372	1,270	16,435	18,077
Attributable to participants		-	-	(1,270)	-	(1,270)
<b>At 30 September 2018</b>		<b>335,000</b>	<b>(2,782)</b>	<b>-</b>	<b>41,501</b>	<b>373,719</b>

These unaudited financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2018. 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 2018**

	<b>01.04.2018</b>	<b>01.04.2017</b>
	<b>to</b>	<b>to</b>
	<b>30.09.2018</b>	<b>30.09.2017</b>
	<b>RM '000</b>	<b>RM '000</b>
<b>Cash flows from operating activities</b>		
Profit before zakat and taxation		
- Continuing operations	15,603	21,119
- Discontinuing operation	6,081	5,428
	<u>21,684</u>	<u>26,547</u>
Adjustments for:		
Depreciation of property and equipment	1,724	2,017
Amortisation of intangible assets	1,653	690
Net amortisation of premiums	1,311	1,471
Profit income	(10,878)	(62,795)
Rental income	(448)	(519)
Dividend income	(1,788)	(4,792)
Fair value adjustments of financial assets at FVTPL	(6,891)	148
Writeback of impairment of AFS financial assets	-	(3,556)
Loss/(gain) on disposal of investments	305	(3,465)
Allowance for/(writeback of) impairment of takaful certificate receivables	2,313	(18,027)
Writeback of impairment of other receivables	-	903
Increase/(decrease) in gross contribution liabilities	137,265	(2,882)
Decrease in expense liabilities	(3,890)	(985)
Increase/(decrease) in general takaful fund	116,976	(8,386)
Increase in family takaful fund	3,346	33,754
Operating cash flows before working capital changes	<u>262,682</u>	<u>(39,877)</u>
Changes in working capital:		
Net purchase of financial assets	(435,353)	(213,577)
(Increase)/decrease in placement of Islamic investment accounts	(131,228)	29,464
Decrease in staff financing	485	810
Increase in retakaful certificate assets	(252,740)	(6,287)
(Increase)/decrease in takaful certificate receivables	(771)	14,555
Decrease/(increase) in other receivables and deposits	11,486	(4,003)
Increase in gross claims and certificate liabilities	440,647	107,950
Increase in takaful certificate payables (and due to agents, retakaful and brokers)	25,904	6,715
Increase in zakat, tax and other payables	46,742	55,503
Net change in balance with holding company	1	(940)
Operating cash flows after working capital changes	<u>(32,118)</u>	<u>(49,687)</u>



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

**Unaudited statement of cash flows**

**For the six months period ended 30 September 2018 (cont'd.)**

	<b>01.04.2018</b>	<b>01.04.2017</b>
	<b>to</b>	<b>to</b>
	<b>30.09.2018</b>	<b>30.09.2017</b>
	<b>RM '000</b>	<b>RM '000</b>
<b>Cash flows from operating activities (cont'd.)</b>		
Operating cash flows after working capital changes	(32,118)	(49,687)
Profit income received	1,939	55,503
Rental income received	448	519
Dividend income received	1,763	4,745
Hibah paid to participants	-	(813)
Income tax paid	(7,792)	(11,668)
Zakat paid	(18)	(5)
<b>Net cash used in operating activities</b>	<b>(35,778)</b>	<b>(1,406)</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(1,065)	(595)
Purchase of intangible assets	(5,218)	(2,812)
<b>Net cash used in investing activities</b>	<b>(6,283)</b>	<b>(3,407)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(42,061)</b>	<b>(4,813)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>77,808</b>	<b>63,000</b>
<b>Transfer to assets of discontinuing operations *</b>	<b>(5,129)</b>	<b>(4,403)</b>
<b>Cash and cash equivalents at end of period</b>	<b>30,618</b>	<b>53,784</b>
Cash and cash equivalents comprise:		
Cash and bank balances of:		
Shareholder's fund	13,344	4,382
General takaful fund *	-	-
Family takaful fund	17,274	49,402
	<b>30,618</b>	<b>53,784</b>

\* The Company submitted a proposal to BNM to transfer the general takaful business to a fellow subsidiary, for the purpose of complying with the splitting of license exercise, as disclosed in Note 24. Cash and bank balances of the general takaful fund are considered as assets of the discontinuing operations and hence have been excluded from cash and cash equivalent of the Company.

These unaudited financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2018. 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 - 30 September 2018**

**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 2018 to 30 September 2018.

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

The unaudited interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 November 2018.

**2. Significant accounting policies**

**2.1 Basis of preparation**

The unaudited interim financial statements for the six months period ended 30 September 2018 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.

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 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 Bank Negara Malaysia ("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 consolidated with those of the takaful funds. Interfund assets and liabilities, income, and expenses relating to transactions between the funds are eliminated in full during consolidation. The accounting policies adopted for the shareholder's and takaful funds are uniform for like transactions and events in similar circumstances.

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

**2. Significant accounting policies (cont'd.)**

**2.1 Basis of preparation (cont'd.)**

The takaful funds are consolidated 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 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 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 2018.

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 2018.

**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 2018, 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 2018:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
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
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
MFRS 9 <i>Financial Instruments</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	1 January 2018
Amendments to MFRS 128 <i>Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018

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, except for:

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

**2. Significant accounting policies (cont'd.)**

**2.3 Changes in accounting policies (cont'd.)**

***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 IAS39 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.

MFRS 9 was issued by the MASB in respect of its application in Malaysia. It is equivalent to IFRS 9 as issued by IASB, including the effective and issuance dates.

The adoption of this standard resulted in changes in accounting policies and adjustments to the financial statements. In accordance with the transition provisions in the standard, comparatives are not restated and the financial impact of the adoption of the standard is recognised in retained profits and fair value reserve as at 1 April 2018.

The areas with significant 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 following:

- The held-to-maturity ("HTM") and available-for-sale ("AFS") asset categories were removed;
- Financial assets will be measured at amortised cost ("AC") if the assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows which represent solely payments of principal and profit;
- A new asset category measured at fair value through other comprehensive income ("FVOCI") was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principle and profit 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 was introduced. Equity instruments where an election has not been made to measure those assets at FVOCI, will be measured at FVTPL;

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

**2. Significant accounting policies (cont'd.)**

**2.3 Changes in accounting policies (cont'd.)**

**MFRS 9 *Financial Instruments***

**(i) Classification and measurement (cont'd.)**

- Financial assets will be measured at FVTPL if the assets are held for trading or financial assets do not qualify to be measured at AC or at FVOCI; 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.

Loans and receivables ("LAR") are held to collect contractual cash flows and are representing solely payments of principal and profit. Thus, the Company will continue to measure these at amortised cost under MFRS 9.

**(ii) Impairment**

**Impairment of financial assets**

The MFRS 9 impairment requirements are based on an Expected Credit Loss ("ECL") model that replaces the Incurred Loss model under the previous MFRS 139. The Company 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 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 were adopted for calculating allowances for impairment losses.

The measurement of expected loss will involve increased complexity and judgement that include:

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

**2. Significant accounting policies (cont'd.)**

**2.3 Changes in accounting policies (cont'd.)**

**MFRS 9 *Financial Instruments***

**(ii) Impairment (cont'd.)**

**Impairment of financial assets (cont'd.)**

- Determining a significant increase in credit risk (“SICR”) since initial recognition

The Company recognised either a 12-month (Stage 1) or lifetime ECL (Stage 2 and 3), depending on whether there has been an SICR since initial recognition. When making the assessment of a SICR, the Company uses the change in the risk of default occurring over the expected life of the financial instrument instead of the change in amount of expected credit losses. To make the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

- Mapping of external credit rating models

The Company utilises its existing external credit rating models to assign credit ratings to the individual instruments in its investment portfolio. Based on the Company’s review and testing, the following key features of the models that are consistent with and therefore comply with MFRS 9 requirements for the assessment of credit risk are as follows:

- (a) The ratings represent individual assessment of the credit risk of the financial instrument in question (as opposed to collective assessment);
- (b) The models cover fixed income instruments regardless of whether or not they are externally rated;
- (c) A wide range of current and historical information is considered, including published financial statements, qualitative information about an obligor’s industry characteristics, competitive positioning, management, financial policy and financial flexibility; and
- (d) In addition, forward-looking information is incorporated into the credit rating process.

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

**2. Significant accounting policies (cont'd.)**

**2.3 Changes in accounting policies (cont'd.)**

**MFRS 9 *Financial Instruments***

**(ii) Impairment (cont'd.)**

**Impairment of financial assets (cont'd.)**

- Derivation of probability of default

The Company's current definition of default for debt instruments is when the borrower is unlikely to fulfil its credit obligations to the Company on the scheduled payment dates. The Company assessed the definition of default by considering the MFRS 9 definition of "credit impaired" which includes:

- (a) Significant financial difficulty of the issuer or the borrower;
- (b) A breach of contract, such as a default or a past due event;
- (c) The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- (e) The disappearance of an active market for the financial asset because of financial difficulties; or
- (f) The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

- ECL measurement

MFRS 9 does not distinguish between individual assessment and collective assessment. Therefore, the Company decided to continue measuring the impairment on an individual transaction basis for financial assets that are deemed to be individually significant.

There are three main components to measure ECL which are probability of default ("PD"), loss given default model ("LGD") and the exposure at default ("EAD").



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

**2. Significant accounting policies (cont'd.)**

**2.3 Changes in accounting policies (cont'd.)**

**MFRS 9 *Financial Instruments***

**(ii) Impairment (cont'd.)**

**Impairment of financial assets (cont'd.)**

The Company relies on professional services provided by a credit rating agency to provide the default rate for all its debts instruments which incorporates all the requirements above.

**Impairment of insurance/takaful receivables**

The approach for impairment model for takaful receivables are more simplified as compared to the impairment model for financial assets. MFRS 9 includes the requirement or policy choice to apply the simplified approach that does not require entities to track changes in credit risk and the practical expedient to calculate ECLs on takaful receivables using a provision matrix with the usage of forward-looking information in determining of expected credit losses, including the use of macroeconomic information.

**(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 have any significant impact to the financial statements on applying the hedge accounting.

## 2. Significant accounting policies (cont'd.)

### 2.3 Changes in accounting policies (cont'd.)

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

The financial impact of the adoption of MFRS 9 on the statement of financial position of the Company are as follows:

#### Shareholder's fund

	31 March 2018	Classifications and measurement	Expected credit losses	1 April 2018
	RM '000	RM '000	RM '000	RM '000
<b>Assets</b>				
Property and equipment	1,636	-	-	1,636
Intangible assets	22,540	-	-	22,540
Deferred tax assets	6,943	6	-	6,949
Financial assets at fair value through profit or loss ("FVTPL")	-	24,040	-	24,040
Financial assets at fair value through other comprehensive income ("FVOCI")	-	147,443	(6)	147,437
Financial assets at amortised costs ("AC")	-	249,991	-	249,991
Held-to-maturity ("HTM") investments	46,943	(46,943)	-	-
Available-for-sale ("AFS") financial assets	124,562	(124,562)	-	-
Loans and receivables ("LAR")	249,991	(249,991)	-	-
Tax recoverable	7,729	-	-	7,729
Cash and bank balances	7,633	-	-	7,633
<b>Total assets</b>	<b>467,977</b>	<b>(16)</b>	<b>(6)</b>	<b>467,955</b>
<b>Liabilities</b>				
Expense liabilities	57,124	-	-	57,124
Due to agents, retakaful and brokers	9,878	-	-	9,878
Zakat payable	610	-	-	610
Other payables	40,703	-	-	40,703
<b>Total liabilities</b>	<b>108,315</b>	<b>-</b>	<b>-</b>	<b>108,315</b>
<b>Equity</b>				
Share capital	335,000	-	-	335,000
Fair value reserve	2,720	(3,146)	-	(426)
Retained profits	21,942	3,130	(6)	25,066
<b>Total equity</b>	<b>359,662</b>	<b>(16)</b>	<b>(6)</b>	<b>359,640</b>
<b>Total liabilities and equity</b>	<b>467,977</b>	<b>(16)</b>	<b>(6)</b>	<b>467,955</b>

## 2. Significant accounting policies (cont'd.)

### 2.3 Changes in accounting policies (cont'd.)

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

##### \* General takaful fund

	31 March 2018 RM '000	Classifications and measurement RM '000	Expected credit losses RM '000	1 April 2018 RM '000
<b>Assets</b>				
Deferred tax assets	2,426	(36)	-	2,390
Financial assets at fair value through profit or loss ("FVTPL")	-	7,815	-	7,815
Financial assets at fair value through other comprehensive income ("FVOCI")	-	258,984	(6)	258,978
Financial assets at amortised costs ("AC")	-	154,905	-	154,905
Held-to-maturity ("HTM") investments	57,342	(57,342)	-	-
Available-for-sale ("AFS") financial assets	209,299	(209,299)	-	-
Loans and receivables ("LAR")	154,905	(154,905)	-	-
Retakaful assets	149,625	-	-	149,625
Takaful receivables	30,407	-	128	30,535
Cash and bank balances	27,589	-	-	27,589
<b>Total assets</b>	<b>631,593</b>	<b>122</b>	<b>122</b>	<b>631,837</b>
<b>Liabilities</b>				
Takaful contract liabilities	403,666	-	-	403,666
Takaful certificate payables	18,105	-	-	18,105
Tax payable	431	-	-	431
Other payables	89,138	-	-	89,138
<b>Total liabilities</b>	<b>511,340</b>	<b>-</b>	<b>-</b>	<b>511,340</b>
<b>Participants' fund</b>				
General takaful fund	120,253	122	122	120,497
<b>Total participants' funds</b>	<b>120,253</b>	<b>122</b>	<b>122</b>	<b>120,497</b>
<b>Total liabilities and participants' funds</b>	<b>631,593</b>	<b>122</b>	<b>122</b>	<b>631,837</b>

\* The assets and liabilities are considered as discontinuing operations as disclosed in page 3 and Note 24.

## 2. Significant accounting policies (cont'd.)

### 2.3 Changes in accounting policies (cont'd.)

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

##### Family takaful fund

	31 March 2018	Classifications and measurement	Expected credit losses	1 April 2018
	RM '000	RM '000	RM '000	RM '000
<b>Assets</b>				
Investment properties	115,818	-	-	115,818
Deferred tax assets	-	-	-	-
Financial assets at fair value through profit or loss ("FVTPL")	116,127	2,300,836	-	2,416,963
Financial assets at fair value through other comprehensive income ("FVOCI")	-	-	-	-
Financial assets at amortised costs ("AC")	-	350,281	-	350,281
Held-to-maturity ("HTM") investments	316,283	(316,283)	-	-
Available-for-sale ("AFS") financial assets	1,986,079	(1,986,079)	-	-
Loans and receivables ("LAR")	350,281	(350,281)	-	-
Retakaful assets	43,127	-	-	43,127
Takaful receivables	44,206	-	(607)	43,599
Cash and bank balances	70,175	-	-	70,175
<b>Total assets</b>	<b>3,042,096</b>	<b>(1,526)</b>	<b>(607)</b>	<b>3,039,963</b>
<b>Liabilities</b>				
Takaful contract liabilities	2,717,435	-	-	2,717,435
Takaful certificate payables	33,287	-	-	33,287
Deferred tax liabilities	1,013	(122)	-	891
Tax payable	1,278	-	-	1,278
Other payables	146,948	-	-	146,948
<b>Total liabilities</b>	<b>2,899,961</b>	<b>(122)</b>	<b>-</b>	<b>2,899,839</b>
<b>Participants' fund</b>				
Family takaful fund	142,135	(1,404)	(607)	140,124
<b>Total participants' funds</b>	<b>142,135</b>	<b>(1,404)</b>	<b>(607)</b>	<b>140,124</b>
<b>Total liabilities and participants' funds</b>	<b>3,042,096</b>	<b>(1,526)</b>	<b>(607)</b>	<b>3,039,963</b>

## 2. Significant accounting policies (cont'd.)

### 2.3 Changes in accounting policies (cont'd.)

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

##### \*\* Company

	31 March 2018 RM '000	Classifications and measurement RM '000	Expected credit losses RM '000	1 April 2018 RM '000
<b>Assets</b>				
Property and equipment	117,454	-	-	117,454
Investment in subsidiary	#	-	-	-
Intangible assets	22,540	-	-	22,540
Deferred tax assets	5,269	6	-	5,275
Financial assets at fair value through profit or loss ("FVTPL")	116,127	2,311,287	-	2,427,414
Financial assets at fair value through other comprehensive income ("FVOCI")	-	147,443	(6)	147,437
Financial assets at amortised costs ("AC")	-	600,272	-	546,066
Held-to-maturity ("HTM") investments	363,226	(363,226)	-	-
Available-for-sale ("AFS") financial assets	2,097,052	(2,097,052)	-	-
Loans and receivables ("LAR")	546,066	(600,272)	-	-
Retakaful assets	43,127	-	-	43,127
Takaful receivables	44,206	-	(607)	43,599
Tax recoverable	7,729	-	-	7,729
Cash and bank balances	77,808	-	-	77,808
	<u>3,440,604</u>	<u>(1,542)</u>	<u>(613)</u>	<u>3,438,449</u>
Assets of discontinuing operations	631,593	122	122	631,837
<b>Total assets</b>	<u>4,072,197</u>	<u>(1,420)</u>	<u>(491)</u>	<u>4,070,286</u>
<b>Liabilities</b>				
Takaful contract liabilities	2,707,435	-	-	2,707,435
Expense liabilities	34,593	-	-	34,593
Takaful certificate payables	33,287	-	-	33,287
Due to agents, retakaful and brokers	9,878	-	-	9,878
Deferred tax liabilities	-	(122)	-	(122)
Zakat payable	610	-	-	610
Tax payable	1,278	-	-	1,278
Other payables	155,976	-	-	155,976
	<u>2,943,057</u>	<u>(122)</u>	<u>-</u>	<u>2,942,935</u>
Liabilities of discontinuing operations	511,340	-	-	511,340
<b>Total liabilities</b>	<u>3,454,397</u>	<u>(122)</u>	<u>-</u>	<u>3,454,275</u>
<b>Participants' fund</b>				
Family takaful fund	140,613	(1,404)	(607)	138,602
	<u>140,613</u>	<u>(1,404)</u>	<u>(607)</u>	<u>138,602</u>
Participants' fund of discontinuing operations	120,253	122	122	120,497
<b>Total participants' funds</b>	<u>260,866</u>	<u>(1,282)</u>	<u>(485)</u>	<u>259,099</u>
<b>Equity</b>				
Share capital	335,000	-	-	335,000
Fair value reserve	(8)	(418)	-	(426)
Retained profits	21,942	402	(6)	22,338
<b>Total equity</b>	<u>356,934</u>	<u>(16)</u>	<u>(6)</u>	<u>356,912</u>
<b>Total liabilities, participants' funds and equity</b>	<u>4,072,197</u>	<u>(1,420)</u>	<u>(491)</u>	<u>4,070,286</u>

\*\* Company represents Family takaful fund and the Shareholder's fund assets and liabilities only, net of elimination and excludes the General takaful fund assets and liabilities.

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

**2. Significant accounting policies (cont'd.)**

**2.4 Standards issued but not yet effective**

The interpretation and amendments to standards 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.

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Annual improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
MFRS 16 <i>Leases</i>	1 January 2019
Amendments to MFRS 119 ( <i>Plan Amendment, Curtailment or Settlement</i> )	1 January 2019
Amendments to MFRS 128 ( <i>Long-term Interests in Associates and Joint Ventures</i> )	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensations</i>	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 <i>Consolidated Financial Statements</i> and MFRS 128 <i>Investment in Associates and Joint Ventures</i>	To be announced by MASB

The Directors expect that the adoption of the above standards are not expected to have a material impact on the financial statements in the period of initial application except for as discussed below:

**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.

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

**2.4 Standards issued but not yet effective**

**MFRS 16 Leases (cont'd.)**

(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 is currently assessing the potential effect of MFRS 16 on its financial statements.

**MFRS 17 Insurance Contracts**

MFRS 17 will replace MFRS 4 *Insurance Contracts*. MFRS 17 applies to all types of insurance contracts (i.e life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The overall objective of MFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. MFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

The core of MFRS 17 is the general measurement model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach); and
- a simplified approach (the premium allocation approach) mainly for short-duration contracts.

MFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies MFRS 9 and MFRS 15 on or before the date it first applies MFRS 17.

The Company had completed the gap assessment of the new MFRS 17 standard and had established a project team to implement this standard and adopt it on the required effective date.

**3. Auditor's report**

The auditor's report on the audited financial statements of the preceding year ended 31 March 2018 does not contain any qualification.

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

**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 2018.

**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 2018.

**6. Changes in estimates**

There was no change in estimates of amounts reported in prior financial period that has a material effect in 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 for the six months financial period ended 30 September 2018.

**8. Significant event**

There were no significant events during the current financial period ended 30 September 2018.

**9. Subsequent events**

There were no significant subsequent events during the current financial period ended 30 September 2018.

**10. Dividend paid**

No dividend was paid during the current financial period ended 30 September 2018.

**11. 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 ended 31 March 2018.



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:

	30.09.2018				31.03.2018			
	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 Islamic private debt securities:								
Government guaranteed	11,481	72,397	621,596	633,077	11,390	71,652	594,856	606,246
Unsecured	88,725	83,210	489,936	578,661	95,702	65,233	486,902	582,604
Government investment issues	42,215	102,265	1,284,586	1,326,801	42,697	121,940	1,145,572	1,188,269
Quoted shares in Malaysia:								
Shariah approved equities	7,221	7,411	77,858	85,079	7,271	7,215	70,313	77,584
Warrants	-	-	95	95	-	8	265	265
Property trust funds	760	721	5,056	5,816	678	593	4,454	5,132
Shariah approved unit trust funds	-	-	121,748	121,748	-	-	116,127	116,127
Golf club memberships	178	-	-	178	178	-	-	178
Islamic investment accounts with licensed:								
Islamic banks	129,910	93,575	122,640	252,550	77,737	89,972	138,158	215,895
Investment banks	-	-	2,619	2,619	24,424	24,958	22,244	46,668
Development bank	45,649	56,855	155,798	201,447	51,177	16,422	158,336	209,513
Units held in investment-linked fund	13,554	-	-	-	13,589	-	-	-
Secured staff financing:								
Receivable within 12 months	1,293	-	-	1,293	1,421	-	-	1,421
Receivable after 12 months	1,961	-	-	1,961	2,318	-	-	2,318
Due from:								
General takaful fund *	199	-	37	236	32,019	-	39	32,058
Family takaful fund	15,351	241	-	-	38,674	9,555	-	-
Investment-linked fund	29,281	-	-	-	15,532	-	-	-
Amount due from related companies	37	-	-	37	38	-	-	38
Income due and accrued	2,291	5,111	31,400	33,691	1,851	3,586	27,987	29,838
Other receivables and deposits	16,590	6,147	5,675	22,265	4,800	10,412	3,517	8,317
	<u>406,696</u>	<u>427,933</u>	<u>2,919,044</u>	<u>3,267,554</u>	<u>421,496</u>	<u>421,546</u>	<u>2,768,770</u>	<u>3,122,471</u>

\* The assets and liabilities are considered as discontinuing operations as disclosed in page 3 and Note 24.

\*\* Company represents Family takaful fund and the Shareholder's fund assets and liabilities only, net of elimination and excludes the General takaful fund assets and liabilities.

593075-U

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

**12. Financial assets (cont'd.)**

	30.09.2018				31.03.2018			
	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))	24,869	8,132	2,600,875	2,612,190	-	-	116,127	116,127
Financial assets at FVOCI (Note 12(b))	139,265	257,872	-	139,265	-	-	-	-
Financial assets at AC (Note 12(c))	242,562	161,929	318,169	516,099	-	-	-	-
HTM investments (Note 12(d))	-	-	-	-	46,943	57,342	316,283	363,226
AFS financial assets (Note 12(e))	-	-	-	-	124,562	209,299	1,986,079	2,097,052
Loans and receivables (Note 12(f))	-	-	-	-	249,991	154,905	350,281	546,066
	<b>406,696</b>	<b>427,933</b>	<b>2,919,044</b>	<b>3,267,554</b>	<b>421,496</b>	<b>421,546</b>	<b>2,768,770</b>	<b>3,122,471</b>

**(a) Financial assets at FVTPL**

**At fair value:**

Unquoted Islamic private debt securities:

Government guaranteed	-	-	621,596	621,596	-	-	-	-
Unsecured	801	-	489,936	490,737	-	-	-	-
Government investment issues	2,533	-	1,284,586	1,287,119	-	-	-	-
Quoted shares in Malaysia:								
Shariah approved equities	7,221	7,411	77,858	85,079	-	-	-	-
Warrants	-	-	95	95	-	-	-	-
Units held in investment-linked fund	13,554	-	-	-	-	-	-	-
Property trust funds	760	721	5,056	5,816	-	-	-	-
Shariah approved unit trust funds	-	-	121,748	121,748	-	-	116,127	116,127
	<b>24,869</b>	<b>8,132</b>	<b>2,600,875</b>	<b>2,612,190</b>	<b>-</b>	<b>-</b>	<b>116,127</b>	<b>116,127</b>

\* The assets and liabilities are considered as discontinuing operations as disclosed in page 3 and Note 24.

\*\* Company represents Family takaful fund and the Shareholder's fund assets and liabilities only, net of elimination and excludes the General takaful fund assets and liabilities.

593075-U

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

**12. Financial assets (cont'd.)**

	30.09.2018				31.03.2018			
	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>(b) Financial assets at FVOCI</b>								
<b>At cost:</b>								
Golf club memberships <sup>(i)</sup>	178	-	-	178	-	-	-	-
<b>At fair value:</b>								
Unquoted Islamic private debt securities:								
Government guaranteed	11,481	72,397	-	11,481	-	-	-	-
Unsecured	87,924	83,210	-	87,924	-	-	-	-
Government investment issues	39,682	102,265	-	39,682	-	-	-	-
	<u>139,265</u>	<u>257,872</u>	<u>-</u>	<u>139,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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.

\* The assets and liabilities are considered as discontinuing operations as disclosed in page 3 and Note 24.

\*\* Company represents Family takaful fund and the Shareholder's fund assets and liabilities only, net of elimination and excludes the General takaful fund assets and liabilities.

593075-U

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

**12. Financial assets (cont'd.)**

(c) Financial assets at AC	30.09.2018				31.03.2018			
	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>At amortised cost/fair value</b>								
Islamic investment accounts with licensed:								
Islamic banks	129,910	93,575	122,640	252,550	-	-	-	-
Investment banks	-	-	2,619	2,619	-	-	-	-
Development banks	45,649	56,855	155,798	201,447	-	-	-	-
Secured staff financing:								
Receivable within 12 months	1,293	-	-	1,293	-	-	-	-
Receivable after 12 months	1,961	-	-	1,961	-	-	-	-
Due from: ***								
General takaful fund	199	-	37	236	-	-	-	-
Family takaful fund	15,351	241	-	-	-	-	-	-
Investment-linked fund	29,281	-	-	-	-	-	-	-
Amount due from related company ***	37	-	-	37	-	-	-	-
Income due and accrued	2,291	5,111	31,400	33,691	-	-	-	-
Other receivables and deposits	16,590	6,147	5,675	22,265	-	-	-	-
	<u>242,562</u>	<u>161,929</u>	<u>318,169</u>	<u>516,099</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

\* The assets and liabilities are considered as discontinuing operations as disclosed in page 3 and Note 24.

\*\* Company represents Family takaful fund and the Shareholder's fund assets and liabilities only, net of elimination and excludes the General takaful fund assets and liabilities.

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

593075-U

Takaful Ikhlas Berhad  
(Incorporated in Malaysia)

12. Financial assets (cont'd.)

(d) HTM investments

	30.09.2018				31.03.2018			
	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>At amortised cost:</b>								
Unquoted Islamic private debt securities:								
Government guaranteed	-	-	-	-	4,000	4,000	17,003	21,003
Unsecured	-	-	-	-	246	-	-	246
Government investment issues	-	-	-	-	42,697	53,342	299,280	341,977
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,943</u>	<u>57,342</u>	<u>316,283</u>	<u>363,226</u>
<b>At fair value:</b>								
Unquoted Islamic private debt securities:								
Government guaranteed	-	-	-	-	3,972	3,972	16,953	20,925
Unsecured	-	-	-	-	826	-	-	826
Government investment issues	-	-	-	-	42,118	53,523	297,804	339,922
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,916</u>	<u>57,495</u>	<u>314,757</u>	<u>361,673</u>

\* The assets and liabilities are considered as discontinuing operations as disclosed in page 3 and Note 24.

\*\* Company represents Family takaful fund and the Shareholder's fund assets and liabilities only, net of elimination and excludes the General takaful fund assets and liabilities.

593075-U

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

**12. Financial assets (cont'd.)**

	30.09.2018				31.03.2018			
	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>(e) AFS financial assets</b>								
<b>At cost:</b>								
Golf club memberships <sup>(i)</sup>	-	-	-	-	178	-	-	178
<b>At fair value:</b>								
Unquoted Islamic private debt securities:								
Government guaranteed	-	-	-	-	7,390	67,652	577,853	585,243
Unsecured	-	-	-	-	95,456	65,233	486,902	582,358
Government investment issues	-	-	-	-	-	68,598	846,292	846,292
Quoted shares in Malaysia:								
Shariah approved equities	-	-	-	-	7,271	7,215	70,313	77,584
Warrants	-	-	-	-	-	8	265	265
Units held in investment-linked fund	-	-	-	-	13,589	-	-	-
Property trust funds	-	-	-	-	678	593	4,454	5,132
	-	-	-	-	124,562	209,299	1,986,079	2,097,052

(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.

\* The assets and liabilities are considered as discontinuing operations as disclosed in page 3 and Note 24.

\*\* Company represents Family takaful fund and the Shareholder's fund assets and liabilities only, net of elimination and excludes the General takaful fund assets and liabilities.

593075-U

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

**12. Financial assets (cont'd.)**

(f) Loans and receivables	30.09.2018				31.03.2018			
	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>At amortised cost/fair value</b>								
Islamic investment accounts with licensed:								
Islamic banks	-	-	-	-	77,737	89,972	138,158	215,895
Investment banks	-	-	-	-	24,424	24,958	22,244	46,668
Development banks	-	-	-	-	51,177	16,422	158,336	209,513
Secured staff financing:								
Receivable within 12 months	-	-	-	-	1,421	-	-	1,421
Receivable after 12 months	-	-	-	-	2,318	-	-	2,318
Due from: ***								
General takaful fund	-	-	-	-	32,019	-	39	32,058
Family takaful fund	-	-	-	-	38,674	9,555	-	-
Investment-linked fund	-	-	-	-	15,532	-	-	-
Amount due from related company ***	-	-	-	-	38	-	-	38
Income due and accrued	-	-	-	-	1,851	3,586	27,987	29,838
Other receivables and deposits	-	-	-	-	4,800	10,412	3,517	8,317
	-	-	-	-	249,991	154,905	350,281	546,066

The carrying amounts disclosed above are reasonable approximations of fair values due to the short term maturity of these financial assets, or the immaterial impact of discontinuing operations.

\* The assets and liabilities are considered as discontinuing operations as disclosed in page 3 and Note 24.

\*\* Company represents Family takaful fund and the Shareholder's fund assets and liabilities only, net of elimination and excludes the General takaful fund assets and liabilities.

\*\*\* The amounts due from general takaful fund, family takaful fund, investment-linked fund 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**

	<b>*General takaful fund RM '000</b>	<b>Family takaful fund RM '000</b>	<b>**Company RM '000</b>
<b>30.09.2018</b>			
Due contributions including agents/brokers and co-takaful balances	23,063	33,249	33,249
Due from retakaful operators	1,562	138	138
	<u>24,625</u>	<u>33,387</u>	<u>33,387</u>
Allowance for impairment	(9,227)	(6,121)	(6,121)
	<u>15,398</u>	<u>27,266</u>	<u>27,266</u>
	<b>*General takaful fund RM '000</b>	<b>Family takaful fund RM '000</b>	<b>**Company RM '000</b>
<b>31.03.2018</b>			
Due contributions including agents/brokers and co-takaful balances	31,651	44,531	44,531
Due from retakaful operators	4,844	2,894	2,894
	<u>36,495</u>	<u>47,425</u>	<u>47,425</u>
Allowance for impairment	(6,088)	(3,219)	(3,219)
	<u>30,407</u>	<u>44,206</u>	<u>44,206</u>

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

\* The assets and liabilities are considered as discontinuing operations as disclosed in page 3 and Note 24.

\*\* Company represents Family takaful fund and the Shareholder's fund assets and liabilities only, net of elimination and excludes the General takaful fund assets and liabilities.

Included in amounts due from retakaful operators of the general takaful fund are amounts due from Malaysian Reinsurance Berhad and Labuan Reinsurance (L) Limited of RM 1,000 and RM 5,000 (31.03.2018: RM857,000 and RM12,000), respectively.



593075-U

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

**14. Takaful certificate liabilities**

30.09.2018	* 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
General takaful fund (Note (a))	460,730	(187,056)	273,674	-	-	-	-	-	-
Family takaful fund (Note (b))	-	-	-	2,834,617	(108,811)	2,725,806	2,824,617	(108,811)	2,715,806
	<u>460,730</u>	<u>(187,056)</u>	<u>273,674</u>	<u>2,834,617</u>	<u>(108,811)</u>	<u>2,725,806</u>	<u>2,824,617</u>	<u>(108,811)</u>	<u>2,715,806</u>

  

31.03.2018	* 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
General takaful fund (Note (a))	403,666	(149,625)	254,041	-	-	-	-	-	-
Family takaful fund (Note (b))	-	-	-	2,717,435	(43,127)	2,674,308	2,707,435	(43,127)	2,664,308
	<u>403,666</u>	<u>(149,625)</u>	<u>254,041</u>	<u>2,717,435</u>	<u>(43,127)</u>	<u>2,674,308</u>	<u>2,707,435</u>	<u>(43,127)</u>	<u>2,664,308</u>

\* The assets and liabilities are considered as discontinuing operations as disclosed in page 3 and Note 24.

\*\* Company represents Family takaful fund and the Shareholder's fund assets and liabilities only, net of elimination and excludes the General takaful fund assets and liabilities.

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

**14. Takaful certificate liabilities (cont'd.)**

**(a) General takaful fund \***

	<b>Gross RM '000</b>	<b>Retakaful RM '000</b>	<b>Net RM '000</b>
<b>30.09.2018</b>			
Provision for claims reported by certificate holders	225,566	(101,429)	124,137
Provision for claims incurred but not yet reported ("IBNR")	64,287	(29,968)	34,319
Provision of Risk Margin for Adverse Deviation ("PRAD")	33,612	(14,622)	18,990
Claim liabilities <sup>(i)</sup>	323,465	(146,019)	177,446
Contribution liabilities <sup>(ii)</sup>	137,265	(41,037)	96,228
	<u>460,730</u>	<u>(187,056)</u>	<u>273,674</u>
<b>31.03.2018</b>			
Provision for claims reported by certificate holders	183,676	(72,448)	111,228
Provision for IBNR	52,542	(22,155)	30,387
Provision for PRAD	28,978	(11,753)	17,225
Claim liabilities <sup>(i)</sup>	265,196	(106,356)	158,840
Contribution liabilities <sup>(ii)</sup>	138,470	(43,269)	95,201
	<u>403,666</u>	<u>(149,625)</u>	<u>254,041</u>
<b>01.04.2017</b>			
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 <sup>(i)</sup>	259,870	(104,686)	155,184
Contribution liabilities <sup>(ii)</sup>	141,142	(45,182)	95,960
	<u>401,012</u>	<u>(149,868)</u>	<u>251,144</u>

\* The assets and liabilities are considered as discontinuing operations as disclosed in page 3 and Note 24.

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

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

**14. Takaful certificate liabilities (cont'd.)**

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

**(i) Claim liabilities**

	<b>Gross RM '000</b>	<b>Retakaful RM '000</b>	<b>Net RM '000</b>
<b>30.09.2018</b>			
At 1 April 2018	265,196	(106,356)	158,840
Claims incurred in the current accident period	148,778	(73,449)	75,329
Adjustment to claims incurred in prior accident years due to changes in assumptions:			
Decrease in PRAD	(6,533)	3,156	(3,377)
Decrease in expected ultimate loss ratios	(24,258)	10,319	(13,939)
Movements in claims incurred in prior accident years	7,099	(5,449)	1,650
Claims paid during the period	(66,817)	25,760	(41,057)
At 30 September 2018	<u>323,465</u>	<u>(146,019)</u>	<u>177,446</u>
<b>31.03.2018</b>			
At 1 April 2017	259,870	(104,686)	155,184
Claims incurred in the current accident year	233,553	(98,573)	134,980
Adjustment to claims incurred in prior accident years due to changes in assumptions:			
Decrease in PRAD	(17,516)	7,111	(10,405)
Decrease in expected ultimate loss ratios	(40,952)	15,318	(25,634)
Movements in claims incurred in prior accident years	(86)	479	393
Claims paid during the year	(169,673)	73,995	(95,678)
At 31 March 2018	<u>265,196</u>	<u>(106,356)</u>	<u>158,840</u>

\* The assets and liabilities are considered as discontinuing operations as disclosed in page 3 and Note 24.

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

**14. Takaful certificate liabilities (cont'd.)**

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

**(ii) Contribution liabilities**

	<b>Gross</b>	<b>Retakaful</b>	<b>Net</b>
<b>30.09.2018</b>	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>
At 1 April 2018	138,470	(43,269)	95,201
Contributions written during the period	124,029	(43,380)	80,649
Contributions earned during the period	(125,234)	45,612	(79,622)
At 30 September 2018	<u>137,265</u>	<u>(41,037)</u>	<u>96,228</u>
<b>31.03.2018</b>			
At 1 April 2017	141,142	(45,182)	95,960
Contributions written during the year	278,401	(116,118)	162,283
Contributions earned during the year	(281,073)	118,031	(163,042)
At 31 March 2018	<u>138,470</u>	<u>(43,269)</u>	<u>95,201</u>

\* The assets and liabilities are considered as discontinuing operations as disclosed in page 3 and Note 24.

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
<b>30.09.2018</b>						
Provision for claims reported by certificate holders	91,567	(10,900)	80,667	91,567	(10,900)	80,667
Participants' Investment Fund ("PIF")	2,405,865	-	2,405,865	2,405,865	-	2,405,865
Participants' Risk Fund ("PRF")	197,465	(97,911)	99,554	197,465	(97,911)	99,554
NAV attributable to unitholders	139,720	-	139,720	129,720	-	129,720
	<u>2,834,617</u>	<u>(108,811)</u>	<u>2,725,806</u>	<u>2,824,617</u>	<u>(108,811)</u>	<u>2,715,806</u>
<b>31.03.2018</b>						
Provision for claims reported by certificate holders	91,177	(14,516)	76,661	91,177	(14,516)	76,661
Participants' Investment Fund ("PIF")	2,366,126	-	2,366,126	2,366,126	-	2,366,126
Participants' Risk Fund ("PRF")	136,747	(28,611)	108,136	136,747	(28,611)	108,136
NAV attributable to unitholders	123,385	-	123,385	113,385	-	113,385
	<u>2,717,435</u>	<u>(43,127)</u>	<u>2,674,308</u>	<u>2,707,435</u>	<u>(43,127)</u>	<u>2,664,308</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:

30.09.2018	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 2018	2,717,435	(43,127)	2,674,308	2,707,435	(43,127)	2,664,308
Effect of adopting MFRS 9	(5,753)	-	(5,753)	(5,753)	-	(5,753)
At 1 April 2018 (restated)	2,711,682	(43,127)	2,668,555	2,701,682	(43,127)	2,658,555
Net earned contributions	234,212	(25,559)	208,653	234,212	(25,559)	208,653
Net creation of units	23,258	-	23,258	23,258	-	23,258
Liabilities paid for death, maturities, surrenders, benefits and claims	(147,571)	8,548	(139,023)	(147,571)	8,548	(139,023)
Net cancellation of units	(4,777)	-	(4,777)	(4,777)	-	(4,777)
Benefits and claims experience variation	390	3,616	4,006	390	3,616	4,006
Fees deducted	(85,638)	-	(85,638)	(85,638)	-	(85,638)
Other revenue and expenses	(2,146)	-	(2,146)	(2,146)	-	(2,146)
Transfer to shareholder's fund	(8,074)	-	(8,074)	(8,074)	-	(8,074)
Increase in reserve	113,281	(52,289)	60,992	113,281	(52,289)	60,992
At 30 September 2018	2,834,617	(108,811)	2,725,806	2,824,617	(108,811)	2,715,806

593075-U

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

**14. Takaful certificate liabilities (cont'd.)**

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

31.03.2018	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 2017	2,578,850	(45,072)	2,533,778	2,568,850	(45,072)	2,523,778
Net earned contributions	611,303	(74,328)	536,975	611,303	(74,328)	536,975
Net creation of units	36,473	-	36,473	36,473	-	36,473
Liabilities paid for death, maturities, surrenders, benefits and claims	(307,082)	42,262	(264,820)	(307,082)	42,262	(264,820)
Net cancellation of units	(23,120)	-	(23,120)	(23,120)	-	(23,120)
Benefits and claims experience variation	(6,016)	(2,355)	(8,371)	(6,016)	(2,355)	(8,371)
Fees deducted	(214,541)	-	(214,541)	(214,541)	-	(214,541)
Other revenue and expenses	3,325	-	3,325	3,325	-	3,325
Transfer to shareholder's fund	(16,850)	-	(16,850)	(16,850)	-	(16,850)
Increase in reserve	55,093	36,366	91,459	55,093	36,366	91,459
At 31 March 2018	<u>2,717,435</u>	<u>(43,127)</u>	<u>2,674,308</u>	<u>2,707,435</u>	<u>(43,127)</u>	<u>2,664,308</u>

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

**15. Expense liabilities**

	Shareholder's fund		** Company	
	30.09.2018	31.03.2018	30.09.2018	31.03.2018
	RM '000	RM '000	RM '000	RM '000
<b>General takaful fund *</b>				
Unearned wakalah fees reserve	21,981	22,531	-	-
<b>Family takaful fund</b>				
Unexpired expense reserve ("UER")	30,703	34,593	30,703	34,593
	<u>52,684</u>	<u>57,124</u>	<u>30,703</u>	<u>34,593</u>

The movement of expense liabilities are presented as follows:

Shareholder's fund	General takaful fund	Family takaful fund	Total
	RM '000	RM '000	RM '000
<b>30.09.2018</b>			
At 1 April 2018	22,531	34,593	57,124
- Wakalah fees received during the period	39,679	-	39,679
- Wakalah fees earned during the period	(40,229)	-	(40,229)
- Movement in provision for UER	-	(3,890)	(3,890)
At 30 September 2018	<u>21,981</u>	<u>30,703</u>	<u>52,684</u>
<b>31.03.2018</b>			
At 1 April 2017	21,902	36,534	58,436
- Wakalah fees earned from discontinuing operations	87,683	-	87,683
- Wakalah fees earned during the year	(87,054)	-	(87,054)
- Movement in provision for expense deficiency	-	-	-
- Movement in provision for UER	-	(1,941)	(1,941)
At 31 March 2018	<u>22,531</u>	<u>34,593</u>	<u>57,124</u>

\* The assets and liabilities are considered as discontinuing operations as disclosed in page 3 and Note 24.

\*\* Company represents Family takaful fund and the Shareholder's fund assets and liabilities only, net of elimination and excludes the General takaful fund assets and liabilities.



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

**15. Expense liabilities (cont'd.)**

<b>Company **</b>	<b>* General takaful fund RM '000</b>	<b>Family takaful fund RM '000</b>	<b>Total RM '000</b>
<b>30.09.2018</b>			
At 1 April 2018	-	34,593	34,593
- Movement in provision for UER	-	(3,890)	(3,890)
At 30 September 2018	<u>-</u>	<u>30,703</u>	<u>30,703</u>
<b>31.03.2018</b>			
At 1 April 2017	21,902	36,534	36,534
- Wakalah fees earned from discontinuing operations	(21,902)	-	-
- Movement in provision for UER	-	(1,941)	(1,941)
At 31 March 2018	<u>-</u>	<u>34,593</u>	<u>34,593</u>

\* The assets and liabilities are considered as discontinuing operations as disclosed in page 3 and Note 24.

\*\* Company represents Family takaful fund and the Shareholder's fund assets and liabilities only, net of elimination and excludes the General takaful fund assets and liabilities.

**16. Takaful certificate payables**

	<b>* General takaful fund RM '000</b>	<b>Family takaful fund RM '000</b>	<b>** Company RM '000</b>
<b>30.09.2018</b>			
Due to agents and brokers	-	46,204	46,204
Due to retakaful operators	13,742	(4,636)	(4,636)
	<u>13,742</u>	<u>41,568</u>	<u>41,568</u>
<b>31.03.2018</b>			
Due to retakaful operators	<u>18,105</u>	<u>33,287</u>	<u>33,287</u>
	<u>18,105</u>	<u>33,287</u>	<u>33,287</u>

\* The assets and liabilities are considered as discontinuing operations as disclosed in page 3 and Note 24.

\*\* Company represents Family takaful fund and the Shareholder's fund assets and liabilities only, net of elimination and excludes the General takaful fund assets and liabilities.

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

**17. General takaful fund**

**General takaful fund \***

	<b>30.09.2018</b>	<b>31.03.2018</b>
	<b>RM '000</b>	<b>RM '000</b>
<b>Accumulated surplus</b>		
At beginning of period/year	120,672	118,803
Surplus attributable to participants	(4,226)	16,691
(Hibah payable)/reversal of hibah payable to participants during the period/year	196	(14,822)
At end of period/year	<u>116,642</u>	<u>120,672</u>
<b>Fair value reserves</b>		
At beginning of period/year	(419)	524
Effect of adopting MFRS 9	84	-
At beginning of period/year (restated)	<u>(335)</u>	524
Net gains on fair value changes	1,008	(1,557)
Deferred tax on fair value changes	(212)	297
Realised gains transferred to statement of comprehensive income	(127)	317
At end of period/year	<u>334</u>	<u>(419)</u>
<b>General takaful fund at end of the period</b>		
Accumulated surplus	116,642	120,672
Fair value reserves	334	(419)
	<u>116,976</u>	<u>120,253</u>

\* The assets and liabilities are considered as discontinuing operations as disclosed in page 3 and Note 24.

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

**18. Family takaful fund**

	<b>Family takaful fund RM '000</b>	<b>Company RM '000</b>
<b>30.09.2018</b>		
<b>Unallocated surplus</b>		
At 1 April 2018	145,877	103,020
Effect of adopting MFRS 9	(540)	(540)
At 1 April 2018 (restated)	<u>145,337</u>	<u>102,480</u>
Surplus attributable to participants	4,727	3,346
At 30 September 2018	<u>150,064</u>	<u>105,826</u>
<b>Fair value reserves</b>		
At 1 April 2018	(3,742)	(3,742)
Effect of adopting MFRS 9	3,742	3,742
At 1 April 2018 (restated)/30 September 2018	<u>-</u>	<u>-</u>
<b>Revaluation reserve</b>		
At 1 April 2018	-	41,335
Net gains on fair value changes	-	1,381
Deferred tax on fair value changes	-	(111)
At 30 September 2018	<u>-</u>	<u>42,605</u>
<b>Family takaful fund at end of the period</b>		
Unallocated surplus	150,064	105,826
Revaluation reserve	-	42,605
	<u>150,064</u>	<u>148,431</u>

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

**18. Family takaful fund (cont'd.)**

	<b>Family takaful fund RM '000</b>	<b>Company RM '000</b>
<b>31.03.2018</b>		
<b>Unallocated surplus</b>		
At 1 April 2017	82,171	42,049
Surplus attributable to participants	63,706	60,971
At 31 March 2018	<u>145,877</u>	<u>103,020</u>
<b>Fair value reserves</b>		
At 1 April 2017	(630)	(630)
Net losses on fair value changes	(3,301)	(3,301)
Deferred tax on fair value changes	271	271
Realised gains transferred to statement of comprehensive income	(82)	(82)
At 31 March 2018	<u>(3,742)</u>	<u>(3,742)</u>
<b>Revaluation reserve</b>		
At 1 April 2017	-	38,816
Net gains on fair value changes	-	2,738
Deferred tax on changes to revaluation reserves	-	(219)
At 31 March 2018	<u>-</u>	<u>41,335</u>
<b>Family takaful fund at end of the year</b>		
Unallocated surplus	145,877	103,020
Fair value reserves	(3,742)	(3,742)
Revaluation reserve	-	41,335
	<u>142,135</u>	<u>140,613</u>

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

**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**

	<b>30.09.2018</b>	<b>31.03.2018</b>
	<b>RM '000</b>	<b>RM '000</b>
Within 1 year	683	873
After 1 year but not more than 5 years	410	690
	<u>1,093</u>	<u>1,563</u>

**20. Capital commitments**

	<b>30.09.2018</b>	<b>31.03.2018</b>
	<b>RM '000</b>	<b>RM '000</b>
<b>Shareholder's fund and Company</b>		
Authorised and contracted for:		
Intangible assets	<u>2,136</u>	<u>11,206</u>
Authorised but not contracted for:		
Intangible assets		
- Continuing operations	2,146	9,675
- Discontinuing operations	8,500	3,100
	<u>10,646</u>	<u>12,775</u>
Payable within 12 months	2,136	11,206
Payable after 12 months	10,646	12,775
	<u>12,782</u>	<u>23,981</u>

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

**21. Regulatory capital requirement**

Risk-Based Capital Framework for Takaful Operators ("RBCT Framework") is provided below:

	<b>Shareholder's fund RM '000</b>	<b>General takaful fund RM '000</b>	<b>Family takaful fund RM '000</b>	<b>Total RM'000</b>
<b>30.09.2018</b>				
<b>Eligible tier-1 capital</b>				
Share capital	335,000	-	-	335,000
Reserves, including retained earnings	41,501	113,509	155,899	310,909
<b>Tier-2 capital</b>				
Fair value reserves	(81)	334	-	253
Amount deducted from capital	(42,878)	(2,641)	6	(45,513)
Total capital available	<u>333,542</u>	<u>111,202</u>	<u>155,905</u>	<u>600,649</u>
<b>31.03.2018</b>				
<b>Eligible tier-1 capital</b>				
Share capital	335,000	-	-	335,000
Reserves, including retained earnings	21,942	118,246	146,838	287,026
<b>Tier-2 capital</b>				
Fair value reserves	2,720	(419)	68	2,369
Amount deducted from capital	(30,768)	(1,457)	-	(32,225)
Total capital available	<u>328,894</u>	<u>116,370</u>	<u>146,906</u>	<u>592,170</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:

<b>30.09.2018</b>	<b>Shareholder's fund RM '000</b>	<b>General takaful fund RM '000</b>	<b>Family takaful fund RM '000</b>	<b>Company RM '000</b>
<b>Income/(expenses) :</b>				
Transactions with MNRB Holdings Berhad ("MNRB"):				
Gross contributions	-	57	473	473
Investment property fees	(400)	-	-	(400)
Management fees	(6,358)	-	-	(6,358)
Transactions with Malaysian Reinsurance Berhad ("MRE"), a fellow subsidiary:				
Gross contributions	-	99	34	34
Retakaful outward contributions	-	(1,101)	-	-
Retakaful commissions	-	6	-	-
Claims recoveries	-	613	-	-
Transactions with Labuan Reinsurance (L) Ltd ("Labuan Re"), in which MRE is a substantial shareholder:				
Gross contributions	-	6	-	-
Retakaful outward contributions	-	(3,139)	-	-
Retakaful commissions	-	232	-	-
Claims recoveries	-	3,400	-	-

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

**22. Related party transactions (cont'd.)**

	Shareholder's fund RM '000	General takaful fund RM '000	Family takaful fund RM '000	Company RM '000
<b>30.09.2018 (cont'd.)</b>				
<b>Income/(expenses) :</b>				
Transactions with MMIP Services Sdn. Bhd. ("MMIP"), a fellow subsidiary:				
Referral fees income	27	-	-	27
Gross contributions	-	-	31	31
Transactions with a related party, MIDF Amanah ("MIDF") Investment Bank Berhad:				
Fund management fees	-	-	(93)	(93)
<b>30.09.2017</b>				
Transactions with MNRB:				
Gross contributions	-	58	34	34
Investment property fees	(364)	-	-	(364)
Management fees	(5,070)	-	-	(5,070)
Transactions with MRE, a fellow subsidiary:				
Gross contributions	-	93	506	152
Retakaful outward contributions	-	(1,216)	-	-
Retakaful commissions	-	38	-	-
Claims recoveries	-	613	-	-
Transactions with Labuan Re, in which MRE is a substantial shareholder:				
Gross contributions	-	6	-	-
Retakaful outward contributions	-	(2,928)	-	-
Retakaful commissions	-	189	-	-
Claims recoveries	-	3,400	-	-
Transactions with a related party, MIDF:				
Fund management fees	-	-	(47)	(47)



**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 Islamic private debt securities and government investment issues.

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

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

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 2018. 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 2018 have been accounted for in accordance with the accounting policies as disclosed in the audited financial statements for the financial year ended 31 March 2018.

**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	
<b>30.09.2018</b>				
<u>Financial assets:</u>				
<b>Assets measured at fair value:</b>				
Financial assets at FVTPL:				
Unquoted Islamic private debt securities:				
Unsecured	-	801	-	801
Government investment issues	-	2,533	-	2,533
Quoted shares in Malaysia:				
Shariah approved equities	7,221	-	-	7,221
Units held in investment- linked fund	13,554	-	-	13,554
Property trust funds	760	-	-	760
	<u>21,535</u>	<u>3,334</u>	<u>-</u>	<u>24,869</u>
Financial assets at FVOCI:				
Unquoted Islamic private debt securities:				
Government guaranteed	-	11,481	-	11,481
Unsecured	-	87,924	-	87,924
Government investment issues	-	39,682	-	39,682
	<u>-</u>	<u>139,087</u>	<u>-</u>	<u>139,087</u>
	<u>21,535</u>	<u>142,421</u>	<u>-</u>	<u>163,956</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.)**

**Assets measured at fair value (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	
<b>31.03.2018</b>				
<u>Financial assets:</u>				
AFS financial assets				
Unquoted Islamic private debt securities:				
Government guaranteed	-	7,390	-	7,390
Unsecured	-	95,456	-	95,456
Quoted shares in Malaysia:				
Shariah approved equities	7,271	-	-	7,271
Units held in investment- linked fund	13,589	-	-	13,589
Property trust funds	678	-	-	678
	<u>21,538</u>	<u>102,846</u>	<u>-</u>	<u>124,384</u>

**Assets for which fair values are disclosed:**

HTM investments:				
Unquoted Islamic private debt securities:				
Government guaranteed	-	3,972	-	3,972
Unsecured	-	826	-	826
Government investment issues	-	42,118	-	42,118
	<u>-</u>	<u>46,916</u>	<u>-</u>	<u>46,916</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	
<b>30.09.2018</b>				
<u>Financial assets:</u>				
<b>Assets measured at fair value:</b>				
Financial assets at FVTPL:				
Quoted shares in Malaysia:				
Shariah approved equities	7,411	-	-	7,411
Property trust funds	721	-	-	721
	<u>8,132</u>	<u>-</u>	<u>-</u>	<u>8,132</u>
Financial assets at FVOCI:				
Unquoted Islamic private debt securities:				
Government guaranteed	-	72,397	-	72,397
Unsecured	-	83,210	-	83,210
Government investment issues	-	102,265	-	102,265
	<u>-</u>	<u>257,872</u>	<u>-</u>	<u>257,872</u>
	<u>8,132</u>	<u>257,872</u>	<u>-</u>	<u>266,004</u>

\* The assets and liabilities are considered as discontinuing operations as disclosed in page 3 and Note 24.

**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	
<b>31.03.2018</b>				
<u>Financial assets:</u>				
<b>Assets measured at fair value:</b>				
AFS financial assets				
Unquoted Islamic private debt securities:				
Government guaranteed	-	67,652	-	67,652
Unsecured	-	65,233	-	65,233
Government investment issues	-	68,598	-	68,598
Quoted shares in Malaysia:				
Shariah approved equities	7,215	-	-	7,215
Warrants	8	-	-	8
Property trust funds	593	-	-	593
	<u>7,816</u>	<u>201,483</u>	<u>-</u>	<u>209,299</u>
<b>Assets for which fair values are disclosed:</b>				
HTM investments:				
Unquoted Islamic private debt securities:				
Government guaranteed Islamic debt securities	-	3,972	-	3,972
Government investment issues	-	53,523	-	53,523
	<u>-</u>	<u>57,495</u>	<u>-</u>	<u>57,495</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	
<b>30.09.2018</b>				
<b>Assets measured at fair value:</b>				
Investment properties	-	-	115,818	115,818
<u>Financial assets:</u>				
Financial assets at FVTPL:				
Unquoted Islamic private debt securities:				
Government guaranteed	-	621,596	-	621,596
Unsecured	-	489,936	-	489,936
Government investment issues	-	1,284,586	-	1,284,586
Quoted shares in Malaysia:				
Shariah approved equities	77,858	-	-	77,858
Warrants	95	-	-	95
Property trust funds	5,056	-	-	5,056
Shariah approved unit trust funds	121,748	-	-	121,748
	<u>204,757</u>	<u>2,396,118</u>	<u>-</u>	<u>2,600,875</u>

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

**(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	
<b>31.03.2018</b>				
<b>Assets measured at fair value:</b>				
Investment properties	-	-	115,818	115,818
<u>Financial assets:</u>				
Financial assets at FVTPL:				
Shariah approved unit trust funds	116,127	-	-	116,127
	<u>116,127</u>	<u>-</u>	<u>-</u>	<u>116,127</u>
AFS financial assets				
Unquoted Islamic private debt securities:				
Government guaranteed	-	577,853	-	577,853
Unsecured	-	486,902	-	486,902
Government investment issues	-	846,292	-	846,292
Quoted shares in Malaysia:				
Shariah approved equities	70,313	-	-	70,313
Warrants	265	-	-	265
Property trust funds	4,454	-	-	4,454
	<u>75,032</u>	<u>1,911,047</u>	<u>-</u>	<u>1,986,079</u>
	<u>191,159</u>	<u>1,911,047</u>	<u>-</u>	<u>2,102,206</u>
<b>Assets for which fair values are disclosed:</b>				
HTM investments:				
Government guaranteed Islamic debt securities	-	16,953	-	16,953
Government investment issues	-	297,804	-	297,804
	<u>-</u>	<u>314,757</u>	<u>-</u>	<u>314,757</u>



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

**23. Fair values (cont'd.)**

**(vi) 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	
<b>** Company</b>				
<b>30.09.2018</b>				
<b>Assets measured at fair value:</b>				
Self occupied property	-	-	115,818	115,818
<b>Financial assets:</b>				
Financial assets at FVTPL:				
Unquoted Islamic private debt securities:				
Government guaranteed	-	621,596	-	621,596
Unsecured	-	490,737	-	490,737
Government investment issues	-	1,287,119	-	1,287,119
Quoted shares in Malaysia:				
Shariah approved equities	85,079	-	-	85,079
Warrants	95	-	-	95
Property trust funds	5,816	-	-	5,816
Shariah approved unit trust funds	121,748	-	-	121,748
	<u>212,738</u>	<u>2,399,452</u>	<u>-</u>	<u>2,612,190</u>
Financial assets at FVOCI:				
Unquoted Islamic private debt securities:				
Government guaranteed	-	11,481	-	11,481
Unsecured	-	87,924	-	87,924
Government investment issues	-	39,682	-	39,682
	<u>-</u>	<u>139,087</u>	<u>-</u>	<u>139,087</u>
	<u>212,738</u>	<u>2,538,539</u>	<u>-</u>	<u>2,751,277</u>

\*\* Company represents Family takaful fund and the Shareholder's fund assets and liabilities only, net of elimination and excludes the General takaful fund assets and liabilities.

**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	
<b>31.03.2018</b>				
<b>Assets measured at fair value:</b>				
Self occupied property	-	-	115,818	115,818
<u>Financial assets:</u>				
Financial assets at FVTPL:				
Shariah approved unit trust funds	116,127	-	-	116,127
	116,127	-	-	116,127
AFS financial assets				
Unquoted Islamic private debt securities:				
Government guaranteed	-	585,243	-	585,243
Unsecured	-	582,358	-	582,358
Government investment issues	-	846,292	-	846,292
Quoted shares in Malaysia:				
Shariah approved equities	77,584	-	-	77,584
Warrants	265	-	-	265
Property trust funds	5,132	-	-	5,132
	82,981	2,013,893	-	2,096,874
	199,108	2,013,893	-	2,213,001
<b>Assets for which fair values are disclosed:</b>				
HTM investments:				
Unquoted Islamic private debt securities:				
Government guaranteed	-	20,925	-	20,925
Unsecured	-	826	-	826
Government investment issues	-	339,922	-	339,922
	-	361,673	-	361,673

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

**24. Discontinuing operations**

In accordance with the requirements of the Islamic Financial Service Act 2013 ("IFSA 2013") a takaful operator that carries on both classes of family and general takaful businesses must take steps to split the businesses under separate legal entities before 1 July 2018.

The assets and liabilities, results and cash flows of the general takaful business of the Company have been presented as assets and liabilities, results and cash flows of discontinuing operations following the approval obtained from the Directors to transfer the general takaful business to a separate legal entity under the MNRB Group ("transfer") as required by the IFSA 2013.

The components of the assets and liabilities of the discontinuing operations are as follows:

	<b>30.09.2018</b>	<b>01.04.2018</b>
	<b>RM '000</b>	<b>RM '000</b>
(i) Assets of discontinuing operations		
Deferred tax assets	3,133	2,390
Financial assets:		
Financial assets at fair value through profit or loss ("FVTPL")	8,132	7,815
Financial assets at fair value through other comprehensive income ("FVOCI")	257,872	258,978
Financial assets at amortised costs ("AC")	161,929	154,905
Retakaful certificate assets	187,056	149,625
Takaful certificate receivables	15,398	30,535
Cash and bank balances	5,129	27,589
Total	<u>638,649</u>	<u>631,837</u>
(ii) Liabilities of discontinuing operations		
Takaful certificate liabilities	460,730	403,666
Expense liabilities	21,981	22,531
Takaful certificate payables	13,742	18,105
Tax payable	1,411	431
Other payables	23,809	66,607
	<u>521,673</u>	<u>511,340</u>
(iii) Participants' fund of discontinuing operations		
General takaful fund	<u>116,976</u>	<u>120,497</u>

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

**24. Discontinuing operations(cont'd.)**

The components of the cash flows for discontinuing operations are as follows:

	<b>01.04.2018</b>	<b>01.04.2017</b>
	<b>to</b>	<b>to</b>
	<b>30.09.2018</b>	<b>30.09.2017</b>
	<b>RM '000</b>	<b>RM '000</b>
Cash flows from operating activities:		
Profit before zakat and taxation	-	-
Adjustments for:		
Net amortisation of premiums	252	217
Profit income	(8,322)	(8,076)
Dividend income	(122)	(195)
Fair value adjustments of financial assets at FVTPL	1,043	79
Writeback of impairment of AFS financial assets	-	(714)
Loss on disposal of investments	(446)	(114)
Allowance for doubtful debts	3,269	5,938
Allowance for impairment of other receivables	(27)	903
Decrease in contribution liabilities	(1,205)	(2,882)
Increase in general takaful fund	(4,386)	(8,386)
Operating profit before working capital changes	<u>(9,944)</u>	<u>(13,230)</u>
Changes in working capital:		
Net purchase of financial assets	821	6,945
Increase in placement of Islamic investment accounts	(19,078)	(44,062)
Decrease in retakaful certificate assets	(37,431)	(13,199)
Decrease in trade receivables	11,868	(1,817)
Increase in other receivables and deposits	12,651	8,759
Increase in in gross claims and certificate liabilities	58,269	24,876
Decrease in takaful certificate payables	(4,363)	(3,597)
Increase in tax and other payables	(42,368)	26,329
Operating cash flows after working capital changes	<u>(29,575)</u>	<u>(8,996)</u>
Profit income received	6,834	7,374
Dividend income received	85	187
Hibah paid to participants	196	(4,681)
Net cash used in operating activities	<u>(22,460)</u>	<u>(6,116)</u>
Net increase in cash and cash equivalents	(22,460)	(6,116)
Cash and cash equivalents at beginning of period	<u>27,589</u>	<u>10,519</u>
Cash and cash equivalents at end of period	<u>5,129</u>	<u>4,403</u>
Cash and bank balances of General takaful fund	<u>5,129</u>	<u>4,403</u>

**25. Investment in subsidiary**

A new company was incorporated on 5 June 2017 under the Companies Act 2016, as a wholly-owned subsidiary of the Company for the purpose of the license split. The subsidiary, which is currently dormant would be the transferee of the Company's general takaful business assets and liabilities and business as going concern, as part of the business transfer. The subsidiary would be transferred to MNRB and would cease as a subsidiary of the Company on the effective date of the business transfer.