

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

**Unaudited Interim Financial Statements
For the six months period ended 30 September 2020**

201701019705 (1233870-A)

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

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Takaful Ikhlas General Berhad
(Incorporated in Malaysia)

Unaudited statements of comprehensive income
For the six months period ended 30 September 2020

	1.4.2020 to 30.9.2020			1.4.2019 to 30.9.2019		
	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000
Gross earned contributions	-	188,801	188,801	-	137,772	137,772
Earned contributions ceded to retakaful	-	(94,806)	(94,806)	-	(45,816)	(45,816)
Net earned contributions	-	93,995	93,995	-	91,956	91,956
Investment income	3,817	8,617	12,434	4,469	9,006	13,475
Realised gains	567	562	1,129	1,891	1,205	3,096
Fair value (losses)/gains	(11)	(168)	(179)	230	(53)	177
Fee and commission income	76,307	17,603	17,603	49,140	11,634	11,634
Other operating income	-	-	-	3,013	-	3,013
Other revenue	80,680	26,614	30,987	58,743	21,791	31,394
Gross claims paid	-	(59,250)	(59,250)	-	(87,709)	(87,709)
Claims ceded to retakaful	-	22,824	22,824	-	38,020	38,020
Gross change to certificate liabilities	-	4,036	4,036	-	(12,613)	(12,613)
Change in certificate liabilities ceded to retakaful	-	(19,658)	(19,658)	-	7,506	7,506
Net claims and benefits	-	(52,048)	(52,048)	-	(54,796)	(54,796)
Fee and commission expenses	(23,427)	(76,307)	(23,427)	(16,596)	(49,140)	(16,596)
Management expenses	(31,834)	-	(31,834)	(28,555)	-	(28,555)
Finance costs	(86)	-	(86)	(59)	-	(59)
Other operating expenses	(206)	(3,258)	(3,464)	-	(704)	(704)
Change in expense liabilities of general takaful fu	(3,607)	-	(3,607)	(2,351)	-	(2,351)
Tax borne by participants	-	1,082	1,082	-	(1,952)	(1,952)
Other expenses	(59,160)	(78,483)	(61,336)	(47,562)	(51,796)	(50,217)
Operating profit/(loss)	21,520	(9,922)	11,598	11,181	7,155	18,337

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Unaudited statements of comprehensive income (cont'd.)
For the period ended 30 September 2020

	1.4.2020 to 30.9.2020			1.4.2019 to 30.9.2019		
	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000
Operating profit/(loss) (cont'd.)	21,520	(9,922)	11,598	11,181	7,155	18,337
Deficit/(surplus) attributable to participants	-	9,922	9,922	-	(7,155)	(7,155)
Profit before zakat and taxation	21,520	-	21,520	11,181	-	11,181
Zakat	(402)	-	(402)	(222)	-	(222)
Taxation	(5,430)	-	(5,430)	(2,301)	-	(2,301)
Net profit for the period	15,688	-	15,688	8,658	-	8,658
Basic earnings per share (sen)	-	-	6.8	-	-	3.8

These unaudited financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 September 2019. The accompanying explanatory notes form an integral part of these interim financial statements.

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Unaudited statements of comprehensive income (cont'd.)
For the period ended 30 September 2020

	1.4.2020 to 30.9.2020			1.4.2019 to 30.9.2019		
	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000
Net profit for the period	15,688	-	15,688	8,658	-	8,658
Other comprehensive income:						
Items that may be subsequently reclassified to profit or loss:						
Fair value reserves on financial assets at Fair Value through Other Comprehensive Income ("FVOCI"):						
Net gains on fair value changes	3,820	5,057	8,877	536	5,787	6,323
Deferred tax on fair value changes	(880)	1,588	708	1,034	(1,236)	(202)
Net (gains)/losses transferred to transferred to profit or loss	(152)	(478)	(630)	-	(637)	(637)
Other comprehensive income attributable to participants	-	(6,167)	(6,167)	-	(3,914)	(3,914)
Total comprehensive income for the period	18,476	-	18,476	10,228	-	10,228

These unaudited financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 September 2019. The accompanying explanatory notes form an integral part of these interim financial statements.

Takaful Ikhlas General Berhad
(Incorporated in Malaysia)
Unaudited statements of financial position
As at 30 September 2020

		30.09.2020			31.03.2020		
Note	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000	
Assets							
Equipment	234	-	234	253	-	253	
Intangible assets	6,543	-	6,543	1,123	-	1,123	
Right-of-use assets	2,818	-	2,818	3,933	-	3,933	
Deferred tax assets	9,292	3,306	12,598	9,487	4,172	13,659	
Financial assets	291,992	556,747	842,686	286,674	493,806	747,185	
Retakaful certificate assets	14	-	175,520	-	193,415	193,415	
Takaful certificate receivables	13	-	47,314	-	45,179	45,179	
Cash and bank balances		12,535	5,863	16,138	20,979	37,117	
Total assets		323,414	788,750	317,608	757,551	1,041,864	
Liabilities							
Takaful certificate liabilities	14	-	517,565	-	481,376	481,376	
Expense liabilities	15	40,040	-	36,433	-	36,433	
Takaful certificate payables		-	43,190	-	33,000	33,000	
Deferred tax liabilities		-	-	-	-	-	
Lease liabilities		2,971	-	4,092	-	4,092	
Zakat payable		964	-	665	-	665	
Tax payable		5,493	-	6,300	129	6,429	
Other payables		16,940	80,505	16,588	91,801	75,094	
Total liabilities		66,408	641,260	64,078	606,306	637,089	
Participants' fund							
General takaful fund	18	-	147,490	-	151,245	151,245	
Equity							
Share capital		230,000	-	230,000	-	230,000	
Reserves		27,006	-	27,006	-	23,530	
Total equity		257,006	-	257,006	-	253,530	
Total liabilities, participants' funds and equity		323,414	788,750	317,608	757,551	1,041,864	

These unaudited financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 September 2019. The accompanying explanatory notes form an integral part of these interim financial statements.

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Unaudited statements of changes in equity
For the six months period ended 30 September 2020

Shareholder's fund and Company	Share capital RM '000	Non distributable fair value reserves RM '000	Distributable retained profits RM '000	Total RM '000
At 1 April 2019, as previously stated	230,000	353	7,036	237,389
Effect of adopting MFRS 16	-	-	(40)	(40)
At 1 April 2019	<u>230,000</u>	<u>353</u>	<u>6,996</u>	<u>237,349</u>
Net profit for the period	-	-	8,658	8,658
Other comprehensive income for the period	-	1,570	-	1,570
Total comprehensive income for the period	-	1,570	8,658	10,228
At 30 September 2019	<u>230,000</u>	<u>1,923</u>	<u>15,655</u>	<u>247,578</u>
At 1 April 2020	230,000	1,346	22,184	253,530
Net profit for the period	-	-	15,688	15,688
Other comprehensive income for the period	-	2,788	-	2,788
Total comprehensive income for the period	-	2,788	15,688	18,476
Dividend paid	-	-	(15,000)	(15,000)
At 30 September 2020	<u>230,000</u>	<u>4,134</u>	<u>22,872</u>	<u>257,006</u>

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Takaful Ikhlas General Berhad
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Unaudited statement of cash flows
For the six months period ended 30 September 2020

	1.4.2020 to 30.9.2020 RM '000	1.4.2019 to 30.9.2019 RM '000
Cash flows from operating activities		
Profit before zakat and taxation	21,520	11,181
Adjustments for:		
Depreciation of equipment	32	44
Depreciation of right-of-use assets	1,115	410
Finance costs on lease liabilities	86	300
Amortisation of intangible assets	53	-
Net amortisation of premiums	809	209
Profit income	(12,773)	(12,656)
Dividend income	(485)	(532)
Fair value adjustments of financial assets at fair value through profit or loss ("FVTPL")	179	(177)
Impairment loss of financial assets at FVOCI	19	-
Realised gain on disposal of investments	(1,129)	(3,096)
Allowance for impairment of takaful certificate receivables	3,509	1,310
(Deficit)/surplus transferred to general takaful fund	(9,922)	7,155
Operating cash flows before working capital changes	<u>3,014</u>	<u>4,150</u>
Changes in working capital:		
Net purchase of financial assets	(41,316)	(1,226)
(Increase)/decrease in placement of Islamic investment accounts	(15,917)	50,589
Increase in financial assets	(24,808)	(96,428)
Decrease/(increase) in staff financing	160	(232)
(Increase)/decrease in retakaful certificate assets	17,895	(8,586)
Increase in takaful certificate receivables	(5,644)	(5,802)
Increase in other receivables and deposits	(7,940)	(24,299)
Decrease fair value reserves	2,788	7,708
Net change in balance with related companies	4,625	14,741
Increase in gross claims liabilities	20,808	12,162
Increase in gross contribution liabilities	15,381	6,366
Increase in expense liabilities	3,607	2,450
Increase in takaful certificate payables (and due to agents, retakaful and brokers)	10,190	22,757
Increase in zakat, tax and other payables	22,327	16,635
Operating cash flows after working capital changes	<u>5,170</u>	<u>985</u>

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Unaudited statement of cash flows (cont'd.)
For the six months period ended 30 September 2020

	1.4.2020	1.4.2019
	to	to
	30.9.2020	30.9.2019
	RM '000	RM '000
Cash flows from operating activities (cont'd.)		
Operating cash flows after working capital changes (cont'd.)	5,170	985
Profit income received	16,883	13,015
Finance cost paid on lease liabilities	(86)	-
Dividend income received	(3,794)	532
Surplus paid to participants	(378)	-
Income tax paid	(14,803)	-
Zakat paid	(103)	-
Net cash generated from operating activities	<u>2,888</u>	<u>14,532</u>
Cash flows from investing activities		
Purchase of equipment	(13)	(221)
Purchase of intangible assets	(5,473)	(483)
Payment of principal portion of lease liabilities	(1,121)	-
Net cash used in investing activities	<u>(6,607)</u>	<u>(704)</u>
Cash flows from financing activity		
Dividend paid	(15,000)	-
Net cash used in financing activities	<u>(15,000)</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	(18,719)	13,828
Cash and cash equivalents at beginning of period	37,117	2,257
Cash and cash equivalents at end of period	<u>18,398</u>	<u>16,085</u>
Cash and cash equivalents comprise:		
Cash and bank balances of:		
Shareholder's fund	12,535	15,300
General takaful fund	5,863	785
	<u>18,398</u>	<u>16,085</u>

These unaudited financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 September 2019. The accompanying explanatory notes form an integral part of these interim financial statements.

**Takaful Ikhlas General Berhad
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Notes to the unaudited interim financial statements - 30 September 2020

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at 9th Floor, IKHLAS Point, Tower 11A, Avenue 5, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

The Company is engaged principally in the management of general takaful businesses. There were no significant changes in the principal activities of the Company during the financial period from 1 April 2020 to 30 September 2020.

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 25 November 2020.

2. Significant accounting policies

2.1 Basis of preparation

The unaudited interim financial statements for the six months period ended 30 September 2019 have been prepared in accordance with Malaysia Financial Reporting Standards ("MFRS") 134 *Interim Financial Reporting*, IAS 34 *Interim Financial Reporting* issued by the International Financial Reporting Standards Board and the Guidelines/ Circulars issued by the Bank Negara Malaysia.

At the beginning of the current financial year, the Company had adopted the new MFRSs applicable for annual financial periods beginning on or after 1 January 2019 as described fully in Note 2.2.

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

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the financial year ended 30 September 2019.

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2. Significant accounting policies (cont'd.)

2.1 Basis of preparation (cont'd.)

The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's audited financial statements for the financial year ended 30 September 2019.

Takaful operations and its funds

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

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

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

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

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

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2. Significant accounting policies (cont'd.)

2.2 Changes in accounting policies

The significant accounting policies adopted are consistent with those applied in the annual audited financial statements for the financial year ended 30 September 2019, 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 2020:

Description	Effective for annual periods beginning on or after
Amendments to the Revised Conceptual Framework for Financial Reporting	1 January 2020
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108 - <i>Definition of Material</i>	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 16 <i>Covid-19-Related Rent Concessions</i>	1 June 2020

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

3. Auditor's report

The auditor's report on the audited financial statements of the preceding year ended 30 September 2019 does not contain any qualification.

4. Seasonality or cyclicity factors

The businesses of the Company was not materially affected by any seasonal or cyclical fluctuations during the six months financial period ended 30 September 2020.

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 2020.

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6. Changes in estimates

There was no change in estimate 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 2020.

8. Significant event

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

9. Subsequent events

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

10. Dividend paid

Dividend of RM15 million in respect of the financial year ended 31 March 2020 was paid during the current financial period ended 30 September 2020.

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 30 September 2019.

Takaful Ikhlas General 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:

	30.09.2020			31.03.2020		
	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000
Unquoted sukuk	62,189	209,861	272,050	45,985	185,223	231,208
Government guaranteed	20,650	92,865	113,515	5,192	64,779	69,971
Unsecured	41,539	116,996	158,535	40,793	120,444	161,237
Government investment issues	139,423	112,427	251,850	113,745	104,449	218,194
Quoted Shariah approved equities in Malaysia	11,541	24,716	36,257	13,691	22,966	36,657
Real estate investment trusts	891	282	1,173	891	1,967	2,858
Islamic investment accounts with licensed:						
Islamic banks	58,628	155,940	214,568	66,565	134,612	201,177
Investment banks	-	-	-	-	-	-
Development banks	4,191	42,020	46,211	7,843	34,963	42,806
Secured staff financing:						
Receivable within 12 months	316	-	316	308	-	308
Receivable after 12 months	798	-	798	966	-	966
Due from general takaful fund *	6,053	-	-	33,295	-	-
Amount due from:						
Holding company *	-	-	-	377	-	377
Fellow subsidiary *	-	-	-	141	2,006	2,147
Income due and accrued	1,795	4,800	6,595	1,754	4,671	6,425
Sundry receivables	1,541	6,701	8,242	1,113	2,949	4,062
	287,366	556,747	838,060	286,674	493,806	747,185
Financial assets at FVTPL (Note 12(a))	12,432	24,998	37,430	14,582	24,933	39,515
Financial assets at FVOCI (Note 12(b))	201,612	322,288	523,900	159,730	289,672	449,402
Financial assets at AC (Note 12(c))	77,948	209,461	281,356	112,362	179,201	258,268
	291,992	556,747	842,686	286,674	493,806	747,185

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12. Financial assets (cont'd.)

	30.09.2020			31.03.2020		
	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000
(a) Financial assets at FVTPL						
At fair value:						
- Mandatorily measured:						
Quoted Shariah approved equities in Malaysia	11,541	24,716	36,257	13,691	22,966	36,657
Warrants	-	-	-	-	-	-
Real estate investment trusts	891	282	1,173	891	1,967	2,858
Shariah approved unit trust funds	-	-	-	-	-	-
	<u>12,432</u>	<u>24,998</u>	<u>37,430</u>	<u>14,582</u>	<u>24,933</u>	<u>39,515</u>
(b) Financial assets at FVOCI						
At fair value:						
Unquoted sukuk	62,189	209,861	272,050	45,985	185,223	231,208
Government guaranteed	20,650	92,865	113,515	5,192	64,779	69,971
Unsecured	41,539	116,996	158,535	40,793	120,444	161,237
Government investment issues	139,423	112,427	251,850	113,745	104,449	218,194
	<u>201,612</u>	<u>322,288</u>	<u>523,900</u>	<u>159,730</u>	<u>289,672</u>	<u>449,402</u>

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12. Financial assets (cont'd.)

(c) Financial assets at AC	30.09.2020			31.03.2020		
	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000
At amortised cost/fair value						
Islamic investment accounts with licensed:						
Islamic banks	58,628	155,940	214,568	66,565	134,612	201,177
Development banks	4,191	42,020	46,211	7,843	34,963	42,806
Secured staff financing:						
Receivable within 12 months	316	-	316	308	-	308
Receivable after 12 months	798	-	798	966	-	966
Due from general takaful fund *	6,053	-	-	33,295	-	-
Amount due from:						
Holding company *	-	-	-	377	-	377
Fellow subsidiary *	-	-	-	141	2,006	2,147
Income due and accrued	1,795	4,800	6,595	1,754	4,671	6,425
Sundry receivables	1,541	6,701	8,242	926	1,860	2,786
	<u>73,322</u>	<u>209,461</u>	<u>276,730</u>	<u>112,175</u>	<u>178,112</u>	<u>256,992</u>
Other assets:						
Prepayments	4,626	-	4,626	187	1,089	1,276
	<u>4,626</u>	<u>-</u>	<u>4,626</u>	<u>187</u>	<u>1,089</u>	<u>1,276</u>

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

The carrying amounts are reasonable approximations of fair values due to the relatively short-term maturity of these balances.

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

	30.09.2020	31.03.2020
	RM '000	RM '000
Due contributions including agents/brokers and co-takaful balances	55,386	47,369
Due from retakaful operators	<u>4,002</u>	<u>6,375</u>
	59,388	53,744
Allowance for impairment	<u>(12,074)</u>	<u>(8,565)</u>
	<u>47,314</u>	<u>45,179</u>

Included in takaful certificate receivables are amounts due Malaysian Reinsurance Berhad of RM 245,506 (31.03.2020 : RM 344,797) and from Labuan Reinsurance (L) Limited of RM 14,989 (31.03.2020 : RM 28,913). The amounts receivable are subject to settlement terms stipulated in the takaful and retakaful certificates.

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

	Gross	Retakaful	Net
	RM '000	RM '000	RM '000
30.09.2020			
Provision for claims reported by certificate holders	226,596	(107,576)	119,020
Provision for claims incurred but not yet reported ("IBNR")	67,592	(26,466)	41,126
Provision of Risk Margin for Adverse Deviation ("PRAD")	<u>33,745</u>	<u>(14,676)</u>	<u>19,069</u>
Claim liabilities (i)	327,933	(148,718)	179,215
Contribution liabilities (ii)	<u>189,632</u>	<u>(26,802)</u>	<u>162,830</u>
	<u>517,565</u>	<u>(175,520)</u>	<u>342,045</u>

General takaful fund and Company

	Gross	Retakaful	Net
	RM '000	RM '000	RM '000
31.03.2020			
Provision for claims reported by certificate holders	211,184	(102,876)	108,308
Provision for claims incurred but not yet reported ("IBNR")	64,540	(26,770)	37,770
Provision of Risk Margin for Adverse Deviation ("PRAD")	<u>31,401</u>	<u>(13,887)</u>	<u>17,514</u>
Claim liabilities (i)	307,125	(143,533)	163,592
Contribution liabilities (ii)	<u>174,251</u>	<u>(49,882)</u>	<u>124,369</u>
	<u>481,376</u>	<u>(193,415)</u>	<u>287,961</u>

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14. Takaful certificate liabilities (cont'd.)

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

(i) Claim liabilities

General takaful fund and Company

30.09.2020	Gross RM '000	Retakaful RM '000	Net RM '000
At 1 April 2020	307,125	(143,533)	163,592
Claims incurred in the current accident period	116,195	(43,470)	72,725
Adjustment to claims incurred in prior accident years due to changes in assumptions:			
Decrease in PRAD	(5,071)	1,800	(3,271)
Decrease in expected ultimate loss ratios	(26,301)	10,402	(15,899)
Movements in claims incurred in prior accident years	(4,765)	3,259	(1,506)
Claims paid during the period	<u>(59,250)</u>	<u>22,824</u>	<u>(36,426)</u>
At 30 September 2020	<u>327,933</u>	<u>(148,718)</u>	<u>179,215</u>
31.03.2020			
At 1 April 2019	285,235	(123,064)	162,171
Transferred from TIFB on 30 November 2018	51,280	(51,730)	(450)
Claims incurred in the current accident period	177,730	(36,294)	141,436
Adjustment to claims incurred in prior accident years due to changes in assumptions:			
Decrease in PRAD	(11,358)	3,107	(8,251)
Decrease in expected ultimate loss ratios	(29,725)	10,759	(18,966)
Movements in claims incurred in prior accident years	22,939	(36,795)	(13,856)
Claims paid during the period	<u>(188,976)</u>	<u>90,484</u>	<u>(98,492)</u>
At 31 March 2020	<u>307,125</u>	<u>(143,533)</u>	<u>163,592</u>

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14. Takaful certificate liabilities (cont'd.)

(ii) Contribution liabilities

General takaful fund and Company	Gross RM '000	Retakaful RM '000	Net RM '000
30.09.2020			
At 1 April 2020	174,251	(49,882)	124,369
Contributions written during the period	204,182	(71,726)	132,456
Contributions earned during the period	<u>(188,801)</u>	<u>94,806</u>	<u>(93,995)</u>
At 30 September 2020	<u>189,632</u>	<u>(26,802)</u>	<u>162,830</u>
31.03.2020			
At 1 April 2019	147,761	(41,877)	105,884
Transferred from HLMTB on 1 June 2019	1,503	(1,497)	6
Contributions written during the period	345,186	(111,111)	234,075
Contributions earned during the period	<u>(320,199)</u>	<u>104,603</u>	<u>(215,596)</u>
At 30 September 2019	<u>174,251</u>	<u>(49,882)</u>	<u>124,369</u>

15. Expense liabilities

Shareholder's fund and Company

	30.09.2020 RM '000	31.03.2020 RM '000
Expense liabilities of general takaful fund		
Unearned wakalah fees reserve	<u>40,040</u>	<u>36,433</u>

The movement of expense liabilities are presented as follows:

	RM '000
At 1 April 2020	36,433
- Wakalah fees received during the period	<u>76,307</u>
- Wakalah fees earned during the period	<u>(72,700)</u>
	3,607
At 30 September 2020	<u>40,040</u>
At 1 April 2019	-
Transferred from HLMTB on 1 June 2019	22,211
- Wakalah fees received during the period	<u>127,312</u>
- Wakalah fees earned during the period	<u>(113,090)</u>
	14,222
At 30 September 2019	<u>36,433</u>

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

	30.09.2020	30.09.2019
	RM '000	RM '000
Due to retakaful operators	43,190	33,000

Included in amounts due to retakaful operators of the general takaful fund is an amount due to Malaysian Reinsurance Berhad of RM 1,738,881 (31.03.2020: RM 1,733,683 and Labuan Reinsurance (L) Limited of RM 590,991 (31.03.2020: RM 431,838). The amount payable is subject to settlement terms stipulated in the retakaful certificates.

17. Other payables

	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000
30.09.2020			
Provisions	10,138	1,767	11,905
Advance contributions	-	4,981	4,981
Deposit contributions	-	5,854	5,854
Amount due to participants	-	4,656	4,656
Amount due to shareholder's fund*	-	6,053	-
Holding company*	24	-	24
Amount due to fellow subsidiaries*	446	1,686	2,132
Surplus payable	-	18,397	18,397
Other accruals and payables	6,332	37,111	43,443
	<u>16,940</u>	<u>80,505</u>	<u>91,392</u>

	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000
31.03.2020			
Provisions	15,263	4	15,267
Advance contributions	-	3,503	3,503
Deposit contributions	-	5,618	5,618
Amount due to participants	-	6,215	6,215
Amount due to shareholder's fund*	-	33,295	-
Amount due to fellow subsidiaries*	2	29	31
Surplus payable	-	18,775	18,775
Other accruals and payables	1,323	24,362	25,685
	<u>16,588</u>	<u>91,801</u>	<u>75,094</u>

* The amounts due to the shareholder's fund and the holding company/fellow subsidiaries are unsecured, not subject to any profit elements and are repayable on demand.

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18. General takaful fund**General takaful fund and Company**

	30.09.2020	30.09.2019
	RM '000	RM '000
Accumulated surplus		
At beginning of the year	146,751	130,128
Transferred from HLMTB on 1 June 2019	-	3,338
Surplus attributable to participants	(9,922)	23,285
(Surplus payable)/reversal of surplus payable to participants	-	(10,000)
At end of the year	<u>136,829</u>	<u>146,751</u>
Fair value reserves		
At beginning of the year	4,494	2,693
Net gains on fair value changes	5,057	5,659
Deferred tax on fair value changes	1,588	(557)
Realised gains transferred to profit or loss	(478)	(3,301)
At end of the year	<u>10,661</u>	<u>4,494</u>
General takaful fund at end of the period		
Accumulated surplus	136,829	146,751
Fair value reserves	10,661	4,494
	<u>147,490</u>	<u>151,245</u>

19. Capital commitments

	2021	2020
	RM '000	RM '000
Shareholder's fund and Company		
Authorised and contracted for:		
Intangible assets	2,283	628
Equipment	-	31
	<u>2,283</u>	<u>659</u>
Authorised but not contracted for:		
Intangible assets	24,672	21,840
Equipment	580	600
	<u>25,252</u>	<u>22,440</u>
Payable within 1 year	2,283	659
Payable after 1 year but not more than 5 years	25,252	22,440
	<u>27,535</u>	<u>23,099</u>

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20. Regulatory capital requirement

The capital structure of the Company as at 30 September 2020, as prescribed under the Risk-Based Capital Framework for Takaful Operators ("RBCT Framework") is provided below:

	Shareholder's fund RM '000	General takaful fund RM '000	Total RM'000
30.09.2020			
Eligible tier-1 capital			
Share capital	230,000	-	230,000
Retained profits/accumulated surplus	22,872	136,829	159,701
Tier-2 capital			
Fair value reserves	4,134	10,661	14,795
Amount deducted from capital	<u>(15,836)</u>	<u>(3,306)</u>	<u>(19,142)</u>
Total capital available	<u>241,170</u>	<u>144,184</u>	<u>385,354</u>
31.03.2020			
Eligible tier-1 capital			
Share capital	230,000	-	230,000
Retained profits/accumulated surplus	22,184	146,751	168,935
Tier-2 capital			
Fair value reserves	1,346	4,494	5,840
Amount deducted from capital	<u>(10,610)</u>	<u>(4,172)</u>	<u>(14,782)</u>
Total capital available	<u>242,920</u>	<u>147,073</u>	<u>389,993</u>

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21. Related party transactions

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

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

30.09.2020	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000
Income/(expenses) :			
Transactions with MNRB Holdings Berhad ("MNRB"):			
Gross contributions	-	66	66
Management fees	(118)	-	(118)
Dividend paid	(15,000)	-	(15,000)
	<u> </u>	<u> </u>	<u> </u>
Transactions with Takaful Ikhlas Family Berhad ("TIFB") a fellow subsidiary:			
Gross contribution received	-	96	96
Gross contribution paid for takaful cover	(168)	-	(168)
Rental paid	(724)	-	(724)
Settlement of liabilities on behalf of the Company	(2,117)	-	(2,117)
	<u> </u>	<u> </u>	<u> </u>
Transactions with Malaysian Reinsurance Berhad ("MRE"), a fellow subsidiary:			
Gross contributions	-	86	86
Retakaful inward contributions	-	-	-
Retakaful outward contributions	-	(3,065)	(3,065)
Retakaful inward commissions	-	-	-
Retakaful outward commissions	-	458	458
Claims recoveries	-	441	441
	<u> </u>	<u> </u>	<u> </u>

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21. Related party transactions (cont'd.)

30.09.2020 (Cont'd.)	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000
Income/(expenses) :			
Transactions with Labuan Reinsurance (L) Ltd ("Labuan Re"), in which MRE is a substantial shareholder:			
Gross contributions	-	6	6
Retakaful inward contributions	-	-	-
Retakaful outward contributions	-	(3,149)	(3,149)
Retakaful inward commissions	-	-	-
Retakaful outward commissions	-	496	496
Claims recoveries	-	804	804
	<u> </u>	<u> </u>	<u> </u>

31.03.2020	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000
Income/(expenses) :			
Transactions with MNRB Holdings Berhad ("MNRB"):			
Gross contributions	-	143	143
Management fees	(3,581)	-	(3,581)
Dividend paid	(5,000)	-	(5,000)
	<u> </u>	<u> </u>	<u> </u>
Transactions with Takaful Ikhlas Family Berhad ("TIFB") (formerly known as Takaful a fellow subsidiary:			
Gross contribution received	-	106	106
Gross contribution paid for takaful cover	(245)	-	(245)
Rental paid	(1,598)	-	(1,598)
Settlement of liabilities on behalf of the Company	(4,890)	-	(4,890)
	<u> </u>	<u> </u>	<u> </u>

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21. Related party transactions (cont'd.)

31.03.2020 (Cont'd.)	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000
Transactions with Malaysian Reinsurance Berhad ("MRE"), a fellow subsidiary:			
Gross contributions	-	109	109
Retakaful outward contributions	-	-	-
	-	(5,850)	(5,850)
Retakaful commissions	-	-	-
Claims recoveries	-	685	685
	<hr/>	<hr/>	<hr/>
Transactions with Labuan Reinsurance (L) Ltd ("Labuan Re"), in which MRE is a substantial shareholder:			
Gross contributions	-	4	4
Retakaful outward contributions	-	-	-
	-	(4,132)	(4,132)
Retakaful commissions	-	-	-
Claims recoveries	-	519	519
	<hr/>	<hr/>	<hr/>

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22. Fair values

MFRS 7 *Financial Instruments: Disclosures* ("MFRS 7") requires the classification of financial instruments measured at fair value according to a hierarchy that reflects the significance of inputs used in making the measurements, in particular, whether the inputs used are observable or unobservable. MFRS 13 *Fair Value Measurement* requires similar disclosure requirements as MFRS 7, but this is extended to include all assets and liabilities measured and/or disclosed at fair value.

The levels of the fair value hierarchy as defined by the accounting standards are an indication of the observability of prices or valuation input. The following levels of hierarchy are used for determining and disclosing the fair value of the Company's assets/liabilities:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities, either directly or indirectly

Refers to financial instruments which are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Such financial instruments include actively traded quoted equities, warrants and quoted unit and property trusts fund.

For investments in investment linked units and unit trusts, if any, fair value is determined by reference to published net asset values.

- Level 2 - Inputs that are based on observable market data, either directly or indirectly

Refers to inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices). Such financial instruments include government guaranteed ("GG") sukuks, unsecured sukuks and government investment issues ("GII").

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

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

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

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

There were no transfers in and out of Level 3 of the fair value hierarchy during the current and previous financial period/years.

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22. Fair values (cont'd.)

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

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

(ii) Financial assets at AC

Financial assets at AC 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 2019. The carrying amounts approximate fair values due to the relatively short-term maturity of these financial instruments.

(iv) Investments

The carrying amounts are measured at amortised cost in accordance with the accounting policies as disclosed in the audited financial statements for the financial year

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

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

Company	Valuation technique using:			Total RM '000
	Level 1 Quoted market prices RM '000	Level 2 Observable inputs RM '000	Level 3 Significant unobservable inputs RM '000	
30.09.2020				
<u>Financial assets:</u>				
Financial assets at FVTPL:				
Quoted Shariah approved equities in Malaysia	36,257	-	-	36,257
Real estate investment trusts	1,173	-	-	1,173
	<u>37,430</u>	<u>-</u>	<u>-</u>	<u>37,430</u>

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22. Fair values (cont'd.)

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

	Valuation technique using:			Total RM '000
	Level 1 Quoted market prices RM '000	Level 2 Observable inputs RM '000	Level 3 Significant unobservable inputs RM '000	
Company (cont'd.)				
30.09.2020 (cont'd.)				
<u>Financial assets (cont'd.):</u>				
Financial assets at FVOCI:				
Unquoted sukuks Government investment issues		272,050	-	272,050
	-	251,850	-	251,850
	-	523,900	-	523,900
	37,430	523,900	-	561,330
30.09.2019				
<u>Financial assets:</u>				
Financial assets at FVTPL:				
Quoted Shariah approved equities in Malaysia	36,657	-	-	36,657
Real estate investment trusts	2,858	-	-	2,858
	39,515	-	-	39,515
Financial assets at FVOCI:				
Unquoted sukuks Government investment issues	-	231,208	-	231,208
	-	218,194	-	218,194
	-	449,402	-	449,402
	39,515	449,402	-	488,917

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22. Fair values (cont'd.)

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

	Valuation technique using:			Total RM '000
	Level 1 Quoted market prices RM '000	Level 2 Observable inputs RM '000	Level 3 Significant unobservable inputs RM '000	
Shareholder's fund				
30.09.2020				
<u>Financial assets:</u>				
Financial assets at FVTPL:				
Quoted Shariah approved equities in Malaysia	11,541	-	-	11,541
Real estate investment trusts	891	-	-	891
	<u>12,432</u>	<u>-</u>	<u>-</u>	<u>12,432</u>
Financial assets at FVOCI:				
Unquoted sukuks Government investment issues	-	62,189	-	62,189
	-	139,423	-	139,423
	-	201,612	-	201,612
	<u>12,432</u>	<u>201,612</u>	<u>-</u>	<u>214,044</u>
30.09.2019				
<u>Financial assets:</u>				
Financial assets at FVTPL:				
Quoted Shariah approved equities in Malaysia	13,691	-	-	13,691
Real estate investment trusts	891	-	-	891
	<u>14,582</u>	<u>-</u>	<u>-</u>	<u>14,582</u>
Financial assets at FVOCI:				
Unquoted sukuks Government investment issues	-	45,985	-	45,985
	-	113,745	-	113,745
	-	159,730	-	159,730
	<u>14,582</u>	<u>159,730</u>	<u>-</u>	<u>174,312</u>

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22. Fair values (cont'd.)

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

	Valuation technique using:			Total RM '000
	Level 1 Quoted market prices RM '000	Level 2 Observable inputs RM '000	Level 3 Significant unobservable inputs RM '000	
General takaful fund				
30.09.2020				
<u>Financial assets:</u>				
Financial assets at FVTPL:				
Quoted Shariah approved equities in Malaysia	24,716	-	-	24,716
Real estate investment trusts	282	-	-	282
	<u>24,998</u>	<u>-</u>	<u>-</u>	<u>24,998</u>
Financial assets at FVOCI:				
Unquoted sukuks Government investment issues	-	209,861	-	209,861
	-	112,427	-	112,427
	<u>-</u>	<u>322,288</u>	<u>-</u>	<u>322,288</u>
	<u>24,998</u>	<u>322,288</u>	<u>-</u>	<u>347,286</u>

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22. Fair values (cont'd.)

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

	Valuation technique using:			Total RM '000
	Level 1 Quoted market prices RM '000	Level 2 Observable inputs RM '000	Level 3 Significant unobservable inputs RM '000	
General takaful fund (cont'd.)				
30.09.2019				
<u>Financial assets:</u>				
Financial assets at FVTPL:				
Quoted Shariah approved equities in Malaysia	22,966	-	-	22,966
Real estate investment trusts	1,967	-	-	1,967
	<u>24,933</u>	<u>-</u>	<u>-</u>	<u>24,933</u>
Financial assets at FVOCI:				
Unquoted sukuks	-	185,223	-	185,223
Government investment issues	-	104,449	-	104,449
Quoted shares in Malaysia:	<u>-</u>	<u>289,672</u>	<u>-</u>	<u>289,672</u>
	<u>24,933</u>	<u>289,672</u>	<u>-</u>	<u>314,605</u>