

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

**Unaudited Interim Financial Statements
For the six months period ended 30 September 2019**

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 2019

	1.4.2019 to 30.09.2019			1.4.2018 to 30.9.2018
	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000	Company RM '000
Gross earned contributions	-	137,772	137,772	-
Earned contributions ceded to retakaful	-	(45,816)	(45,816)	-
Net earned contributions	-	91,956	91,956	-
Investment income	4,469	9,006	13,475	-
Realised gains	1,891	1,205	3,096	-
Fair value gains/(losses)	230	(53)	177	-
Fee and commission income	49,140	11,634	11,634	-
Other operating income	3,013	-	3,013	-
Other revenue	58,743	21,791	31,394	-
Gross claims paid	-	(87,709)	(87,709)	-
Claims ceded to retakaful	-	38,020	38,020	-
Gross change to certificate liabilities	-	(12,613)	(12,613)	-
Change in certificate liabilities ceded to retakaful	-	7,506	7,506	-
Net claims and benefits	-	(54,796)	(54,796)	-
Fee and commission expenses	(16,596)	(49,140)	(16,596)	-
Management expenses	(28,555)	-	(28,555)	-
Finance costs	(59)	-	(59)	-
Other operating expenses	-	(704)	(704)	-
Change in expense liabilities of general takaful fund	(2,351)	-	(2,351)	-
Tax borne by participants	-	(1,952)	(1,952)	-
Other expenses	(47,562)	(51,796)	(50,217)	-
Operating profit	11,181	7,155	18,337	-
Surplus attributable to participants	-	(7,155)	(7,155)	-
Profit before zakat and taxation	11,181	-	11,181	-
Zakat	(222)	-	(222)	-
Taxation	(2,301)	-	(2,301)	-
Net profit for the period	8,658	-	8,658	-
Basic and diluted earnings per share (sen)	-	-	4	-

These unaudited financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019. The accompanying explanatory notes form an integral part of these interim financial statements.

Takaful Ikhlas General Berhad
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Unaudited statements of comprehensive income
For the period ended 30 September 2019

	1.4.2019 to 30.09.2019		1.4.2018 to 30.9.2018	
	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000	Company RM '000
Net profit/(loss) for the year	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	536	5,787	6,323	-
Deferred tax on fair value changes	1,034	(1,236)	(202)	-
Net gains/(losses) transferred to transferred to profit or loss	-	(637)	(637)	-
Other comprehensive income attributable to participants	-	(3,914)	(3,914)	-
Total comprehensive income for the period	10,228	-	10,228	-

These unaudited financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019. The accompanying explanatory notes form an integral part of these interim financial statements.

Takaful Ikhlas General Berhad
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Unaudited statements of financial position
As at 30 September 2019

	30.09.2019			31.03.2019		
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	226	-	226	5	-	5
Intangible assets	528	-	528	45	-	45
Right-of-Use asset	1,360	-	1,360	-	-	-
Deferred tax assets	7,090	418	7,508	6,712	1,423	8,135
Financial assets	12 270,356	495,095	752,784	267,738	461,430	707,914
Retakaful certificate assets	14 -	173,527	173,527	-	164,941	164,941
Takaful certificate receivables	-	27,523	27,523	-	23,031	23,031
Cash and bank balances	15,300	785	16,085	1,797	460	2,257
Total assets	294,860	697,348	979,541	276,297	651,285	906,328
Liabilities						
Takaful certificate liabilities	14 -	451,524	451,524	-	432,996	432,996
Expense liabilities	15 28,986	-	28,986	26,535	-	26,535
Takaful certificate payables	-	31,463	31,463	-	8,706	8,706
Deferred tax liabilities	643	-	643	-	-	-
Lease Liabilities	1,414	-	1,414	-	-	-
Zakat payable	367	-	367	145	-	145
Tax payable	5,031	6,734	11,765	3,764	4,551	8,315
Other payables	10,841	61,223	59,397	8,464	72,211	59,421
Total liabilities	47,282	550,944	585,559	38,908	518,464	536,118
		(12,667)				
Participants' fund						
General takaful fund	18 -	146,404	146,404	-	132,821	132,821
Equity						
Share capital	230,000	-	230,000	230,000	-	230,000
Reserves	17,578	-	17,578	7,389	-	7,389
Total equity	247,578	-	247,578	237,389	-	237,389
Total liabilities, participants' funds and equity	294,860	697,348	979,541	276,297	651,285	906,328

These unaudited financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 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 2019

Shareholder's fund and Company	Note	Share capital RM '000	Non distributable fair value reserves RM '000	(Accumulated losses)/ distributable retained profits RM '000	Total RM '000
At 1 April 2018 / 30 September 2018		-*	-	(7)	(7)
At 1 April 2019		230,000	353	7,036	237,389
Effect of adopting MFRS 16	2.3	-		(40)	(40)
At 1 April 2019 (restated)		230,000	353	6,996	237,349
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		230,000	1,923	15,655	247,578

* Denotes RM 2

These unaudited financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019. The accompanying explanatory notes form an integral part of these interim financial statements.

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Unaudited statement of cash flows
For the six months period ended 30 September 2019

	1.4.2019	1.4.2018
	to	to
	30.9.2019	30.9.2018
	RM '000	RM '000
Cash flows from operating activities		
Profit before zakat and taxation	11,181	-
Adjustments for:		
Depreciation of equipment	44	-
Depreciation of Right of use asset	410	-
Net amortisation of premiums	209	-
Profit income	(12,656)	-
Dividend income	(1,071)	-
Fair value adjustments of financial assets at FVTPL	(177)	-
Writeback of impairment of financial assets at FVOCI	0	-
Gain on disposal of investments	(3,096)	-
Allowance for impairment of takaful certificate receivables	1,310	-
Increase in gross contribution liabilities	6,366	-
Increase in expense liabilities	2,450	-
Increase in general takaful fund	1,400	-
Operating cash flows before working capital changes	<u>6,372</u>	<u>-</u>
Changes in working capital:		
Net purchase of financial assets	(1,226)	-
Decrease in placement of Islamic investment accounts	50,589	-
Increase in financial assets	(96,428)	-
Increase in staff financing	(232)	-
Increase in retakaful certificate assets	(8,586)	-
Increase in takaful certificate receivables	(5,802)	-
Increase in other receivables and deposits	(24,299)	-
Decrease in gross claims and certificate liabilities	12,162	-
(Decrease)/(decrease) in lease liabilities	300	-
Decrease in takaful certificate payables (and due to agents, retakaful and brokers)	22,757	-
Decrease in zakat, tax and other payables	31,154	-
Net change in balance with holding company	9,669	-
Operating cash flows after working capital changes	<u>224</u>	<u>-</u>

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Unaudited statement of cash flows (cont'd.)
For the six months period ended 30 September 2019

	1.4.2019	1.4.2018
	to	to
	30.9.2019	30.9.2018
	RM '000	RM '000
Cash flows from operating activities (cont'd.)		
Operating cash flows after working capital changes	224	-
Profit income received	13,015	-
Dividend income received	1,071	-
Net cash used in operating activities	14,532	-
Cash flows from investing activities		
Purchase of property and equipment	(221)	-
Purchase of intangible assets	(483)	-
Net cash used in investing activities	(704)	-
Net increase in cash and cash equivalents	13,828	-
Cash and cash equivalents at beginning of period	2,257	-
Cash and cash equivalents at end of period	16,085	-
Cash and cash equivalents comprise:		
Cash and bank balances of:		
Shareholder's fund	15,300	-
General takaful fund	785	-
	16,085	-

These unaudited financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 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 2019

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 2019 to 30 September 2019.

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 26 November 2019.

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.

The statements of financial position and statements of comprehensive income of the shareholder's 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 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 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 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 the general takaful fund are uniform for like transactions and events in similar circumstances.

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2. Significant accounting policies (cont'd.)

2.1 Basis of preparation (cont'd.)

The general takaful fund is 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 the general 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 2019.

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 2019.

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 manage 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.

In accordance with the IFSA 2013, the assets and liabilities of the general takaful fund is 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 general takaful fund is consolidated with those of the takaful operator to represent the control possessed by the operator over the general takaful fund.

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2. Significant accounting policies (cont'd.)

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

The inclusion of separate information of the general takaful fund 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 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 2019:

Description	Effective for annual periods beginning on or after
IC Interpretation 23 <i>Uncertainty over Income Tax Treatmentss to MFRS Standards</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

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:

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*.

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2. Significant accounting policies (cont'd.)

2.3 Changes in accounting policies (cont'd.)

MFRS 16 Leases (cont'd.)

(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.

(i) Lessor

Lessor accounting under MFRS 16 is substantially as 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. A lessee can choose to apply the Standards using either a full retrospective or a modified retrospective approach.

The Company have adopted MFRS 16 for the first time as of 1 April 2019, using the modified retrospective approach, whereby comparative information is not required to be restated. In line with the practical expedient allowed under MFRS 16, the Company will elect to apply the Standard to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4. The Company will therefore not apply the standard to contracts that were not previously identified as containing a lease when applying MFRS 117 and IC Interpretation 4.

The Company will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of the initial application, and lease contracts for which the underlying asset is of low value. The Company have lease contracts for certain office equipments that are considered low in value.

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2. Significant accounting policies (cont'd.)

2.3 Changes in accounting policies (cont'd.)

MFRS 16 Leases (cont'd.)

The following table set out the financial impact arising from the adoption the MFRS 16

	RM'000
Retained profits at 1 April 2019	7,036
Effect on adoption of MFRS 16:	
- Recognition of rights-of-use assets	1,061
- Recognition of lease liabilities	(1,114)
	(53)
- Deferred tax	13
Retained profits as at 1 April 2019, as restated	<u>6,996</u>

The day-one financial impact of the adoption of MFRS 16 on the statement of financial position were as follows:

Shareholder's fund			Carrying value after reclassification
1.4.2019	Carrying value	Classification	RM'000
	RM'000	RM'000	RM'000
Assets			
Equipment	5	-	5
Intangible assets	45	-	45
Right-of-Use asset	-	1,061	1,061
Deferred tax assets	6,712	13	6,725
Financial assets	267,738	-	267,738
Cash and bank balances	1,797	-	1,797
Total assets	<u>276,297</u>	<u>1,074</u>	<u>277,371</u>
Liabilities			
Expense liabilities	26,535	-	26,535
Lease Liabilities	-	1,114	1,114
Zakat payable	145	-	145
Tax payable	3,764	-	3,764
Other payables	8,464	-	8,464
Total liabilities	<u>38,908</u>	<u>1,114</u>	<u>40,022</u>
Equity			
Share capital	230,000	-	230,000
Reserves	7,389	(40)	7,349
Total equity	<u>237,389</u>	<u>(40)</u>	<u>237,349</u>
Total liabilities, participants' funds and equity	<u>276,297</u>	<u>1,074</u>	<u>277,371</u>

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2. Significant accounting policies (cont'd.)

2.3 Changes in accounting policies (cont'd.)

MFRS 16 Leases (cont'd.)

Company	Carrying value	Classification	Carrying value after reclassification
1.4.2019	RM'000	RM'000	RM'000
Assets			
Equipment	5	-	5
Intangible assets	45	-	45
Right-of-Use asset	-	1,061	1,061
Deferred tax assets	8,135	13	8,148
Financial assets	707,914	-	707,914
Retakaful certificate assets	164,941	-	164,941
Takaful certificate receivables	23,031	-	23,031
Cash and bank balances	2,257	-	2,257
Total assets	906,328	1,074	907,402
Liabilities			
Takaful certificate liabilities	432,996	-	432,996
Expense liabilities	26,535	-	26,535
Takaful certificate payables	8,706	-	8,706
Deferred tax liabilities	-	-	-
Lease Liabilities	-	1,114	1,114
Zakat payable	145	-	145
Tax payable	8,315	-	8,315
Other payables	59,421	-	59,421
Total liabilities	536,118	1,114	537,232
Participants' fund			
General takaful fund	132,821	-	132,821
Equity			
Share capital	230,000	-	230,000
Reserves	7,389	(40)	7,349
Total equity	237,389	(40)	237,349
Total liabilities, participants' funds and equity	906,328	1,074	907,402

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3. Auditor's report

The auditor's report on the audited financial statements of the preceding year ended 31 March 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 2019.

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 2019.

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 2019.

8. Significant event

On 1 June 2019 the general takaful business ("the business") of Hong Leong MSIG Takaful Berhad was transferred to the Company pursuant to the Business Transfer Scheme which was duly approved by BNM pursuant to Section 112 of the Islamic Financial Services Act, 2013. This matter was concluded upon obtaining the vesting order from High Court of Malaya dated 14 May 2019 for a consideration of RM 1. The effective date of the transfer of the business was on 1 June 2019.

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

9. Subsequent events

The Board of Directors of the Company had declared a final dividend in respect of the financial year ended 31 March 2019 amounting to RM5 million on 26 November 2019.

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

10. Dividend paid

No dividend was paid during the current financial period ended 30 September 2019.

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 2019.

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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:

	30.09.2019			31.03.2019		
	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
Unquoted sukuk:						
Government guaranteed	46,473	75,815	122,288	5,078	84,013	89,091
Unsecured	-	102,688	102,688	40,393	101,034	141,427
Government investment issues	113,097	99,558	212,655	30,577	92,704	123,281
Quoted shares in Malaysia:						
Shariah approved equities	10,482	21,834	32,316	3,315	15,328	18,643
Warrants	-	-	-	-	-	-
Property trust funds	1,255	346	1,601	-	411	411
Islamic investment accounts with licensed:						
Islamic banks	70,414	136,375	206,789	83,138	115,567	198,705
Development banks	843	41,201	42,044	63,957	36,760	100,717
Secured staff financing:						
Receivable within 12 months	206	-	206	125	-	125
Receivable after 12 months	661	-	661	510	-	510
Due from general takaful fund	12,667	-	12,667	21,254	-	-
Amount due from related company	7,341	2,043	9,384	18,553	5,572	24,125
Income due and accrued	-	4,940	4,940	-	5,299	5,299
Sundry receivables, deposits and prepayments	6,917	10,295	17,212	838	4,742	5,580
	270,356	495,095	765,451	267,738	461,430	707,914
Financial assets at FVTPL (Note 12(a))	11,737	22,180	33,917	3,315	15,739	19,054
Financial assets at FVOCI (Note 12(b))	159,570	278,061	437,631	76,048	277,751	353,799
Financial assets at AC (Note 12(c))	99,049	194,854	293,903	188,375	167,940	335,061
	270,356	495,095	765,451	267,738	461,430	707,914

	30.09.2018			31.03.2019		
	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
(a) Financial assets at FVTPL						
At fair value:						
Quoted shares in Malaysia:						
Shariah approved equities	10,482	21,834	32,316	3,315	15,328	18,643
Warrants	-	-	-	-	-	-
Property trust funds	1,255	346	1,601	-	411	411
	11,737	22,180	33,917	3,315	15,739	19,054

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12. Financial assets (cont'd.)

	30.09.2019			31.03.2019		
	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
(b) Financial assets at FVOCI						
At fair value:						
Unquoted sukuk:						
Government guaranteed	46,473	75,815	122,288	5,078	84,013	89,091
Unsecured	-	102,688	102,688	40,393	101,034	141,427
Government investment issues	113,097	99,558	212,655	30,577	92,704	123,281
	<u>159,570</u>	<u>278,061</u>	<u>437,631</u>	<u>76,048</u>	<u>277,751</u>	<u>353,799</u>
(c) Financial assets at AC						
At amortised cost/fair value						
Islamic investment accounts with licensed:						
Islamic banks	70,414	136,375	206,789	83,138	115,567	198,705
Investment banks	-	-	-	-	-	-
Development banks	843	41,201	42,044	63,957	36,760	100,717
Secured staff financing:						
Receivable within 12 months	206	-	206	125	-	125
Receivable after 12 months	661	-	661	510	-	510
Due from general takaful fund *	12,667	-	12,667	21,254	-	-
Amount due from related company *	7,341	2,043	9,384	18,553	5,572	24,125
Income due and accrued	-	4,940	4,940	-	5,299	5,299
Sundry receivables, deposits and prepayments	6,917	10,295	17,212	838	4,742	5,580
	<u>99,049</u>	<u>194,854</u>	<u>293,903</u>	<u>188,375</u>	<u>167,940</u>	<u>335,061</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 (other than prepayments) 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**

	30.09.2019	31.03.2019
	RM '000	RM '000
Due contributions including agents/brokers and co-takaful balances	30,867	26,035
Due from retakaful operators	7,400	3,517
	<u>38,267</u>	<u>29,552</u>
Allowance for impairment	(10,744)	(6,521)
	<u>27,523</u>	<u>23,031</u>

Included in takaful certificate receivables are amounts due from Labuan Reinsurance (L) Limited of RM 8,391 (31.03.2019 : RM 28,913) and Malaysian Reinsurance Berhad of RM 11,576 (31.03.2019 : RM 19,533). 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
30.09.2019			
Provision for claims reported by certificate holders	204,322	(83,649)	120,673
Provision for claims incurred but not yet reported ("IBNR")	62,283	(34,119)	28,164
Provision of Risk Margin for Adverse Deviation ("PRAD")	30,792	(12,801)	17,991
Claim liabilities ⁽ⁱ⁾	<u>297,397</u>	<u>(130,569)</u>	<u>166,828</u>
Contribution liabilities ⁽ⁱⁱ⁾	154,127	(42,958)	111,169
	<u>451,524</u>	<u>(173,527)</u>	<u>277,997</u>
31.03.2019			
Provision for claims reported by certificate holders	204,462	(88,310)	116,152
Provision for claims incurred but not yet reported ("IBNR")	50,658	(22,260)	28,398
Provision of Risk Margin for Adverse Deviation ("PRAD")	30,115	(12,494)	17,621
Claim liabilities ⁽ⁱ⁾	<u>285,235</u>	<u>(123,064)</u>	<u>162,171</u>
Contribution liabilities ⁽ⁱⁱ⁾	147,761	(41,877)	105,884
	<u>432,996</u>	<u>(164,941)</u>	<u>268,055</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

	Gross RM '000	Retakaful RM '000	Net RM '000
30.09.2019			
At 1 April 2019	285,235	(123,064)	162,171
Transferred from HLMT	13,901	(13,894)	7
Claims incurred in the current accident period	117,875	(46,087)	71,787
Adjustment to claims incurred in prior accident years due to changes in assumptions:			
Decrease in PRAD	(7,847)	3,771	(4,075)
Decrease in expected ultimate loss ratios	(22,315)	7,919	(14,396)
Movements in claims incurred in prior accident years	(1,745)	2,766	1,021
Claims paid during the period	(87,709)	38,020	(49,689)
At 30 September 2019	<u>297,396</u>	<u>(130,570)</u>	<u>166,826</u>
	Gross RM '000	Retakaful RM '000	Net RM '000
31.03.2019			
Transferred from Takaful Ikhlas Family Berhad ("TIFB") on 30 November 2018	314,763	(137,459)	177,304
Claims incurred in the current accident period	148,882	(65,476)	83,406
Adjustment to claims incurred in prior accident years due to changes in assumptions:			
Decrease in PRAD	(15,699)	7,260	(8,439)
Decrease in expected ultimate loss ratios	(9,704)	3,600	(6,104)
Movements in claims incurred in prior accident years	(94,592)	45,532	(49,060)
Claims paid during the period	(58,415)	23,479	(34,936)
At 31 March 2019	<u>285,235</u>	<u>(123,064)</u>	<u>162,171</u>

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14. Takaful certificate liabilities (cont'd.)

(ii) Contribution liabilities

	Gross RM '000	Retakaful RM '000	Net RM '000
30.09.2019			
At 1 April 2019	147,761	(41,877)	105,884
Contributions written during the period	144,058	(46,823)	97,235
Contributions earned during the period	(137,692)	45,742	(91,950)
At 30 September 2019	<u>154,127</u>	<u>(42,958)</u>	<u>111,169</u>
31.03.2019			
Transferred from TIFB on 30 November 2018	133,198	(36,093)	97,105
Contributions written during the period	112,735	(39,081)	73,654
Contributions earned during the period	(98,172)	33,297	(64,875)
At 31 March 2019	<u>147,761</u>	<u>(41,877)</u>	<u>105,884</u>

15. Expense liabilities

Shareholder's fund and Company

	30.09.2019 RM '000	31.03.2019 RM '000
Expense liabilities of general takaful fund		
Unearned wakalah fees reserve	<u>28,986</u>	<u>26,535</u>

The movement of expense liabilities are presented as follows:

	RM '000
At 1 April 2019	26,535
- Wakalah fees received during the period	49,140
- Wakalah fees earned during the period	(20,154)
	<u>28,986</u>
At 30 September 2019	<u>55,521</u>
	RM '000
Transferred from TIFB on 30 November 2018	22,211
- Wakalah fees received during the period	37,157
- Wakalah fees earned during the period	(32,833)
	<u>4,324</u>
At 31 March 2019	<u>26,535</u>

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16. Takaful certificate payables

General Takaful fund and Company

	30.09.2019	31.03.2019
	RM '000	RM '000
Due to retakaful operators	<u>31,463</u>	<u>8,706</u>

Included in amounts due to retakaful operators of the general takaful fund is an amount due to Malaysian Reinsurance Berhad of RM 1,381,082 (31.03.2019: RM 1,704,267 and Labuan Reinsurance (L) Limited of RM 158,047 (31.03.2019: RM 396,571). The amount payable is subject to settlement terms stipulated in the retakaful certificates.

17. Other payables

30.09.2019	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000
Advance contributions	-	3,638	3,638
Deposit contributions	-	3,961	3,961
Amount due to participants	-	6,734	6,734
Amount due to shareholder's fund*	-	12,667	12,667
Amount due to:			
Holding company*	37	-	37
Fellow subsidiary*	-	43	43
Hibah payables	-	14,649	14,649
Other accruals and payables	10,804	19,531	30,335
	<u>10,841</u>	<u>61,223</u>	<u>72,064</u>

31.03.2019	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000
Advance contributions	-	3,395	3,395
Deposit contributions	-	3,067	3,067
Amount due to participants	-	6,149	6,149
Amount due to shareholder's fund*	-	21,254	-
Amount due to:			
Holding company*	357	-	357
Fellow subsidiary*	1	127	128
Hibah payables	-	15,196	15,196
Other accruals and payables	8,106	23,023	31,129
	<u>8,464</u>	<u>72,211</u>	<u>59,421</u>

* The amounts due to the shareholder's fund, general takaful 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

	30.09.2019	31.03.2019
	RM '000	RM '000
Accumulated surplus		
At beginning of year	130,128	-
Transferred from TIFB on 30 November 2018	-	119,204
Surplus attributable to participants	7,155	16,924
(Hibah payable)/reversal of hibah payable to participants during the period/year	2,514	(6,000)
At end of year	<u>139,797</u>	<u>130,128</u>
	30.09.2019	31.03.2019
	RM '000	RM '000
Fair value reserves		
At beginning of year	2,693	-
Transferred from TIFB on 30 November 2018	-	(131)
Net gains on fair value changes	5,787	3,764
Deferred tax on fair value changes	(1,236)	(940)
Realised losses transferred to statement of comprehensive income	(637)	-
At end of year	<u>6,607</u>	<u>2,693</u>
	30.09.2019	31.03.2019
	RM '000	RM '000
General takaful fund at end of the period		
Accumulated surplus	139,797	130,128
Fair value reserves	6,607	2,693
	<u>146,404</u>	<u>132,821</u>

19. Operating lease commitments

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

Shareholder's fund and Company

	30.09.2019	31.03.2019
	RM '000	RM '000
Within 1 year	2,374	2,527
After 1 year but not more than 5 years	4,828	7,521
	<u>7,202</u>	<u>10,048</u>

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20. Capital commitments

	30.09.2019	31.03.2019
	RM '000	RM '000
Shareholder's fund and Company		
Authorised and contracted for:		
Intangible assets	680	-
Authorised but not contracted for:		
Intangible assets	22,426	600
Payable within 12 months	680	-
Payable after 12 months	22,426	600
	<u>23,106</u>	<u>600</u>

21. Regulatory capital requirement

The capital structure of the Company as at 30 September 2019, as prescribed under the Risk-Based Capital Framework for Takaful Operators ("RBCT Framework") is provided below:

	Shareholder's	General	Total
	fund	takaful	fund
	RM '000	RM '000	RM'000
30.09.2019			
Eligible tier-1 capital			
Share capital	230,000	-	230,000
Reserves, including retained earnings	15,655	139,797	155,452
Tier-2 capital			
Fair value reserves	1,923	6,607	8,530
Amount deducted from capital	(7,135)	(418)	(7,553)
Total capital available	<u>240,443</u>	<u>145,986</u>	<u>386,429</u>
31.03.2019			
Eligible tier-1 capital			
Share capital	230,000	-	230,000
Reserves, including retained earnings	7,036	130,128	137,164
Tier-2 capital			
Fair value reserves	353	2,693	3,046
Amount deducted from capital	(6,757)	(1,423)	(8,180)
Total capital available	<u>230,632</u>	<u>131,398</u>	<u>362,030</u>

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22. Related party transactions

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

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

30.09.2019	Shareholder's fund RM '000	General takaful fund RM '000	Company RM '000
Income/(expenses) :			
Transactions with MNRB Holdings Berhad ("MNRB"):			
Gross contributions	-	-	-
Management fees	(1,906)	-	(1,906)
Transactions with Takaful Ikhlas Family Berhad ("TIFB") (formerly known as Takaful Ikhlas Berhad), a fellow subsidiary:			
Settlement of liabilities on behalf of the Company	(5,310)	-	(5,310)
Transactions with Malaysian Reinsurance Berhad ("MRE"), a fellow subsidiary:			
Gross contributions	-	227	227
Retakaful inward contributions	-	46	46
Retakaful outward contributions	-	(2,051)	(2,051)
Retakaful inward commissions	-	(13)	(13)
Retakaful outward commissions	-	253	253
Claims recoveries	-	2,124	2,124

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22. Related party transactions (cont'd.)

30.09.2019 (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	-	1	1
Retakaful inward contributions	-	-	-
Retakaful outward contributions	-	(1,435)	(1,435)
Retakaful inward commissions	-	-	-
Retakaful outward commissions	-	204	204
Claims recoveries	-	1,762	1,762
	<hr/>	<hr/>	<hr/>

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23. Fair values

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

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

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

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

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

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

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

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

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

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

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

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

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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) 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

Investments as at 30 September 2019 have been accounted for in accordance with the accounting policies as disclosed in the audited financial statements for the financial year ended 31 March 2019.

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

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

	Valuation technique using:			Total RM '000
	Level 1 Quoted market prices RM '000	Level 2 Observable inputs RM '000	Level 3 Significant unobservable inputs RM '000	
Shareholder's fund				
30.09.2019				
<u>Financial assets:</u>				
Financial assets at FVTPL:				
Quoted shares in Malaysia:				
Shariah approved equities	10,482	-	-	10,482
Property trust funds	1,255	-	-	1,255
	<u>11,737</u>	<u>-</u>	<u>-</u>	<u>11,737</u>

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23. Fair values (cont'd.)

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

Shareholder's fund (Cont'd.)	Valuation technique using:			Total RM '000
	Level 1 Quoted market prices RM '000	Level 2 Observable inputs RM '000	Level 3 Significant unobservable inputs RM '000	
30.09.2019 (Cont'd.)				
<u>Financial assets:</u>				
Financial assets at FVOCI:				
Unquoted sukuks:				
Government guaranteed	-	46,473	-	46,473
Government investment				
issues	-	113,097	-	113,097
	-	159,570	-	159,570
	11,737	159,570	-	171,307
31.03.2019				
<u>Financial assets:</u>				
Financial assets at FVTPL:				
Quoted shares in Malaysia:				
Shariah approved equities	3,315	-	-	3,315
Financial assets at FVOCI:				
Unquoted sukuks:				
Government guaranteed	-	5,078	-	5,078
Unsecured	-	40,393	-	40,393
Government investment				
issues	-	30,577	-	30,577
	-	76,048	-	76,048
	3,315	76,048	-	79,363

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23. Fair values (cont'd.)

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

General takaful fund	Valuation technique using:			Total RM '000
	Level 1 Quoted market prices RM '000	Level 2 Observable inputs RM '000	Level 3 Significant unobservable inputs RM '000	
30.09.2019				
<u>Financial assets:</u>				
Financial assets at FVTPL:				
Quoted shares in Malaysia:				
Shariah approved equities	21,834	-	-	21,834
Property trust funds	346	-	-	346
	<u>22,180</u>	<u>-</u>	<u>-</u>	<u>22,180</u>
Financial assets at FVOCI:				
Unquoted sukuks:				
Government guaranteed	-	75,815	-	75,815
Unsecured	-	102,688	-	102,688
Government investment issues	-	99,558	-	99,558
	<u>-</u>	<u>278,061</u>	<u>-</u>	<u>278,061</u>
	<u>22,180</u>	<u>278,061</u>	<u>-</u>	<u>300,241</u>
31.03.2019				
<u>Financial assets:</u>				
Financial assets at FVTPL:				
Quoted shares in Malaysia:				
Shariah approved equities	15,328	-	-	15,328
Property trust funds	411	-	-	411
	<u>15,739</u>	<u>-</u>	<u>-</u>	<u>15,739</u>
Financial assets at FVOCI:				
Unquoted sukuks:				
Government guaranteed	-	84,013	-	84,013
Unsecured	-	101,034	-	101,034
Government investment issues	-	92,704	-	92,704
	<u>-</u>	<u>277,751</u>	<u>-</u>	<u>277,751</u>
	<u>15,739</u>	<u>277,751</u>	<u>-</u>	<u>293,490</u>

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23. Fair values (cont'd.)

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

30.09.2019	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				
<u>Financial assets:</u>				
Financial assets at FVTPL:				
Quoted shares in Malaysia:				
Shariah approved equities	32,316	-	-	32,316
Property trust funds	1,601	-	-	1,601
	<u>33,917</u>	<u>-</u>	<u>-</u>	<u>33,917</u>
Financial assets at FVOCI:				
Unquoted sukuks:				
Government guaranteed	-	122,288	-	122,288
Unsecured	-	102,688	-	102,688
Government investment issues	-	212,655	-	212,655
	<u>-</u>	<u>437,631</u>	<u>-</u>	<u>437,631</u>
	<u>33,917</u>	<u>437,631</u>	<u>-</u>	<u>471,548</u>
31.03.2019				
<u>Financial assets:</u>				
Financial assets at FVTPL:				
Quoted shares in Malaysia:				
Shariah approved equities	18,643	-	-	18,643
Property trust funds	411	-	-	411
	<u>19,054</u>	<u>-</u>	<u>-</u>	<u>19,054</u>
Financial assets at FVOCI:				
Unquoted sukuks:				
Government guaranteed	-	89,091	-	89,091
Unsecured	-	141,427	-	141,427
Government investment issues	-	123,281	-	123,281
	<u>-</u>	<u>353,799</u>	<u>-</u>	<u>353,799</u>
	<u>19,054</u>	<u>353,799</u>	<u>-</u>	<u>372,853</u>