

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

**Unaudited Interim Financial Statements
For the six months period ended 30 September 2014**

593075-U

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

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Takaful Ikhlas Berhad
(Incorporated in Malaysia)

Unaudited statement of comprehensive income
For the six months period ended 30 September 2014

	01.04.2014 to 30.09.2014				01.04.2013 to 30.09.2013			
	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	-	120,149	271,678	390,454	-	98,531	265,171	361,499
Earned contributions ceded to retakaful	-	(44,079)	(27,957)	(72,036)	-	(31,753)	(17,433)	(49,186)
Net earned contributions	-	76,070	243,721	318,418	-	66,778	247,738	312,313
Investment income	5,220	5,905	37,977	46,862	5,152	5,498	28,986	37,505
Realised (losses)/gains	(1,502)	622	6,454	5,574	108	617	9,509	10,234
Fair value gains/(losses)	1,935	(83)	(1,289)	563	(10)	(23)	1,643	1,610
Fee and commission income	117,167	11,035	-	11,035	103,627	6,367	101	6,468
Other operating income	761	-	1,706	1,018	116	-	-	-
Other revenue	123,581	17,479	44,848	65,052	108,993	12,459	40,239	55,817
Gross claims and benefits paid	-	(54,660)	(112,219)	(166,879)	-	(49,898)	(57,950)	(107,848)
Claims and benefits ceded to retakaful	-	18,675	23,735	42,410	-	11,878	(16,714)	(4,836)
Gross change to certificate liabilities	-	(9,678)	42,822	33,144	-	(16,756)	(244,550)	(261,306)
Change in certificate liabilities ceded to retakaful	-	367	(99,540)	(99,173)	-	6,960	148,807	155,767
Net claims and benefits	-	(45,296)	(145,202)	(190,498)	-	(47,816)	(170,407)	(218,223)
Fee and commission expenses	(58,391)	(36,015)	(81,152)	(58,391)	(50,930)	(26,883)	(76,744)	(50,930)
Management expenses	(58,456)	(1,711)	(4,849)	(62,575)	(50,771)	-	-	(47,572)
Other operating expenses	-	(1,449)	-	-	-	(237)	(2,076)	(2,197)
Change in expense liabilities	1,081	-	-	1,081	(1,808)	-	-	(1,808)
Tax borne by participants	-	53	(3,852)	(3,799)	-	(769)	(3,108)	(3,877)
Other expenses	(115,766)	(39,122)	(89,853)	(123,684)	(103,509)	(27,889)	(81,928)	(106,384)
Operating profit before surplus attributable to participants, zakat and taxation	7,815	9,131	53,514	69,288	5,484	3,532	35,642	43,523
Surplus attributable to participants	-	(9,131)	(53,514)	(61,473)	-	(3,532)	(35,642)	(38,039)
Profit before zakat and taxation	7,815	-	-	7,815	5,484	-	-	5,484
Zakat	(300)	-	-	(300)	(200)	-	-	(200)
Taxation	(2,875)	-	-	(2,875)	(2,218)	-	-	(2,218)
Net profit for the period	4,640	-	-	4,640	3,066	-	-	3,066
Basic earnings per share (sen)				1.6				1.0

These unaudited financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2014. The accompanying explanatory notes form an integral part of these interim financial statements.

Note:

* In preparing the Company-level financial statements, balances and transactions of shareholder's fund and takaful funds are amalgamated and during the amalgamation, interfund balances and transactions are eliminated in full.

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Takaful Ikhlas Berhad
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Unaudited statement of comprehensive income
For the six months period ended 30 September 2014 (cont'd.)

	01.04.2014 to 30.09.2014				01.04.2013 to 30.09.2013			
	Shareholder's fund RM '000	General takaful fund RM '000	Family takaful fund RM '000	Company RM '000	Shareholder's fund RM '000	General takaful fund RM '000	Family takaful fund RM '000	Company RM '000
Net profit for the period	4,640	-	-	4,640	3,066	-	-	3,066
Other comprehensive income:								
Items that will not be reclassified subsequently to profit or loss:								
Revaluation reserves:								
Net gains on fair value changes	-	-	-	1,172	-	-	-	1,121
Deferred tax on fair value changes	-	-	-	(94)	-	-	-	(90)
Items that may be subsequently reclassified to profit or loss:								
Available-for-sale fair value reserves:								
Net (losses)/gains on fair value changes	(772)	97	17,736	17,061	(992)	(610)	(13,103)	(14,705)
Deferred tax on fair value changes	183	(25)	(1,237)	(1,079)	275	195	1,385	1,855
Realised losses/(gains) transferred to statement of comprehensive income	1,502	-	(2,547)	(1,045)	(108)	(617)	(3,994)	(4,719)
Other comprehensive (income)/loss attributable to participants	-	(72)	(13,952)	(15,102)	-	1,032	15,712	15,713
Total comprehensive income for the period	5,553	-	-	5,553	2,241	-	-	2,241

These unaudited financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2014. The accompanying explanatory notes form an integral part of these interim financial statements.

Note:

* In preparing the Company-level financial statements, balances and transactions of shareholder's fund and takaful funds are amalgamated and during the amalgamation, interfund balances and transactions are eliminated in full.

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Takaful Ikhlas Berhad
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Unaudited statement of financial position
As at 30 September 2014

	30.09.2014				31.03.2014			
	Shareholder's fund RM '000	General takaful fund RM '000	Family takaful fund RM '000	Company RM '000	Shareholder's fund RM '000	General takaful fund RM '000	Family takaful fund RM '000	Company RM '000
Assets								
Property and equipment	7,225	-	-	114,147	8,733	-	-	115,655
Investment properties	-	-	106,922	-	-	-	106,922	-
Intangible assets	7,988	-	-	7,988	6,050	-	-	6,050
Deferred tax assets	12,089	4,130	-	13,708	14,678	1,155	-	15,002
Financial assets:								
Financial assets at fair value								
through profit or loss ("FVTPL")	673	1,018	124,784	126,475	1,160	1,372	135,626	138,158
Held-to-maturity investments ("HTM")	62,133	71,986	337,248	471,367	62,157	72,033	332,336	466,526
Available-for-sale ("AFS") financial assets	169,489	148,539	1,028,905	1,346,933	135,448	93,341	958,347	1,187,136
Loans and receivables ("LAR")	109,474	114,248	521,237	713,238	176,092	163,957	337,568	579,162
Retakaful certificate assets	-	82,935	39,998	122,933	-	80,289	139,538	219,827
Takaful certificate receivables	-	19,927	56,610	76,537	-	32,274	88,964	121,238
Tax recoverable	20,125	-	-	20,125	7,909	-	-	7,909
Cash and bank balances	17,487	9,440	61,004	87,931	5,699	7,551	13,140	26,390
Total assets	406,683	452,223	2,276,708	3,101,382	417,926	451,972	2,112,441	2,883,053
Liabilities								
Takaful certificate liabilities	-	337,990	1,757,338	2,085,328	-	320,552	1,800,160	2,110,712
Expense liabilities	39,239	-	-	39,239	40,320	-	-	40,320
Takaful certificate payables	-	21,907	160,168	182,075	-	16,580	28,417	44,997
Due to agents, retakaful and brokers	10,917	-	-	10,917	11,558	-	-	11,558
Deferred tax liabilities	-	-	1,698	-	-	-	112	-
Zakat payable	345	-	-	345	368	-	-	368
Tax payable	-	4,753	3,898	8,651	4,961	1,807	421	7,189
Other payables	49,289	44,724	101,796	174,088	48,379	79,183	98,987	138,094
Total liabilities	99,790	409,374	2,024,898	2,500,643	105,586	418,122	1,928,097	2,353,238
Participants' fund								
General takaful fund	-	42,849	-	42,849	-	33,850	-	33,850
Family takaful fund	-	-	251,810	250,997	-	-	184,344	183,625
Total participants' funds	-	42,849	251,810	293,846	-	33,850	184,344	217,475
Equity								
Share capital	295,000	-	-	295,000	295,000	-	-	295,000
Reserves	11,893	-	-	11,893	17,340	-	-	17,340
Total equity	306,893	-	-	306,893	312,340	-	-	312,340
Total liabilities, participants' funds and equity	406,683	452,223	2,276,708	3,101,382	417,926	451,972	2,112,441	2,883,053

These unaudited financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2014. The accompanying explanatory notes form an integral part of these interim financial statements.

Note:

* In preparing the Company-level financial statements, balances and transactions of shareholder's fund and takaful funds are amalgamated and during the amalgamation, interfund balances and transactions are eliminated in full.

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**Takaful Ikhlas Berhad
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**Unaudited statement of changes in equity
For the six months period ended 30 September 2014**

	Share capital RM '000	Non distributable Available-for sale reserves RM '000	Non distributable revaluation reserve RM '000	Distributable retained profits/ (losses) RM '000	Total RM '000
Shareholder's fund					
At 1 April 2014	295,000	(1,885)	-	19,225	312,340
Total comprehensive income for the period	-	913	-	4,640	5,553
Dividend on ordinary shares	-	-	-	(11,000)	(11,000)
At 30 September 2014	<u>295,000</u>	<u>(972)</u>	<u>-</u>	<u>12,865</u>	<u>306,893</u>
At 1 April 2013	295,000	913	-	12,093	308,006
Total comprehensive income for the period	-	(825)	-	3,066	2,241
Dividend on ordinary shares	-	-	-	(9,000)	(9,000)
At 30 September 2013	<u>295,000</u>	<u>88</u>	<u>-</u>	<u>6,159</u>	<u>301,247</u>
Company					
At 1 April 2014	295,000	(1,885)	-	19,225	312,340
Total comprehensive income for the period	-	14,937	1,078	4,640	20,655
Attributable to participants	-	(14,024)	(1,078)	-	(15,102)
Dividend on ordinary shares	-	-	-	(11,000)	(11,000)
At 30 September 2014	<u>295,000</u>	<u>(972)</u>	<u>-</u>	<u>12,865</u>	<u>306,893</u>
At 1 April 2013	295,000	913	-	12,093	308,006
Total comprehensive income for the period	-	(17,569)	1,031	3,066	(13,472)
Attributable to participants	-	16,744	(1,031)	-	15,713
Dividend on ordinary shares	-	-	-	(9,000)	(9,000)
At 30 September 2013	<u>295,000</u>	<u>88</u>	<u>-</u>	<u>6,159</u>	<u>301,247</u>

These unaudited financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2014. The accompanying explanatory notes form an integral part of these interim financial statements.

Takaful Ikhlas Berhad
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Unaudited statement of cash flows
For the six months period ended 30 September 2014

	01.04.2014 to 30.09.2014 RM '000	01.04.2013 to 30.09.2013 RM '000
Cash flows from operating activities		
Profit before zakat and taxation	7,815	5,484
Adjustments for:		
Depreciation of equipment	2,809	3,057
Amortisation of intangible assets	320	596
(Net accretion of discounts)/net amortisation of premiums	(2,516)	982
Profit on investment accounts	(40,292)	(38,872)
Gross dividend income	(5,073)	(2,538)
Fair value adjustments of financial assets at FVTPL	1,426	(1,595)
Impairment of AFS financial assets	(1,979)	-
Writeback for impairment of HTM investments	(10)	(15)
Gain on disposal of investments	(5,574)	(10,234)
(Writeback)/allowance for impairment of takaful receivables	(360)	247
Increase in contribution liabilities	5,481	3,786
(Decrease)/increase in expense liabilities	(1,081)	1,808
Increase in general takaful fund	9,131	4,301
Increase in family takaful fund	52,342	37,615
Operating cash flows before working capital changes	22,439	4,622
Changes in working capital:		
Purchase of financial assets	(254,353)	(284,604)
Proceeds from disposal of financial assets	12,108	62,667
(Increase)/decrease in placement of Islamic investment accounts	(14,438)	101,949
(Increase)/decrease in staff financing	(327)	295
Decrease/(increase) in takaful receivables	45,061	(25,057)
Increase in tax recoverables	(12,216)	(1,342)
Decrease/(increase) in other receivables, deposits and prepayments	102,120	(189,600)
Increase in claims liabilities	10,836	10,570
Increase in takaful certificate payables	136,437	3,986
(Decrease)/increase in other payables	(13,504)	279,422
Net change in balance with related companies	-	3
Operating cash flows after working capital changes	34,163	(37,089)

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Unaudited statement of cash flows
For the six months period ended 30 September 2014 (cont'd.)

	01.04.2014 to 30.09.2014 RM '000	01.04.2013 to 30.09.2013 RM '000
Cash flows from operating activities (cont'd.)		
Investment income received	44,179	51,286
Dividend income received	4,281	2,529
Hibah paid to participants	(683)	-
Income tax paid	(6,688)	(9,632)
Zakat paid	(323)	(212)
Net cash generated from operating activities	74,929	6,882
Cash flows from investing activities		
Purchase of property and equipment	(130)	(1,327)
Purchase of intangible assets	(2,258)	(219)
Net cash used in investing activities	(2,388)	(1,546)
Cash flows from financing activity		
Dividend paid	(11,000)	(9,000)
Net cash used in financing activity	(11,000)	(9,000)
Net increase/(decrease) in cash and cash equivalents	61,541	(3,664)
Cash and cash equivalents at beginning of period	26,390	67,415
Cash and cash equivalents at end of period	87,931	63,751
Cash and cash equivalents comprise:		
Cash and bank balances of:		
Shareholder's fund	17,487	5,353
General takaful fund	9,440	17,861
Family takaful fund	61,004	40,537
	87,931	63,751

These unaudited financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2014. The accompanying explanatory notes form an integral part of these interim financial statements.

**Takaful Ikhlas Berhad
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Notes to the unaudited interim financial statements - 30 September 2014

1. Corporate information

The Company is engaged principally in the managing 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 2014 to 30 September 2014.

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 holding and ultimate holding company is MNRB Holdings Berhad, a company incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia

The unaudited interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 November 2014.

2. Significant accounting policies

2.1 Basis of preparation

The unaudited interim financial statements for the six months period ended 30 September 2014 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 3 of the interim financial statements have been provided as supplementary financial information and to comply with the requirements of BNM's Guideline BNM/RH/GL 004-24 *Financial Reporting for Takaful Operators*. The Islamic Financial Services Act, 2013, in Malaysia requires the clear segregation of the assets, liabilities, income and expenses of the shareholder's funds and the respective takaful funds. Accordingly, the statements of financial position and statements of comprehensive income prepared for the shareholder's fund, family takaful fund and general takaful fund as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the individual funds.

In preparing the Company-level financial statements, the balances and transactions of the shareholder's fund are amalgamated and combined with those of the takaful funds. Interfund balances, transactions and unrealised gains or losses are eliminated in full during amalgamation. The accounting policies adopted for the shareholder's and takaful funds are uniform for like transactions and events in similar circumstances.

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2. Significant accounting policies (cont'd.)

2.1 Basis of preparation (cont'd.)

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

Financial assets and financial liabilities are offset and the net amount reported in the statement 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 assets and settle the liability simultaneously. Income and expense will not be offset in the statement 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 also been prepared on a historical cost basis, except for those financial instruments that have been measured at their fair values.

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 2014.

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 2014.

The interim financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM '000) except when otherwise indicated.

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

In accordance with the Islamic Financial Services Act 2013 and, previously, the Takaful Act 1984, 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.

The inclusion of separate information of the takaful funds and the takaful operator together with the consolidated financial information of the Company in the statement of financial position, the income statement, the statement of comprehensive income as well as certain relevant notes to the financial statements represents additional supplementary information required for Bank Negara Malaysia 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 2014, except for the adoption of the following amendments to the existing accounting standards and Issues Committee ("IC") Interpretation issued by the Malaysian Accounting Standards Board ("MASB") that are effective for the Company's financial year beginning 1 April 2014:

Standard/Interpretation	Effective for annual periods beginning on or after
Amendments to MFRS 10, MFRS 12 and MFRS 127: <i>Investment Entities</i>	1 January 2014
Amendments to MFRS 132: <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to MFRS 136: <i>Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
Amendments to MFRS 139: <i>Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2014
IC Interpretation 21 <i>Levies</i>	1 January 2014

The adoption of the above Amendments to MFRSs and IC Interpretation did not have any significant effect on the financial performance or position of the Company.

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2. Significant accounting policies (cont'd.)

2.4 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Company's unaudited interim financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Standard/Interpretation	Effective for annual periods beginning on or after
Amendments to MFRS 119: <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Annual Improvements to MFRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011–2013 Cycle	1 July 2014
MFRS 9 <i>Financial Instruments (IFRS 9 issued by IASB in November 2009)</i>	To be announced
MFRS 9 <i>Financial Instruments (IFRS 9 issued by IASB in October 2010)</i>	To be announced
MFRS 9 <i>Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139</i>	To be announced

3. Auditor's report

The auditor's report on the audited financial statements of the preceding year ended 31 March 2014 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 2014.

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 2014.

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 2014.

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8. Significant events

In the prior year, the Company had received notices of assessment and notices of additional assessment (i.e. Form J and Form JA) for the years of assessment ("YA") 2006, 2007, 2008 and 2009, issued by the Inland Revenue Board ("IRB"), disallowing family business' commission expenses as deductions against the earning of wakalah fee income. The additional tax payable by the Company under the said notices is RM 48,982,970. In addition, the IRB had also imposed a penalty of RM22,042,336 as the tax returns of the Company for those years were regarded as incorrect.

The Company had on 11 August 2014, received a letter dated 8 August 2014 from the Ministry of Finance ("MOF"), granting an exemption of tax on the wakalah fee income of the shareholder's fund received from the family takaful fund for YA 2004 to 2014.

With MOF's above exemption, the total instalment payments made todate to the IRB which amounted to RM18,239,672 would be receivable from the IRB. The Company is currently pursuing the recovery of the instalment payments made from the IRB.

There were no other significant events during the current financial period ended 30 September 2014.

9. Subsequent events

There were no significant subsequent events during the current financial period ended 30 September 2014.

10. Dividend paid

The amount of dividend paid by the Company since 31 March 2014 was as follows:

	RM '000
In respect of financial year ended 31 March 2014 :	
Final single tier dividend of 3.7% on 295,000,000 ordinary shares, approved on 18 September 2014 and paid on 24 September 2014	<u>11,000</u>

No dividend was declared for the interim period under review.

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 period ended 31 March 2014.

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12. Financial assets

	30.09.2014				31.03.2014			
	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	33,387	36,407	339,403	409,197	33,147	31,317	316,711	381,175
Unsecured	105,185	54,738	451,676	611,599	104,732	54,580	434,832	594,144
Government investment issues	42,868	61,382	395,826	500,076	42,884	61,330	441,997	546,211
Quoted shares in Malaysia:								
Shariah approved equities	17,551	23,345	106,795	147,691	17,199	18,932	95,017	131,148
Warrants	34	58	148	240	37	62	155	254
Property trust funds	1,082	599	6,241	7,922	588	525	5,708	6,821
Shariah approved unit trust funds	32,010	45,014	190,848	267,872	-	-	131,889	131,889
Golf club memberships	178	-	-	178	178	-	-	178
Islamic investment accounts with licensed:								
Islamic banks	28,604	20,253	261,974	310,831	43,438	100,838	140,728	285,004
Investment banks	-	-	1,257	1,257	-	-	-	-
Development bank	12,823	11,458	79,744	104,025	5,756	24,718	60,569	91,043
Building society	247	-	9,298	9,545	247	-	8,964	9,211
Islamic repo placements	16,144	76,966	130,555	223,665	14,545	33,414	88,325	136,284
Institutional trust fund	6,368	-	19,103	25,471	6,214	-	18,641	24,855
Units held in investment-linked fund	10,000	-	-	-	10,000	-	-	-
Wholesale unit trust fund	32,010	45,014	68,021	145,045	-	-	-	-
Secured staff financing:								
Receivable within 12 months	1,277	-	-	1,277	1,220	-	-	1,220
Receivable after 12 months	2,342	-	-	2,342	2,072	-	-	2,072
Due from:								
General takaful fund	5,592	-	13	-	36,933	-	2	-
Family takaful fund	15,645	413	-	-	49,501	559	-	-
Investment-linked fund	58	-	-	-	1,460	-	-	-
Amount due from related companies	34	-	557	591	34	-	557	591
Income due and accrued	2,350	3,099	10,827	16,276	1,951	2,762	14,658	19,371
Other receivables, deposits and prepayments	7,990	2,059	7,909	17,958	2,721	1,666	5,124	9,511
	373,779	380,805	2,080,195	2,803,058	374,857	330,703	1,763,877	2,370,982

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12. Financial assets

The Company's financial instruments are summarised by categories as follows:

	30.09.2014				31.03.2014			
	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))	673	1,018	124,784	126,475	1,160	1,372	135,626	138,158
HTM investments (Note 12(b))	62,133	71,986	337,248	471,367	62,157	72,033	332,336	466,526
AFS financial assets (Note 12(c))	169,489	148,539	1,028,905	1,346,933	135,448	93,341	958,347	1,187,136
Loans and receivables (Note 12(d))	109,474	114,248	521,237	713,238	176,092	163,957	337,568	579,162
	<u>341,769</u>	<u>335,791</u>	<u>2,012,174</u>	<u>2,658,013</u>	<u>374,857</u>	<u>330,703</u>	<u>1,763,877</u>	<u>2,370,982</u>

(a) Financial assets at FVTPL

At fair value:

Quoted shares in Malaysia:

Shariah approved equities	652	999	1,938	3,589	1,138	1,352	3,717	6,207
Warrants	21	19	19	59	22	20	20	62
Shariah approved unit trust funds	-	-	122,827	122,827	-	-	131,889	131,889
	<u>673</u>	<u>1,018</u>	<u>124,784</u>	<u>126,475</u>	<u>1,160</u>	<u>1,372</u>	<u>135,626</u>	<u>138,158</u>

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12. Financial assets (cont'd.)

	30.09.2014				31.03.2014			
	Shareholder's fund RM '000	General takaful fund RM '000	Family takaful fund RM '000	Company RM '000	Shareholder's fund RM '000	General takaful fund RM '000	Family takaful fund RM '000	Company RM '000
(b) HTM investments								
At amortised cost:								
Unquoted Islamic private debt securities:								
Government guaranteed	19,014	18,313	36,651	73,978	19,018	18,317	32,047	69,382
Unsecured	251	-	-	251	255	-	-	255
Government investment issues	42,868	53,673	300,597	397,138	42,884	53,716	300,289	396,889
	<u>62,133</u>	<u>71,986</u>	<u>337,248</u>	<u>471,367</u>	<u>62,157</u>	<u>72,033</u>	<u>332,336</u>	<u>466,526</u>
At fair value:								
Unquoted Islamic private debt securities:								
Government guaranteed	18,974	18,159	36,607	73,740	18,861	18,159	31,740	68,760
Unsecured	628	-	-	628	567	-	-	567
Government investment issues	41,308	52,929	293,915	388,152	40,725	52,929	291,091	384,745
	<u>60,910</u>	<u>71,088</u>	<u>330,522</u>	<u>462,520</u>	<u>60,153</u>	<u>71,088</u>	<u>322,831</u>	<u>454,072</u>

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12. Financial assets (cont'd.)

(c) AFS financial assets	30.09.2014				31.03.2014			
	Shareholder's fund RM '000	General takaful fund RM '000	Family takaful fund RM '000	Company RM '000	Shareholder's fund RM '000	General takaful fund RM '000	Family takaful fund RM '000	Company RM '000
At cost:								
Golf club memberships	178	-	-	178	178	-	-	178
At fair value:								
Unquoted Islamic private debt securities:								
Government guaranteed	14,373	18,094	302,752	335,219	14,129	13,000	284,664	311,793
Unsecured	104,934	54,738	451,676	611,348	104,477	54,580	434,832	593,889
Government investment issues	-	7,709	95,229	102,938	-	7,614	141,708	149,322
Quoted shares in Malaysia:								
Shariah approved equities	16,899	22,346	104,857	144,102	16,061	17,580	91,300	124,941
Warrants	13	39	129	181	15	42	135	192
Property trust funds	1,082	599	6,241	7,922	588	525	5,708	6,821
Wholesale unit trust fund ⁽ⁱ⁾	32,010	45,014	68,021	145,045	-	-	-	-
	<u>169,489</u>	<u>148,539</u>	<u>1,028,905</u>	<u>1,346,933</u>	<u>135,448</u>	<u>93,341</u>	<u>958,347</u>	<u>1,187,136</u>

(i) The Company invests in a wholesale unit trust fund which is managed by an external fund manager. Details of the investment in wholesale unit trust fund are as follow:

Name of fund	Principal activities	% of ownership interest held by the Company	
		30.09.2014	31.03.2014
Amlslamic Cash 2	Investment in Shariah compliant money market instruments	100%	-

In accordance with the exemption provisions under MFRS 10 *Consolidated Financial Statements*, the financial statements of the fund are not consolidated as it is a wholly owned subsidiary of MNRB Holdings Berhad, a company incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad which produces financial statements that are available for public use and which comply with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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12. Financial assets (cont'd.)

(d) Loans and receivables

	30.09.2014				31.03.2014			
	Shareholder's fund RM '000	General takaful fund RM '000	Family takaful fund RM '000	Company RM '000	Shareholder's fund RM '000	General takaful fund RM '000	Family takaful fund RM '000	Company RM '000
At amortised cost/cost								
Islamic investment accounts with licensed:								
Islamic banks	28,604	20,253	261,974	310,831	43,438	100,838	140,728	285,004
Investment banks	-	-	1,257	1,257	-	-	-	-
Development bank	12,823	11,458	79,744	104,025	5,756	24,718	60,569	91,043
Building society	247	-	9,298	9,545	247	-	8,964	9,211
Islamic repo placements	16,144	76,966	130,555	223,665	14,545	33,414	88,325	136,284
Institutional trust fund	6,368	-	19,103	25,471	6,214	-	18,641	24,855
Units held in investment-linked fund	10,000	-	-	-	10,000	-	-	-
Secured staff financing:								
Receivable within 12 months	1,277	-	-	1,277	1,220	-	-	1,220
Receivable after 12 months	2,342	-	-	2,342	2,072	-	-	2,072
Due from:								
General takaful fund	5,592	-	13	-	36,933	-	2	-
Family takaful fund	15,645	413	-	-	49,501	559	-	-
Investment-linked fund	58	-	-	-	1,460	-	-	-
Amount due from related companies	34	-	557	591	34	-	557	591
Income due and accrued	2,350	3,099	10,827	16,276	1,951	2,762	14,658	19,371
Other receivables, deposits and prepayments	7,990	2,059	7,909	17,958	2,721	1,666	5,124	9,511
	<u>109,474</u>	<u>114,248</u>	<u>521,237</u>	<u>713,238</u>	<u>176,092</u>	<u>163,957</u>	<u>337,568</u>	<u>579,162</u>

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Takaful Ikhlas Berhad
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13. Takaful certificate liabilities

	General Takaful Fund			Family Takaful Fund			Company		
	Gross RM '000	Retakaful RM '000	Net RM '000	Gross RM '000	Retakaful RM '000	Net RM '000	Gross RM '000	Retakaful RM '000	Net RM '000
30.09.2014									
General takaful fund (Note (a))	337,990	(82,935)	255,055	-	-	-	337,990	(82,935)	255,055
Family takaful fund (Note (b))	-	-	-	1,757,338	(39,998)	1,717,340	1,747,338	(39,998)	1,707,340
	<u>337,990</u>	<u>(82,935)</u>	<u>255,055</u>	<u>1,757,338</u>	<u>(39,998)</u>	<u>1,717,340</u>	<u>2,085,328</u>	<u>(122,933)</u>	<u>1,962,395</u>
31.03.2014									
General takaful fund (Note (a))	320,552	(80,289)	240,263	-	-	-	320,552	(80,289)	240,263
Family takaful fund (Note (b))	-	-	-	1,800,160	(139,538)	1,660,622	1,790,160	(139,538)	1,650,622
	<u>320,552</u>	<u>(80,289)</u>	<u>240,263</u>	<u>1,800,160</u>	<u>(139,538)</u>	<u>1,660,622</u>	<u>2,110,712</u>	<u>(219,827)</u>	<u>1,890,885</u>

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

13. Takaful certificate liabilities (cont'd.)

(a) General takaful fund

General takaful fund and Company	Gross RM '000	Retakaful RM '000	Net RM '000
30.09.2014			
Provision for claims reported by certificate holders	118,391	(34,619)	83,772
Provision for incurred but not reported claims ("IBNR")	66,269	(20,871)	45,398
Provision for risk margin for adverse deviations ("PRAD")	26,537	1,198	27,735
Claim Liabilities ⁽ⁱ⁾	<u>211,197</u>	<u>(54,292)</u>	<u>156,905</u>
Contribution liabilities ⁽ⁱⁱ⁾	<u>126,793</u>	<u>(28,643)</u>	<u>98,150</u>
	<u>337,990</u>	<u>(82,935)</u>	<u>255,055</u>
31.03.2014			
Provision for claims reported by certificate holders	107,020	(29,436)	77,584
Provision for IBNR	69,332	(21,459)	47,873
Provision for PRAD	25,167	(3,030)	22,137
Claim Liabilities ⁽ⁱ⁾	<u>201,519</u>	<u>(53,925)</u>	<u>147,594</u>
Contribution liabilities ⁽ⁱⁱ⁾	<u>119,033</u>	<u>(26,364)</u>	<u>92,669</u>
	<u>320,552</u>	<u>(80,289)</u>	<u>240,263</u>

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(Incorporated in Malaysia)

13. Takaful certificate liabilities (cont'd.)

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

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

(i) Claim liabilities

General takaful fund and Company	Gross RM '000	Retakaful RM '000	Net RM '000
30.09.2014			
At 1 April 2014	201,519	(53,925)	147,594
Claims incurred in the current accident period	86,545	(27,904)	58,641
Adjustment to claims incurred in prior accident years due to changes in assumptions:			
Increase/(decrease) in PRAD	1,370	4,227	5,597
Decrease in Expected Ultimate Loss Ratio	(22,358)	6,089	(16,269)
Movements in claims incurred in prior accident years	(1,219)	(1,454)	(2,673)
Claims paid during the period	(54,660)	18,675	(35,985)
At 30 September 2014	<u>211,197</u>	<u>(54,292)</u>	<u>156,905</u>
31.03.2014			
At 1 April 2013	197,615	(37,742)	159,873
Claims incurred in the current accident year	166,245	(56,074)	110,171
Adjustment to claims incurred in prior accident years due to changes in assumptions:			
Increase in PRAD	(1,035)	2,481	1,446
Decrease in Expected Ultimate Loss Ratio	(46,817)	8,374	(38,443)
Movements in claims incurred in prior accident years	(5,744)	(2,642)	(8,386)
Claims paid during the year	(108,745)	31,678	(77,067)
At 31 March 2014	<u>201,519</u>	<u>(53,925)</u>	<u>147,594</u>

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(Incorporated in Malaysia)

13. Takaful certificate liabilities (cont'd.)

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

(ii) Contribution liabilities

General takaful fund and Company	Gross RM '000	Retakaful RM '000	Net RM '000
30.09.2014			
At 1 April 2014	119,033	(26,364)	92,669
Contributions written during the period	127,909	(46,358)	81,551
Contributions earned during the period	(120,149)	44,079	(76,070)
At 30 September 2014	<u>126,793</u>	<u>(28,643)</u>	<u>98,150</u>
31.03.2014			
At 1 April 2013	103,938	(25,170)	78,768
Contributions written during the year	224,302	(69,454)	154,848
Contributions earned during the year	(209,207)	68,260	(140,947)
At 31 March 2014	<u>119,033</u>	<u>(26,364)</u>	<u>92,669</u>

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(Incorporated in Malaysia)

13. Takaful certificate liabilities (cont'd.)

(b) Family takaful fund

	Family takaful fund			Company		
	Gross RM '000	Retakaful RM '000	Net RM '000	Gross RM '000	Retakaful RM '000	Net RM '000
30.09.2014						
Provision for claims reported by certificate holders	49,578	(24,117)	25,461	49,578	(24,117)	25,461
Participants' Investment Fund ("PIF")	1,497,684	-	1,497,684	1,497,684	-	1,497,684
Participants' Risk Fund ("PRF")	79,506	(15,881)	63,625	79,506	(15,881)	63,625
NAV attributable to unitholders	130,570	-	130,570	120,570	-	120,570
	<u>1,757,338</u>	<u>(39,998)</u>	<u>1,717,340</u>	<u>1,747,338</u>	<u>(39,998)</u>	<u>1,707,340</u>
31.03.2014						
Provision for claims reported by certificate holders	37,148	(13,212)	23,936	37,148	(13,212)	23,936
Participants' Investment Fund ("PIF")	1,455,102	-	1,455,102	1,455,102	-	1,455,102
Participants' Risk Fund ("PRF")	179,232	(126,326)	52,906	179,232	(126,326)	52,906
NAV attributable to unitholders	128,678	-	128,678	118,678	-	118,678
	<u>1,800,160</u>	<u>(139,538)</u>	<u>1,660,622</u>	<u>1,790,160</u>	<u>(139,538)</u>	<u>1,650,622</u>

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13. Takaful certificate liabilities (cont'd.)

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

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

30.09.2014	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 2014	1,800,160	(139,538)	1,660,622	1,790,160	(139,538)	1,650,622
Net earned contributions	259,519	(27,957)	231,562	259,519	(27,957)	231,562
Net creation of units	12,159	-	12,159	12,159	-	12,159
Liabilities paid for death, maturities, surrenders, benefits and claims	(112,219)	23,735	(88,484)	(112,219)	23,735	(88,484)
Net cancellation of units	(12,831)	-	(12,831)	(12,831)	-	(12,831)
Benefits and claims experience variation	12,430	(10,905)	1,525	12,430	(10,905)	1,525
Fees deducted	(78,268)	-	(78,268)	(78,268)	-	(78,268)
Other revenue and expenses	2,564	-	2,564	2,564	-	2,564
Transfer to shareholder's fund	(2,884)	-	(2,884)	(2,884)	-	(2,884)
Increase in reserve	(123,292)	114,667	(8,625)	(123,292)	114,667	(8,625)
At 30 September 2014	<u>1,757,338</u>	<u>(39,998)</u>	<u>1,717,340</u>	<u>1,747,338</u>	<u>(39,998)</u>	<u>1,707,340</u>

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13. Takaful certificate liabilities (cont'd.)

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

31.03.2014	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 2013	1,513,237	(89,843)	1,423,394	1,503,237	(89,843)	1,413,394
Net earned contributions	528,624	(40,375)	488,249	528,624	(40,375)	488,249
Net creation of units	19,337	-	19,337	19,337	-	19,337
Liabilities paid for death, maturities, surrenders, benefits and claims	(176,231)	21,863	(154,368)	(176,231)	21,863	(154,368)
Net cancellation of units	(20,262)	-	(20,262)	(20,262)	-	(20,262)
Benefits and claims experience variation	(4,547)	(3,548)	(8,095)	(4,547)	(3,548)	(8,095)
Fees deducted	(153,368)	-	(153,368)	(153,368)	-	(153,368)
Other revenue and expenses	12,757	-	12,757	12,757	-	12,757
Transfer to shareholder's fund	(11,741)	-	(11,741)	(11,741)	-	(11,741)
Increase in reserve	92,354	(27,635)	64,719	92,354	(27,635)	64,719
At 31 March 2014	<u>1,800,160</u>	<u>(139,538)</u>	<u>1,660,622</u>	<u>1,790,160</u>	<u>(139,538)</u>	<u>1,650,622</u>

Takaful Ikhlas Berhad
(Incorporated in Malaysia)

14. Expense liabilities

Shareholder's fund and Company	30.09.2014 RM '000	31.03.2014 RM '000
Expense liabilities for general takaful fund:		
Unearned wakalah fees reserve	9,418	8,408
Provision for expense deficiency	9,569	8,557
	<u>18,987</u>	<u>16,965</u>
Expense liabilities for family takaful fund :		
Unexpired expense reserve ("UER")	20,252	23,355
	<u>39,239</u>	<u>40,320</u>

The movement of expense liabilities are presented as follows:

	General takaful fund RM '000	Family takaful fund RM '000	Total RM '000
30.09.2014			
At 1 April 2014	16,965	23,355	40,320
- Wakalah fee received during the period	33,258	-	33,258
- Wakalah fee earned during the period	(32,248)	-	(32,248)
- Movement in provision for expense deficiency	1,012	-	1,012
- Movement in provision for UER	-	(3,103)	(3,103)
At 30 September 2014	<u>18,987</u>	<u>20,252</u>	<u>39,239</u>
31.03.2014			
At 1 April 2013	13,464	8,576	22,040
- Wakalah fee received during the year	55,560	-	55,560
- Wakalah fee earned during the year	(54,525)	-	(54,525)
- Movement in provision for expense deficiency	2,466	-	2,466
- Movement in provision for UER	-	14,779	14,779
At 31 March 2014	<u>16,965</u>	<u>23,355</u>	<u>40,320</u>

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15. General takaful fund

General takaful fund and Company

30.09.2014 **RM '000**

Accumulated surplus

At 1 April 2014	34,577
Underwriting surplus transferred from general takaful statement of comprehensive income	9,131
Hibah paid and payable to participants during the period	(204)
At 30 September 2014	<u>43,504</u>

AFS reserves

At 1 April 2014	(727)
Net gains on fair value changes	97
Deferred tax on fair value changes	(25)
Realised gain transferred to statement of comprehensive income	-
At 30 September 2014	<u>(655)</u>

General takaful fund at end of the year

Accumulated surplus	43,504
AFS reserves	(655)
	<u>42,849</u>

31.03.2014

Accumulated surplus

At 1 April 2013	19,760
Underwriting surplus transferred from general takaful statement of comprehensive income	22,949
Hibah paid and payable to participants during the year	(8,132)
At 31 March 2014	<u>34,577</u>

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15. General takaful fund (cont'd.)

31.03.2014 (cont'd.)

AFS reserves

At 1 April 2013	586
Net gains on fair value changes	(221)
Deferred tax on fair value changes	438
Realised gain transferred to statement of comprehensive income	(1,530)
At 31 March 2014	<u>(727)</u>

General takaful fund at end of the year

Accumulated surplus	34,577
AFS reserves	(727)
	<u>33,850</u>

16. Family takaful fund

30.09.2014

	Family takaful fund RM '000	Company RM '000
Unallocated surplus		
At 1 April 2014	210,521	185,892
Net surplus transferred from family takaful statement of comprehensive income	53,514	52,342
At 30 September 2014	<u>264,035</u>	<u>238,234</u>

AFS reserves

At 1 April 2014	(26,177)	(26,177)
Net loss on fair value changes	17,736	17,736
Deferred tax on fair value changes	(1,237)	(1,237)
Realised gain transferred to statement of comprehensive income	(2,547)	(2,547)
At 30 September 2014	<u>(12,225)</u>	<u>(12,225)</u>

Revaluation reserves

At 1 April 2014	-	23,910
Net gains on fair value changes	-	1,172
Deferred tax on fair value changes	-	(94)
At 30 September 2014	<u>-</u>	<u>24,988</u>

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16. Family takaful fund (cont'd.)

30.09.2014 (cont'd.)	Family takaful fund RM '000	Company RM '000
Family takaful fund at end of the year		
Unallocated surplus	264,035	238,234
AFS reserves	(12,225)	(12,225)
Revaluation reserves	-	24,988
	<u>251,810</u>	<u>250,997</u>
31.03.2014		
Unallocated surplus		
At 1 April 2013	206,923	185,382
Net surplus transferred from family takaful statement of comprehensive income	3,598	510
At 31 March 2014	<u>210,521</u>	<u>185,892</u>
AFS reserves		
At 1 April 2013	7,416	7,416
Net gains on fair value changes	(29,287)	(29,287)
Deferred tax on fair value changes	2,921	2,921
Realised gain transferred to statement of comprehensive income	(7,227)	(7,227)
At 31 March 2014	<u>(26,177)</u>	<u>(26,177)</u>
Revaluation reserves		
At 1 April 2013	-	21,001
Net gains on fair value changes	-	3,162
Elimination of accumulated depreciation	-	-
Deferred tax on changes to revaluation reserves	-	(253)
At 31 March 2014	<u>-</u>	<u>23,910</u>
Family takaful fund at end of the year		
Unallocated surplus	210,521	185,892
AFS reserves	(26,177)	(26,177)
Revaluation reserves	-	23,910
	<u>184,344</u>	<u>183,625</u>

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17. Operating lease commitments

As at the reporting date, the Company lease office premises under lease agreements that are not cancellable within a year. The leases contain renewable options.

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

Company	30.09.2014	31.03.2014
	RM '000	RM '000
Within 1 year	838	545
After 1 year but not more than 5 years	862	262
	<u>1,700</u>	<u>807</u>

18. Capital commitments

	30.09.2014	31.03.2014
	RM '000	RM '000
Shareholder's fund		
Authorised and contracted for:		
- Intangible assets - computer software	3,617	82
Authorised but not contracted for:		
- Intangible assets - computer software	12,547	15,729
	<u>3,617</u>	<u>82</u>
Payable within 12 months	12,547	15,729
Payable after 12 months	16,164	15,811
	<u>16,164</u>	<u>15,811</u>

19. Regulatory capital requirement

The capital structure of the Company as at 30 September 2014, as prescribed under the Risk-Based Capital Framework for Takaful Operators which came into effect from financial year beginning on and after 1 January 2014, is provided below:

	30.09.2014	31.03.2014
	RM '000	RM '000
Eligible tier-1 capital		
Share capital	295,000	295,000
Reserves, including retained earnings	127,326	88,775
Tier-2 capital		
Availabe-for-sale reserves	(1,627)	(2,612)
Amount deducted from capital	(19,343)	(21,883)
	<u>401,356</u>	<u>359,280</u>
Total capital available		

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20. 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:

	Shareholder's fund RM '000	General takaful fund RM '000	Family takaful fund RM '000
30.09.2014			
Income/(expenses) :			
Transactions with MNRB Holdings Berhad ("MNRB"):			
Gross contributions	-	165	-
Management fees	(956)	(520)	(3,344)
	<hr/>	<hr/>	<hr/>
Transactions with Malaysian Reinsurance Berhad ("MRB"), a fellow subsidiary:			
Gross contributions	-	35	-
Retakaful outward contributions	-	(171)	-
	<hr/>	<hr/>	<hr/>
Transactions with MNRB Retakaful Berhad ("MRTB"), a fellow subsidiary:			
Gross contributions	-	3	-
Retakaful outward contributions	-	(1,842)	-
Retakaful commissions	-	115	-
Claims recoveries	-	(697)	-
	<hr/>	<hr/>	<hr/>
Transactions with Labuan Re, in which MNRB is a substantial shareholder:			
Gross contributions	-	15	-
Retakaful outward contributions	-	(920)	-
Retakaful commissions	-	136	-
	<hr/>	<hr/>	<hr/>

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20. Related party transactions (cont'd.)

30.09.2013	Shareholder's fund RM '000	General takaful fund RM '000	Family takaful fund RM '000
Income/(expenses) :			
Transactions with MNRB:			
Gross contributions	-	184	-
Management fees	(1,890)	-	-
	<hr/>	<hr/>	<hr/>
Transactions with MRB, a fellow subsidiary:			
Gross contributions	-	41	124
Retakaful outward contributions	-	(31)	-
	<hr/>	<hr/>	<hr/>
Transactions with MRTB, a fellow subsidiary:			
Gross contributions	-	4	16
Retakaful outward contributions	-	(4,683)	(5,042)
Retakaful commissions	-	1,071	-
Claims recoveries	-	502	(7,979)
	<hr/>	<hr/>	<hr/>
Transactions with Labuan Re, in which MNRB is a substantial shareholder:			
Gross contributions	-	5	-
Retakaful outward contributions	-	(930)	-
Retakaful commissions	-	137	-
	<hr/>	<hr/>	<hr/>

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21. Fair values of financial instruments

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 extended to include all assets and liabilities measured and/or disclosed at fair value. The following levels of hierarchy are used for determining and disclosing the fair value of the Company's financial instruments:

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

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

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

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

The carrying amounts approximate fair values 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 counter parties with similar credit profiles. Accordingly, the carrying amounts of the financing receivables approximate their fair values as the impact of discounting are not material.

(iii) Takaful 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 2014. The carrying amounts approximate fair values due to the relatively short-term maturity of these financial instruments.

(iv) Investments

Investments as at 30 September 2014 have been accounted for in accordance with the accounting policies as disclosed in the audited financial statements for the financial year ended 31 March 2014. The carrying amounts and fair values of investments are disclosed in Note 12 of the unaudited interim financial statements.

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21. Fair values of financial instruments (cont'd.)

(iv) Investments (cot'd.)

Description of overall definition of the fair value hierarchy

The levels of the fair value hierarchy as defined by the accounting standards are an indication of the observability of prices or valuation input. It can be classified into the following hierarchies/levels:

- Level 1 : Quoted price in active market data, 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, quoted unit and property trusts fund.

- 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).

Examples of level 2 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 financial assets that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the reporting date.

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

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21. Fair values of financial instruments (cont'd.)

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

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

	Valuation technique using:			Total RM '000
	Level 1 Quoted market prices RM '000	Level 2 Observable inputs RM '000	Level 3 Significant unobservable inputs RM '000	
Shareholder's fund				
30.09.2014				
<u>Financial assets:</u>				
Assets measured at fair value:				
Financial assets at FVTPL:				
Quoted shares in Malaysia:				
Shariah approved equities	652	-	-	652
Warrants	21	-	-	21
	<u>673</u>	<u>-</u>	<u>-</u>	<u>673</u>
AFS financial assets				
Unquoted Islamic private debt securities:				
Government guaranteed	-	14,373	-	14,373
Unsecured	-	104,934	-	104,934
Quoted shares in Malaysia:				
Shariah approved equities	16,899	-	-	16,899
Warrants	13	-	-	13
Property trust funds	1,082	-	-	1,082
	<u>50,004</u>	<u>104,934</u>	<u>-</u>	<u>154,938</u>
	<u>50,677</u>	<u>104,934</u>	<u>-</u>	<u>155,611</u>
Assets for which fair values are disclosed:				
HTM investments:				
Unquoted Islamic private debt securities:				
Government guaranteed	-	18,974	-	18,974
Unsecured	-	628	-	628
Government investment issues	-	41,308	-	41,308
	<u>-</u>	<u>60,910</u>	<u>-</u>	<u>60,910</u>

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21. Fair values of financial instruments (cont'd.)

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

	Valuation technique using:			Total RM '000
	Level 1	Level 2	Level 3	
	Quoted market prices RM '000	Observable inputs RM '000	Significant unobservable inputs RM '000	
Shareholder's fund (cont'd.)				
31.03.2014				
<u>Financial assets:</u>				
Assets measured at fair value:				
Financial assets at FVTPL:				
Quoted shares in Malaysia:				
Shariah approved equities	1,138	-	-	1,138
Warrants	22	-	-	22
	<u>1,160</u>	<u>-</u>	<u>-</u>	<u>1,160</u>
AFS financial assets				
Unquoted Islamic private debt securities:				
Government guaranteed	-	14,129	-	14,129
Unsecured	-	104,477	-	104,477
Quoted shares in Malaysia:				
Shariah approved equities	16,061	-	-	16,061
Warrants	15	-	-	15
Property trust funds	588	-	-	588
	<u>16,664</u>	<u>118,606</u>	<u>-</u>	<u>135,270</u>
	<u>17,824</u>	<u>118,606</u>	<u>-</u>	<u>136,430</u>
Assets for which fair values are disclosed:				
HTM investments:				
Unquoted Islamic private debt securities:				
Government guaranteed	-	18,861	-	18,861
Unsecured	-	567	-	567
Government investment issues	-	40,725	-	40,725
	<u>-</u>	<u>60,153</u>	<u>-</u>	<u>60,153</u>

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21. Fair values of financial instruments (cont'd.)

(v) Fair value disclosures based on 3-level hierarchy (cont'd.)	Valuation technique using:			Total RM '000
	Level 1	Level 2	Level 3	
General takaful fund				
30.09.2014	Quoted market prices RM '000	Observable inputs RM '000	Significant unobservabl e inputs RM '000	
<u>Financial assets:</u>				
Assets measured at fair value:				
Financial assets at FVTPL:				
Quoted shares in Malaysia:				
Shariah approved equities	999	-	-	999
Warrants	19	-	-	19
	<u>1,018</u>	<u>-</u>	<u>-</u>	<u>1,018</u>
AFS financial assets				
Unquoted Islamic private debt securities:				
Government guaranteed	-	18,094	-	18,094
Unsecured	-	54,738	-	54,738
Government investment issues	-	7,709	-	7,709
Quoted shares in Malaysia:				
Shariah approved equities	22,346	-	-	22,346
Warrants	39	-	-	39
Property trust funds	599	-	-	599
	<u>67,998</u>	<u>80,541</u>	<u>-</u>	<u>148,539</u>
	<u>69,016</u>	<u>80,541</u>	<u>-</u>	<u>149,557</u>
Assets for which fair values are disclosed:				
HTM investments:				
Unquoted Islamic private debt securities:				
Government guaranteed	-	18,159	-	18,159
Unsecured	-	-	-	-
Government investment issues	-	52,929	-	52,929
	<u>-</u>	<u>71,088</u>	<u>-</u>	<u>71,088</u>

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21. Fair values of financial instruments (cont'd.)

(v) Fair value disclosures based on 3-level hierarchy (cont'd.)	Valuation technique using:			Total RM '000
	Level 1	Level 2	Level 3	
General takaful fund (cont'd.)				
31.03.2014	Quoted market prices	Observable inputs	Significant unobservable inputs	
<u>Financial assets:</u>	RM '000	RM '000	RM '000	
Assets measured at fair value:				
Financial assets at FVTPL:				
Quoted shares in Malaysia:				
Shariah approved equities	1,352	-	-	1,352
Warrants	20	-	-	20
	<u>1,372</u>	<u>-</u>	<u>-</u>	<u>1,372</u>
AFS financial assets				
Unquoted Islamic private debt securities:				
Government guaranteed	-	13,000	-	13,000
Unsecured	-	54,580	-	54,580
Government investment issues	-	7,614	-	7,614
Quoted shares in Malaysia:				
Shariah approved equities	17,580	-	-	17,580
Warrants	42	-	-	42
Property trust funds	525	-	-	525
	<u>18,147</u>	<u>75,194</u>	<u>-</u>	<u>93,341</u>
	<u>19,519</u>	<u>75,194</u>	<u>-</u>	<u>94,713</u>
Assets for which fair values are disclosed:				
HTM investments:				
Unquoted Islamic private debt securities:				
Government guaranteed	-	18,159	-	18,159
Government investment issues	-	52,929	-	52,929
	<u>-</u>	<u>71,088</u>	<u>-</u>	<u>71,088</u>

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21. Fair values of financial instruments (cont'd.)

(v) Fair value disclosures based on 3-level hierarchy (cont'd.)	Valuation technique using:			Total RM '000
	Level 1	Level 2	Level 3	
Family takaful fund				
30.09.2014	Quoted market prices	Observable inputs	Significant unobservable inputs	
Assets measured at fair value:	RM '000	RM '000	RM '000	
Investment properties	-	106,922	-	106,922
<u>Financial assets:</u>				
Financial assets at FVTPL:				
Quoted shares in Malaysia:				
Shariah approved equities	1,938	-	-	1,938
Warrants	19	-	-	19
Shariah approved unit trust funds	122,827	-	-	122,827
	<u>124,784</u>	<u>-</u>	<u>-</u>	<u>124,784</u>
AFS financial assets				
Unquoted Islamic private debt securities:				
Government guaranteed	-	302,752	-	302,752
Unsecured	-	451,676	-	451,676
Government investment issues	-	95,229	-	95,229
Quoted shares in Malaysia:				
Shariah approved equities	104,857	-	-	104,857
Warrants	129	-	-	129
Property trust funds	6,241	-	-	6,241
	<u>179,248</u>	<u>849,657</u>	<u>-</u>	<u>1,028,905</u>
	<u>304,032</u>	<u>849,657</u>	<u>-</u>	<u>1,153,689</u>
Assets for which fair values are disclosed:				
HTM investments:				
Unquoted Islamic private debt securities:				
Government guaranteed	-	36,607	-	36,607
Government investment issues	-	293,915	-	293,915
	<u>-</u>	<u>330,522</u>	<u>-</u>	<u>330,522</u>

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21. Fair values of financial instruments (cont'd.)

(v) Fair value disclosures based on 3-level hierarchy (cont'd.)	Valuation technique using:			Total RM '000
	Level 1	Level 2	Level 3	
Family takaful fund (cont'd.)				
31.03.2014	Quoted market prices RM '000	Observable inputs RM '000	Significant unobservabl e inputs RM '000	
Assets measured at fair value:				
Investment properties	-	106,922	-	106,922
<u>Financial assets:</u>				
Financial assets at FVTPL:				
Quoted shares in Malaysia:				
Shariah approved equities	3,717	-	-	3,717
Warrants	20	-	-	20
Shariah approved unit trust funds	131,889	-	-	131,889
	<u>135,626</u>	<u>-</u>	<u>-</u>	<u>135,626</u>
AFS financial assets				
Unquoted Islamic private debt securities:				
Government guaranteed	-	284,664	-	284,664
Unsecured	-	434,832	-	434,832
Government investment issues	-	141,708	-	141,708
Quoted shares in Malaysia:				
Shariah approved equities	91,300	-	-	91,300
Warrants	135	-	-	135
Property trust funds	5,708	-	-	5,708
Shariah approved unit trust funds	-	-	-	-
	<u>97,143</u>	<u>861,204</u>	<u>-</u>	<u>958,347</u>
	<u>232,769</u>	<u>861,204</u>	<u>-</u>	<u>1,093,973</u>
Assets for which fair values are disclosed:				
HTM investments:				
Unquoted Islamic private debt securities:				
Government guaranteed	-	31,740	-	31,740
Government investment issues	-	291,091	-	291,091
	<u>-</u>	<u>322,831</u>	<u>-</u>	<u>322,831</u>