Notes to the financial statements - 31 March 2024

1. Corporate information

The Company is principally engaged in the underwriting of general reinsurance, general retakaful and family retakaful businesses.

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at 12th Floor, Bangunan Malaysian Re, No. 17, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur, Malaysia.

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

The number of employees in the Company at the end of the financial year was 156 (2023: 170). The employees of the holding company performed certain administrative functions of the Company during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 July 2024.

2. Material accounting policy

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with MFRS, International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia.

At the beginning of the current financial year, the Company had adopted the amendments to the MFRSs applicable for annual financial periods beginning on or after 1 January 2023, as described fully in Note 2.22.

The financial statements of the Company have been prepared under the historical cost convention, unless otherwise stated in the accounting policies.

As at the end of the financial year, the Company has met the minimum capital requirements as prescribed by the RBC and RBCT Frameworks issued by BNM.

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

2. Material accounting policy (cont'd.)

2.1 Basis of preparation (cont'd.)

Retakaful operations and its funds

Under the concept of retakaful, participants 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 retakaful operator, the Company manages the general and family retakaful funds in line with the principles of Wakalah (agency), which is the business model used by the Company. Under the Wakalah model, the retakaful 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 retakaful funds are segregated from those of the retakaful 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 retakaful funds are consolidated with those of the retakaful operator to represent the control possessed by the retakaful operator over the respective funds. Upon consolidation, the related interfund balances and transactions are eliminated in full.

The analysis by funds for the statement of financial position and the statements of comprehensive income of the general and family retakaful fund, general reinsurance fund and the shareholder's fund are presented in Note 37.

2.2 Accounting period

The Company adopts quarterly accounting periods ending on 31 March, 30 June, 30 September and 31 December, insofar as the underwriting income and outgo for Market Cessions business is concerned. This is to correspond with the ceding companies' accounting periods.

Underwriting income and outgo in respect of other business classes and all other income and expenditure are for the 12 months period ending on 31 March annually.

2. Material accounting policy (cont'd.)

2.3 Investment in associate

An associate is a company in which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in the control or joint control over those policies.

The Company's investment in associate is measured at fair value through profit and loss in accordance with MFRS 9 as permitted by MFRS 127. The results of the associate are not equity accounted by virtue of the exemption described in Note 18.

On disposal of such investment, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

2.4 Insurance/takaful service result

A contract is to be classified as a reinsurance/retakaful contract issued or as a reinsurance/retakaful contract held pursuant to MFRS 17 if a significant insurance risk is thereby assumed or transferred. These contract types are treated according to the same rules, irrespective of whether the contracts were issued, acquired in connection with a merger or acquired as part of a transfer of contracts that do not constitute business operations. Contracts that may take the legal form of an insurance/takaful contract but do not transfer any significant insurance/takaful risk are classified as investment contracts. The recognition and measurement of such contracts follows the rules for the recognition of financial instruments according to MFRS 9.

The general and family retakaful fund is maintained in accordance with the IFSA 2013 and consists of fair value reserves and any accumulated surplus/deficit. Any deficit will be made good by the shareholder's fund via a benevolent profit/interest-free loan or Qard.

General reinsurance/retakaful and family retakaful revenue consists of insurance/takaful service results and investment income accounted for on an accrual basis. As for retakaful, the takaful service results is on accrual basis as approved by the GSC. Unrealised income is deferred and receipts in advance are treated as liabilities in the statement of financial position.

2. Material accounting policy (cont'd.)

2.4 Insurance/takaful service result (cont'd.)

(a) Separating components from insurance/takaful and reinsurance contracts/ retakaful certificates

The Company assesses its insurance contracts and takaful certificates to determine whether they contain components which must be accounted for under another MFRS rather than MFRS 17. After separating any distinct components, the Company apply MFRS 17 to all remaining components of the (host) insurance/takaful and reinsurance/retakaful contracts/certificates. Currently, the Company's products do not include distinct components that require separation.

Some insurance/takaful contracts issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the participant will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the event happening. The minimum guaranteed amounts have been assessed to be highly interrelated with the insurance/takaful component of the reinsurance/retakaful contract/retakaful contracts certificates and are, therefore, non-distinct investment components which are not accounted for separately.

(b) Level of aggregation

The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Each portfolio is divided into annual cohorts and further divided based on expected profitability at inception into three categories:

i. onerous contracts;
ii. contracts with no significant risk of becoming onerous; and
iii. any remaining contracts in the annual cohort.

Company makes an evaluation of whether a series of contracts can be treated together in making the profitability assessment based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts.

The Company has defined portfolios of insurance contracts and retakaful certificates issued based on its are subject to similar risks and managed together. Each group must not contain contracts issued more than 12 months apart on the expectation such contracts would potentially exhibit varying levels of profitability.

2. Material accounting policy (cont'd.)

2.4 Insurance/takaful service result (cont'd.)

(b) Level of aggregation (cont'd.)

The expected profitability of these portfolios at inception is determined based on the existing actuarial valuation models which take into consideration existing and new business. In determining groups of contracts, the Company has elected to include in the same group contracts where its ability to set prices or levels of benefits for cedants with different characteristics is constrained by regulation.

The insurance contracts and takaful certificates portfolios are divided into:

- A group of contracts that are onerous at initial recognition;
- A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently; and
- A group of the remaining contracts in the portfolio.

The reinsurance contracts/retakaful certificates held portfolios are divided into:

- A group of contracts on which there is a net gain on initial recognition;
- A group of contracts that have no significant possibility of a net gain arising subsequent to initial recognition; and
- A group of the remaining contracts in the portfolio.

2. Material accounting policy (cont'd.)

2.4 Insurance/takaful service result (cont'd.)

(c) Recognition

The Company recognises a group of insurance contracts and takaful certificates that it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a cedant in the group is due, or when the first payment is received if there is no due date; and
- For a group of onerous contracts, as soon as facts and circumstances indicate that the group is onerous.

The Company recognises a group of reinsurance contracts/retakaful certificates held:

- If the reinsurance contracts/retakaful certificates provide proportionate coverage, at the later of the beginning of the coverage period of the group, or the initial recognition of any underlying contract.
- In all other cases, from the beginning of the coverage period of the first contract in the group.

(d) Onerous groups of contracts

An insurance contract/takaful certificate is onerous at the date of initial recognition if the fulfilment cash flows allocated to the contract, any previously recognised acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total, are a net outflow.

For the avoidance of doubt, as underlying business is required to be treated separately from reinsurance contract/retakaful certificate held, this assessment of profitability should be on a gross basis, before the risk mitigating effect of reinsurance contract/retakaful certificate held.

The Company assesses the profitability at the level of “a set of contracts”. Pricing is generally conducted differently depending on the business structure (for e.g. pricing is conducted at contract level for facultative reinsurance whereas it is at cedant level for treaty reinsurance for general reinsurance and general retakaful), of which the assumptions, risk margins and target profitabilities are applied across the contracts, and profitability is valued according to these structures.

2. Material accounting policy (cont'd.)

2.4 Insurance/takaful service result (cont'd.)

(e) Contract boundary

The Company includes in the measurement of a group of insurance contracts and takaful certificates all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a insurance contract and takaful certificates if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the cedants to pay the premiums/contributions or in which the Company has a substantive obligation to provide the cedants with services. A substantive obligation to provide services ends when:

- The Company has the practical ability to reassess the risks of the particular participant and, as a result, can set a price or level of benefits that fully reflects those risks; or

- Both of the following criteria are satisfied:
  - The Company has the practical ability to reassess the risks of the portfolio of insurance contracts/takaful certificates that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio.

  - The pricing of the premiums/contributions for coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected premiums/contributions or claims outside the boundary of the insurance contracts/takaful certificates is not recognised. Such amounts relate to future insurance contracts and takaful certificates.

For insurance contracts and takaful certificates with renewal periods, the Company assesses whether premiums/contributions and related cash flows that arise from the renewed contract are within the contract boundary. The pricing of the renewals are established by the Company by considering all the risks covered for the cedants by the Company. The Company considers when underwriting equivalent contracts on the renewal dates for the remaining coverage. The Company reassess the contract boundary of each group at the end of each reporting period.

2. Material accounting policy (cont'd.)

2.4 Insurance/takaful service result (cont'd.)

(f) Measurement

MFRS 17 introduces a discounted measurement approach as the general measurement model ("GMM") for all insurance contracts. However, due to the complexity of the GMM, MFRS 17 provides the option of using simplified approach which is the Premium Allocation Approach ("PAA"), primarily for short-term contracts and Variable Fee Approach ("VFA") for contracts with direct participation features.

The Company has determined that it will apply GMM to all its contracts issued and reinsurance contracts held.

Insurance contracts/takaful certificates

(i) Initial measurement

The general model measures a group of reinsurance contracts and retakaful certificates as the total of:

- the fulfilment cash flows, which comprise estimates of future cash flows, an adjustment to reflect time value of money and associated financial risks, and a risk adjustment for non-financial risk; and
- A contractual service margin ("CSM"), representing the unearned profit that the Company will recognise as it provides reinsurance contract services in the future.

The Company's objective in estimating future cash flows is to determine the expected value, or the probability-weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. The Company estimates future cash flows considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario are probability-weighted and discounted using current assumptions.

When estimating future cash flows, the Company includes all cash flows that are within the contract boundary including:

- Premiums/contributions and related cash flows.
- Claims and benefits, including reported claims not yet paid, incurred claims not yet reported, expected future claims, surplus to participants.
- An allocation of reinsurance/retakaful acquisition cash flows attributable to the portfolio to which the contract belongs.

2. Material accounting policy (cont'd.)

2.4 Insurance/takaful service result (cont'd.)

(f) Measurement (cont'd.)

Insurance contracts/takaful certificates (cont'd.)

(i) Initial measurement (cont'd.)

- Claims handling costs.
- Policy administration and maintenance costs, including recurring commissions that are expected to be paid to intermediaries.
- Recurring commissions and brokerages that are expected to be paid to broker/cedants.
- An allocation of fixed and variable overheads directly attributable to fulfilling reinsurance contracts/retakaful certificates.
- Transaction-based taxes.

The Company incorporates, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows. The Company estimates the probabilities and amounts of future payments under existing contracts based on information obtained, including:

- Information about claims already reported by cedants;
- Other information about the known or estimated characteristics of the reinsurance contracts and retakaful certificates;
- Historical data about the Company's own experience, supplemented when necessary with data from other sources;
- Historic data adjusted to reflect current conditions; and
- Current pricing information, when available.

The Company's CSM is a component of the asset or liability for the group of reinsurance contracts/retakaful certificates that represents the unearned profit the Company will recognise as it provides services in the future. The Company measures the CSM on initial recognition at an amount that, unless the group of contracts is onerous, results in no impact to profit or loss arising from:

- Initial recognition of the fulfilment cash flows;
- Derecognition at the date of initial recognition of any asset or liability recognised for reinsurance retakaful acquisition cash flows; and
- Any cash flows arising from the contracts in the group at that date.

2. Material accounting policy (cont'd.)

2.4 Insurance/takaful service result (cont'd.)

(f) Measurement (cont'd.)

Insurance contracts/takaful certificates (cont'd.)

(i) Initial measurement (cont'd.)

For groups of contracts assessed as onerous, the Company has recognised a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows and the CSM of the group being zero. A loss component has been established by the Company for the liability for remaining coverage for an onerous group depicting the losses recognised.

Where, during the coverage period, a group of insurance contracts becomes onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group representing the losses recognised.

(ii) Subsequent measurement

The CSM at the end of the reporting period represents the profit in the group of insurance contracts/takaful certificates that has not yet been recognised in profit or loss, because it relates to future service to be provided.

For a group of insurance contracts/takaful certificates the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period, adjusted for:

- The effect of any new contracts added to the group.
- Interest/profit accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates at initial recognition.
- The changes in fulfilment cash flows relating to future service, except to the extent that:
  - Such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss; or
  - Such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage.

2. Material accounting policy (cont'd.)

2.4 Insurance/takaful service result (cont'd.)

(f) Measurement (cont'd.)

Insurance contracts/takaful certificates (cont'd.)

(ii) Subsequent measurement (cont'd.)

- The effect of any currency exchange differences on the CSM.
- The amount recognised as insurance/takaful revenue because of the transfer of services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

The locked-in discount rate is the weighted average of the rates applicable at the date of initial recognition of contracts that joined a group over a 12-month period. The discount rate used for accretion of profit on the CSM is determined using the bottom-up approach at inception.

The changes in fulfilment cash flows relating to future service that adjust the CSM comprise of:

- Experience adjustments that arise from the difference between the premium/contribution receipts (and any related cash flows such as insurance/takaful acquisition cash flows and insurance/takaful premium/contribution taxes) and the estimate, at the beginning of the period, of the amounts expected. Differences related to premiums/contributions received (or due) related to current or past services are recognised immediately in profit or loss while differences related to premiums/contributions received (or due) for future services are adjusted against the CSM;
- Changes in estimates of the present value of future cash flows in the liability for remaining coverage, except those relating to the time value of money and changes in financial risk (recognised in the statement of profit or loss and other comprehensive income rather than adjusting the CSM);

- Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period; and

- Changes in the risk adjustment for non-financial risk that relate to future service.

2. Material accounting policy (cont'd.)

2.4 Insurance/takaful service result (cont'd.)

(f) Measurement (cont'd.)

Insurance contracts/takaful certificates (cont'd.)

(ii) Subsequent measurement (cont'd.)

Except for changes in the risk adjustment, adjustments to the CSM noted above are measured at discount rates that reflect the characteristics of the cash flows of the group of insurance contracts/takaful certificates at initial recognition.

The Company measures the carrying amount of a group of insurance contracts/takaful certificates at the end of each reporting period as the sum of:

(i) the liability for remaining coverage comprising fulfilment cash flows related to future service allocated to the group at that date and the CSM of the group at that date; and

(ii) the liability for incurred claims for the Company comprised the fulfilment cash flows related to past service allocated to the group at that date.

Reinsurance contracts/retakaful certificates held

(i) Initial measurement

The measurement of retrocession contracts and retrotakaful certificates held follows the same principles as those for reinsurance contracts/retakaful certificates issued, with the exception of the following:

- Measurement of the cash flows include an allowance on a probability-weighted basis for the effect of any non performance by the retrocession/retrotakaful operators, including the effects of collateral and losses from disputes.

- The Company determines the risk adjustment for non- financial risk so that it represents the amount of risk being transferred to the reinsurer/retakaful operator.

2. Material accounting policy (cont'd.)

2.4 Insurance/takaful service result (cont'd.)

(f) Measurement (cont'd.)

Reinsurance contracts/retakaful certificates held (cont'd.)

(i) Initial measurement (cont'd.)

- The Company recognises both day 1 gains and day 1 losses at initial recognition in the statement of financial position as a CSM and releases this to profit or loss as the reinsurer/retakaful operator renders services, except for any portion of a day 1 loss that relates to events before initial recognition.

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts/takaful certificates or when further onerous underlying insurance contracts/takaful certificates are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts/retakaful certificates held depicting the recovery of losses.

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts/takaful certificates and the percentage of claims on the underlying insurance contracts/takaful certificates the Company expects to recover from the group of reinsurance contracts/retakaful certificates held. Where only some contracts in the onerous underlying group are covered by the group of reinsurance contracts/retakaful certificates held, the Company uses a systematic and rational method to determine the portion of losses recognised on the underlying group of insurance contracts/takaful certificates to insurance contracts/takaful certificates covered by the group of reinsurance contracts/retakaful certificates held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

2. Material accounting policy (cont'd.)

2.4 Insurance/takaful service result (cont'd.)

(f) Measurement (cont'd.)

Reinsurance contracts/retakaful certificates held (cont'd.)

(ii) Subsequent measurement

The measurement of reinsurance contracts/retakaful certificates held follows the same principles as those for insurance contracts/takaful certificates issued, with the exception of the following:

- Changes in the fulfilment cash flows are recognised in profit or loss if the related changes arising from the underlying ceded contracts have been recognised in profit or loss. Alternatively, changes in the fulfilment cash flows adjust the CSM.

- Changes in the fulfilment cash flows that result from changes in the risk of non-performance by the issuer of a reinsurance contract/retakaful certificates held do not adjust the contractual service margin as they do not relate to future service.

Any change in the fulfilment cash flows of a reinsurance contract/retakaful certificates held due to the changes of the liability for incurred claims of the underlying contracts/certificates is taken to profit and loss and not the contractual service margin of the reinsurance contract/retakaful certificates held.

Where a loss component has been set up subsequent to initial recognition of a group of underlying insurance contracts and takaful certificates, the portion of income that has been recognised from related reinsurance contracts and retakaful certificates held is disclosed as a loss recovery component.

Where the Company has established a loss-recovery component, the Company adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts and takaful certificates.

2. Material accounting policy (cont'd.)

2.4 Insurance/takaful service result (cont'd.)

(f) Measurement (cont'd.)

Reinsurance contracts/retakaful certificates held (cont'd.)

(ii) Subsequent measurement (cont'd.)

A loss recovery component reverses consistent with reversal of the loss component of underlying groups of insurance contracts and takaful certificates issued, even when a reversal of the loss-recovery component is not a change in the fulfilment cash flows of the group of reinsurance contracts and retakaful certificates held. Reversals of the loss-recovery component that are not changes in the fulfilment cashflows of the group of reinsurance contracts and retakaful certificates held adjust the CSM.

(g) Modification and derecognition of insurance contracts/takaful certificates

The Company derecognises insurance contracts/takaful certificates when the rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled; or expired) or the contract is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the contract. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

(h) Insurance/takaful acquisition cashflows

Insurance/takaful acquisition cash flows arise from the costs of distributing, underwriting and starting a group of insurance contracts/takaful certificates (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts/takaful certificates to which the group belongs.

Where insurance/takaful acquisition cash flows have been paid or incurred before the related group of insurance contracts/takaful certificates is recognised in the statement of financial position, a separate asset for insurance/takaful acquisition cash flows is recognised for each related group.

2. Material accounting policy (cont'd.)

2.4 Insurance/takaful service result (cont'd.)

(h) Insurance/takaful acquisition cashflows (cont'd.)

The asset for insurance/takaful acquisition cash flow is derecognised from the statement of financial position when the insurance/takaful acquisition cash flows are included in the initial measurement of the related group of insurance/takaful certificates. The Company expects to derecognise all assets for insurance/takaful acquisition cash flows within the insurance/takaful covered period.

At the end of each reporting period, the Company revises amounts of insurance/takaful acquisition cash flows allocated to groups of insurance contracts/takaful certificates not yet recognised, to reflect changes in assumptions related to the method of allocation used.

After any reallocation, the Company assesses the recoverability of the asset for insurance/takaful acquisition cash flows, if facts and circumstances indicate the asset may be impaired. When assessing the recoverability, the Company applies:

- An impairment test at the level of an existing or future group of insurance contracts/takaful certificates; and

- An additional impairment test specifically covering the insurance contracts/takaful acquisition cash flows allocated to expected future contract renewals.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss. The Company recognises in profit or loss a reversal of some or all of an impairment loss previously recognised and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

2. Material accounting policy (cont'd.)

2.4 Insurance/takaful service result (cont'd.)

(i) Presentation

The Company has presented separately in the statement of financial position the carrying amount of groups of insurance contract/takaful certificates issued that are assets, groups of insurance contract/takaful certificates issued that are liabilities, reinsurance contract/retakaful certificates held that are assets and groups of reinsurance contract/retakaful certificates held that are liabilities.

Any assets or liabilities for insurance/takaful acquisition cash flows recognised before the corresponding insurance contract/takaful certificates are recognised are included in the carrying amount of the related groups of insurance contract/takaful certificates issued.

The Company disaggregates the amounts recognised in the statement of profit or loss and other comprehensive income into a insurance/takaful service result, comprising insurance/takaful revenue and insurance/takaful service expenses, and insurance/takaful finance income or expenses.

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance/takaful service result.

The Company separately presents income or expenses from insurance/takaful certificates held from the expenses or income from reinsurance/retakaful certificates issued.

(i) Insurance/takaful revenue

The Company’s insurance/takaful revenue depicts the provision of coverage and other services arising from a group of insurance contract/takaful certificates at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. Insurance/takaful revenue from a group of insurance contract/takaful certificates is therefore the relevant portion for the period of the total consideration for the contracts, (i.e., the amount of premiums/contributions paid to the Company adjusted for financing effect (the time value of money) and excluding any distinct investment components). The total consideration for a group of contracts covers amounts related to the provision of services and is comprised of:

2. Material accounting policy (cont'd.)

2.4 Insurance/takaful service result (cont'd.)

(i) Presentation (cont'd.)

(i) Insurance/takaful revenue (cont'd.)

- Insurance/takaful service expenses, excluding any amounts allocated to the loss component of the liability for remaining coverage.
- The risk adjustment for non-financial risk, excluding any amounts allocated to the loss component of the liability for remaining coverage.
- The CSM release.
- Amounts related to insurance/takaful acquisition cash flows.

(ii) Loss components

The Company has grouped contracts that are onerous at initial recognition separately from contracts in the same portfolio that are not onerous at initial recognition. Groups that were not onerous at initial recognition can also subsequently become onerous if assumptions and experience changes. The Company has established a loss component of the liability for remaining coverage for any onerous group depicting the future losses recognised.

A loss component represents a notional record of the losses attributable to each group of onerous insurance contract/takaful certificates (or contracts profitable at inception that have become onerous). The loss component is released based on a systematic allocation of the subsequent changes in the fulfilment cash flows to:

(i) the loss component;
(ii) the liability for remaining coverage excluding the loss component.

The loss component is also updated for subsequent changes in estimates of the fulfilment cash flows related to future service. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period of a group of contracts (since the loss component will have been materialised in the form of incurred claims). The Company uses the proportion on initial recognition to determine the systematic allocation of subsequent changes in future cash flows between the loss component and the liability for remaining coverage excluding the loss component.

2. Material accounting policy (cont'd.)

2.4 Insurance/takaful service result (cont'd.)

(i) Presentation (cont'd.)

(iii) Loss-recovery components

When the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts/takaful certificates or when further onerous underlying insurance contracts/takaful certificates are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts/retakaful certificates held depicting the recovery of losses.

Where a loss component has been set up subsequent to initial recognition of a group of underlying insurance contract/takaful certificates, the portion of income that has been recognised from related reinsurance contracts/retakaful certificates held is disclosed as a loss- recovery component.

Where a loss-recovery component has been set up at initial recognition or subsequently, the Company adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts/takaful certificates.

The carrying amount of the loss-recovery component must not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts/takaful certificates that the Company expects to recover from the group of reinsurance contracts/retakaful certificates held. On this basis, the loss-recovery component recognised at initial recognition is reduced to zero in line with reductions in the onerous group of underlying insurance contracts/takaful certificates and is nil when loss component of the onerous group of underlying insurance contracts/takaful certificates is nil.

2. Material accounting policy (cont'd.)

2.4 Insurance/takaful service result (cont'd.)

(i) Presentation (cont'd.)

(iv) Insurance/takaful service expense

Insurance/takaful service expenses arising from insurance/takaful contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and mainly comprise the following items:

- Incurred claims and other insurance/takaful service expenses;
- Amortisation of insurance/takaful acquisition cash flows;
- Losses on onerous contracts and reversals of such losses; and
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.

(v) Insurance/takaful finance income and expense

Insurance/takaful finance income or expenses comprise the change in the carrying amount of the group of insurance contract/takaful certificates arising from:

- The effect of the time value of money and changes in the time value of money.
- The effect of financial risk and changes in financial risk.

Finance income and expenses on the Company’s issued insurance contract/takaful certificates is not disaggregated because the related financial assets are managed on a fair value basis and measured at fair value through profit or loss.

The Company systematically allocates expected total insurance/takaful finance income or expenses over the duration of the group of contracts to profit or loss using discount rates determined on initial recognition of the group of contracts.

2. Material accounting policy (cont'd.)

2.4 Insurance/takaful service result (cont'd.)

(i) Presentation (cont'd.)

(v) Insurance/takaful finance income and expense (cont'd.)

Surpluses of contracts under the general/family retakaful funds are attributable to policyholders and shareholder and the amount and timing of distribution to both the policyholders and shareholder are determined by an actuarial valuation of the long term liabilities to policyholders at the date of the statement of financial position and is made in accordance with the provisions of the Financial Services Act 2013 and policy documents issued by BNM.

Unallocated surplus, where the amounts of surplus are yet to be allocated or distributed to either policyholders or shareholder by the end of the financial year, are held within non-distributable Equity. The shareholder will ultimately have the rights over this unallocated surplus upon the recommendation of distribution by the Appointed Actuary.

2.5 Property, plant and equipment and depreciation

(a) Recognition and measurement

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment are recognised as an asset, if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses, whilst properties (which comprise land and buildings) are stated at revalued amount less subsequent accumulated depreciation and any impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

In respect of freehold land and buildings, valuations are performed with sufficient frequency to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the financial year end.

2. Material accounting policy (cont'd.)

2.5 Property, plant and equipment and depreciation (cont'd.)

(a) Recognition and measurement

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. On disposal of property, plant and equipment, the difference between net proceeds and the carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item, if any, is transferred directly to retained profits.

(b) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Work in progress are also not depreciated as these assets are not available for use. When work in progress are completed and the asset is available for use, it is reclassified to the relevant category of property, plant and equipment and depreciation of the asset begins. During the period in which the assets is not yet available for use, it is tested for impairment annually. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

Building	3%
Computer equipment	10% to 33.3%
Furniture and fittings	10%
Office equipment	10% to 33.3%
Motor vehicles	20%

2. Material accounting policy (cont'd.)

2.5 Property, plant and equipment and depreciation (cont'd.)

(c) Depreciation (cont'd.)

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

(d) Derecognition

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

2.6 Intangible assets

All intangible assets are initially recorded at cost. Subsequent to initial recognition, intangible assets are stated at cost less any accumulated amortisation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

On disposal of intangible assets, the difference between net proceeds and the carrying amount is recognised in profit or loss.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least annually at the end of each reporting period. Amortisation is charged to profit or loss.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite useful life is also reviewed annually to determine whether the useful life assessment continues to be supportable. During the period in which the assets is not yet available for use, it is tested for impairment annually.

2. Material accounting policy (cont'd.)

2.6 Intangible assets (cont'd.)

(a) Software development in progress

Software development in progress represents development expenditure on software. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated impairment losses. Software development in progress are not amortised as these assets are not available for use. When development is complete and the asset is available for use, it is reclassified to computer software and amortisation of the asset begins. It is amortised over the period of expected future use.

(b) Computer software and licences

The useful lives of computer software and licences are considered to be finite because computer software and licences are susceptible to technological obsolescence.

The acquired computer software and licences are amortised at 10% to 33.3% using the straight-line method over their estimated useful lives. Impairment is assessed whenever there is indication of impairment. The amortisation period and method are also reviewed annually at the end of each reporting period.

2.7 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

2. Material accounting policy (cont'd.)

2.7 Financial assets (cont'd.)

(a) Classification of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them, as described in Notes 2.7(b) and 2.7(c). All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets are classified, at initial recognition, as financial assets measured at amortised cost ("AC"), fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL").

In order for a financial asset to be classified and measured at AC or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Despite the above, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

- the Company may irrevocably designate a debt investment that meets the AC or FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at AC (for debt instruments);
- Financial assets at FVOCI with recycling of cumulative gains and losses (for debt instruments);
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (for equity instruments); or
- Financial assets at FVTPL.

2. Material accounting policy (cont'd.)

2.7 Financial assets (cont'd.)

(a) Classification of financial assets (cont'd.)

(i) Financial assets at AC

Debt instruments that meet the following conditions are measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest/profit method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The effective interest/profit method is a method of calculating the amortised cost of a debt instrument and of allocating interest/profit income over the relevant period. For financial assets other than purchased or originated credit impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest/profit rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest/profit rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit impaired financial assets, a credit adjusted effective interest/profit rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation (using the effective interest/profit method) of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

2. Material accounting policy (cont'd.)

2.7 Financial assets (cont'd.)

(a) Classification of financial assets (cont'd.)

(i) Financial assets at AC (cont'd.)

Interest/profit income is recognised using the effective interest/profit method for debt instruments measured subsequently at AC and at FVOCI. For financial assets other than purchased or originated credit impaired financial assets, interest/profit income is calculated by applying the effective interest/profit rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired. For financial assets that have subsequently become credit impaired, interest/profit income is recognised by applying the effective interest/profit rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit impaired, interest/profit income is recognised by applying the effective interest/profit rate to the gross carrying amount of the financial asset.

For purchased or originated credit impaired financial assets, the Company recognises interest/profit income by applying the credit adjusted effective interest/profit rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired.

(ii) Financial assets at FVOCI with recycling of cumulative gains and losses

Debt instruments that meet the following conditions are measured subsequently at FVOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest/profit on the principal amount outstanding.

2. Material accounting policy (cont'd.)

2.7 Financial assets (cont'd.)

(a) Classification of financial assets (cont'd.)

(ii) Financial assets at FVOCI with recycling of cumulative gains and losses (cont'd.)

For debt instruments at FVOCI, interest/profit income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at AC. The remaining fair value changes are recognised in Other Comprehensive Income ("OCI"). Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

(iii) Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition

Upon initial recognition, the Company can make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in equity instrument within the scope of MFRS 9 *Financial Instruments* that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination. The classification is determined on an instrument-by-instrument basis.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a Derivatives (except for a Derivatives that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the fair value reserve. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as investment income in profit or loss when the right to receive payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

2. Material accounting policy (cont'd.)

2.7 Financial assets (cont'd.)

(a) Classification of financial assets (cont'd.)

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVOCI are measured at FVTPL, specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVOCI on initial recognition.

- Debt instruments that fail the SPPI test are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces an accounting mismatch that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has designated debt instruments under the Family Retakaful Fund as financial assets at FVTPL.

Financial assets at FVTPL are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or losses on financial assets at FVTPL do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at FVTPL are recognised separately in profit or loss as part of other expenses or other income and investment income respectively. Derivatives are presented as assets when the fair value is positive and as liabilities when the fair value is negative. Changes in the fair value of any Derivatives that do not qualify for hedge accounting are recognised immediately in profit or loss.

2. Material accounting policy (cont'd.)

2.7 Financial assets (cont'd.)

(b) Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company holds financial assets to generate returns and provide a capital base to provide for settlement of claims as they arise. The Company considers the timing, amount and volatility of cash flow requirements to support insurance/takaful liability portfolios in determining the business model for the assets as well as the potential to maximise return for shareholders as well as for future business development.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios that is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported by and to the Company's key management personnel;

- How the Company is compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected;

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest/profit income, maintaining a particular interest/profit rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets; and

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case’ scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

2. Material accounting policy (cont'd.)

2.7 Financial assets (cont'd.)

(b) Business model assessment (cont'd.)

The Company should assess its business models at each reporting period in order to determine whether the models have changed since the preceding period. Changes in business model are not expected to be frequent but should such an event take place, it must be:

- Determined by the Company's key management personnel as a result of external or internal changes;
- Significant to the Company's operations; and
- Demonstrable to external parties.

A change in the business model will occur only when the Company begins or ceases to perform an activity that is significant to its operations. Changes in the objective(s) of the business model must be effected before the reclassification date.

(c) The SPPI Test

The Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

‘Principal’ for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation/accretion of the premium/discount).

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. In assessing the SPPI test, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest/profit rate is set.

(d) Reclassifications

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line.

2. Material accounting policy (cont'd.)

2.7 Financial assets (cont'd.)

(e) Derecognition

A financial asset is derecognised when:

(i) the contractual right to receive cash flows from the asset has expired; or

(ii) the Company has transferred their right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either:

(a) the Company has transferred substantially all the risks and rewards of the asset; or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company’s continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

When assessing whether or not to derecognise an instrument, amongst others, the Company considers the following factors:

- Change in currency of the debt instrument;
- Introduction of an equity feature;
- Change in counterparty; and
- If the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original effective interest/profit rate, the Company records a modification gain or loss.

2. Material accounting policy (cont'd.)

2.7 Financial assets (cont'd.)

(f) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal 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 liabilities simultaneously.

2.8 Fair value measurement

The Company measures financial instruments such as financial assets at FVTPL, financial assets at FVOCI and non-financial assets such as self-occupied properties at fair value at each financial year end. Also, fair values of financial instruments measured at amortised cost are disclosed in Notes 19 and 36.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability; or

(b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level of input that is significant to the fair value measurement as a whole:

2. Material accounting policy (cont'd.)

2.8 Fair value measurement (cont'd.)

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

An annual valuation is performed to reflect the fair value of the Company's self-occupied property. At the end of each financial year, accredited independent valuers having appropriate recognised professional qualification are appointed to perform the annual valuation. The valuation techniques used by the accredited independent valuers are verified to ensure that they are in accordance with the requirements of MFRS 13 *Fair Value Measurement* .

Over-the-counter Derivatives comprise of foreign exchange forward contracts. Over-the-counter Derivatives are revalued at each reporting date, based on valuations provided by the respective counterparties in accordance with market conventions.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The fair value hierarchy of assets that are measured at fair value and/or for which fair value are disclosed is presented in Note 36.

2. Material accounting policy (cont'd.)

2.9 Impairment of assets

(a) Financial assets

The Company recognises an allowance for expected credit losses ("ECL") for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the appropriate effective interest/profit rate.

The ECL model applies to all financial assets held by the Company except for:

- Financial assets measured at FVTPL;
- Equity instruments; and
- Malaysian government securities ("MGS/GII") are considered low credit risk assets as the Malaysian federal government have strong capacity in repaying the instruments upon maturity. In addition, there is no past historical lost experiences arising from these government securities.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-month ECL). Credit exposures for which there have been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company will generally be required to apply the 'three-bucket' approach based on the change in credit quality since initial recognition:

	Stage 1	Stage 2	Stage 3
	Performing	Non Performing	Non Performing
ECL Approach	12-month ECL	Lifetime ECL	Lifetime ECL
Criterion	No significant increase in credit risk	Credit risk increased significantly	Credit-impaired assets
Recognition of interest/ profit income	Gross carrying amount	Gross carrying amount	Net carrying amount

2. Material accounting policy (cont'd.)

2.9 Impairment of assets (cont'd.)

(a) Financial assets (cont'd.)

Forward-looking information and ECL measurement

The amount of credit loss recognised is based on forward-looking estimates to reflect current and forecast economic conditions. The forward looking adjustment is interpreted as an adjustment to the expected future economic conditions, as indicated by different macroeconomic factors and/or expert experienced in credit judgement.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- PD — The ***Probability of Default*** is an estimate of the likelihood of default over a given time horizon. It is estimated with consideration of economic scenarios and forward-looking information.
- EAD — The ***Exposure at Default*** is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the financial year end, including repayments of principal and interest/profit, whether scheduled by contract or otherwise, and accrued interest from missed payments.
- LGD — The ***Loss Given Default*** is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive. It is usually expressed as a percentage of the EAD.

In its ECL models, the Company relies on a broad range of forward-looking information as economic inputs, such as Gross Domestic Product ("GDP"), inflation, currency rates and stock index.

(i) Debt instruments/sukuks at AC and FVOCI

In accordance with the 'three-bucket' approach, all newly purchased financial assets shall be classified in Stage 1, except for credit impaired financial assets. It will move from Stage 1 to Stage 2 when there is significant increase in credit risk ("SICR"), and Stage 2 to Stage 3 when there is an objective evidence of impairment. Financial assets which have experienced a SICR since initial recognition are classified as Stage 2, and are assigned a lifetime ECL.

2. Material accounting policy (cont'd.)

2.9 Impairment of assets (cont'd.)

(a) Financial assets (cont'd.)

Forward-looking information and ECL measurement (cont'd.)

(i) Debt instruments/sukuks at AC and FVOCI (cont'd.)

The ECLs for debt instruments/sukuks at AC and at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI with a corresponding charge to profit or loss. The accumulated gain recognised in OCI is recycled to the profit or loss upon derecognition of the assets.

(ii) Insurance/takaful receivables

The impairment on insurance/takaful receivables is measured using the simplified approach at initial recognition and throughout its life at an amount equal to lifetime ECL. The ECL is calculated using a provision matrix based on historical data where the insurance/takaful receivables are grouped based on level of business segregation and different reinsurance/retakaful premium/contribution type's arrangement respectively. Impairment is calculated on the total outstanding balances including those balances aged from current to 12 months and above. Roll rates are applied on the outstanding balances in the ageing bucket which forms the base of the roll rate. Forward-looking factors are also considered during the calculation of ECL.

(b) Non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

2. Material accounting policy (cont'd.)

2.9 Impairment of assets (cont'd.)

(b) Non-financial assets (cont'd.)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of the other assets in the unit (or groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the losses have decreased or no longer exist.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognised.

(c) Write-offs

Financial assets are written-off either partially or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written-off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

2. Material accounting policy (cont'd.)

2.10 Measurement and impairment of Qard

Any deficits in the retakaful funds are made good via a benevolent profit-free loan or Qard, granted by the shareholder's fund to the retakaful funds. The Qard is stated at cost less any impairment losses in the shareholder's funds and at cost in the retakaful funds.

The Qard shall be repaid from future surpluses of the retakaful funds.

The Qard is tested for impairment on an annual basis via an assessment of the estimated surpluses or cash flows from the retakaful funds to determine whether there is any objective evidence of impairment. If the Qard is impaired, an amount comprising the difference between its cost and its recoverable amount, less any impairment loss previously recognised, is recognised in profit or loss.

Impairment losses are subsequently reversed in profit or loss if objective evidence exists that the Qard is no longer impaired.

2.11 Share capital and dividend expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand and at banks, excluding fixed and call deposits with licensed financial institutions, which have an insignificant risk of changes in value. The statement of cash flows has been prepared using the indirect method.

2.13 Product classification

Financial risk is the risk of a possible future change in one or more of a specified interest/profit rate, financial instrument price, commodity price, foreign exchange rate, index of price or rate, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Insurance/takaful risk is risk other than financial risk.

2. Material accounting policy (cont'd.)

2.13 Product classification (cont'd.)

A reinsurance/retakaful contract is a contract under which the Company has accepted significant insurance/takaful risk from cedant by agreeing to compensate the cedant if a specified uncertain future event adversely affects the cedant. As a general guideline, the Company determines whether significant insurance/takaful risk has been accepted by comparing claims payable on the occurrence of the event with claims payable if the event had not occurred.

Conversely, investment contracts are those contracts that transfer financial risk with no significant insurance/takaful risk.

Once a contract has been classified as a reinsurance/retakaful contract, it remains a reinsurance/retakaful contract for the remainder of its life-time, even if the insurance/takaful risk reduces significantly during the period, unless all rights and obligations expire or are extinguished.

2.14 Leases

(a) Classification

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(b) The Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities, representing the liability to make lease payments and right-of-use ("ROU") assets representing the right to use the underlying assets.

2. Material accounting policy (cont'd.)

2.14 Leases (cont'd.)

(b) The Company as a lessee (cont'd.)

(i) Right-of-use assets

The Company recognises ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. ROU assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The ROU assets are also subject to impairment as disclosed under Note 2.9(b).

The ROU assets are presented as a separate line in the statement of financial position.

2. Material accounting policy (cont'd.)

2.14 Leases (cont'd.)

(b) The Company as a lessee (cont'd.)

(ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed lease payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, these are discounted at the rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate ("IBR"). After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest/profit and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Company did not make any such adjustments during the financial year.

The lease liability is presented as a separate line in the statement of financial position.

(iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of equipment that are considered to be low value (i.e. laptops, personal computers, small items of office furniture and telephones). Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

2. Material accounting policy (cont'd.)

2.14 Leases (cont'd.)

(c) The Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other operating revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.15 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

(a) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities held for trading include Derivatives entered into by the Company that do not meet the hedge accounting criteria. Derivatives liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on Derivatives include exchange differences.

The Company had not designated any financial liabilities as at FVTPL nor were there any financial liabilities held for trading during and at the end of the financial year.

2. Material accounting policy (cont'd.)

2.15 Financial liabilities (cont'd.)

(b) Other financial liabilities

The Company's other financial liabilities include borrowings, insurance/takaful payables and other payables.

Insurance/takaful and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest/profit method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains or losses are recognised in the statement of comprehensive income.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the subsequent recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

2.16 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each financial year end and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation.

2.17 Income tax

Income tax on profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted as at the financial year end.

2. Material accounting policy (cont'd.)

2.17 Income tax (cont'd.)

Deferred tax is provided for, using the liability method, on temporary differences at the end of the financial year between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the financial year. Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in other comprehensive income, in which case the deferred tax is also charged or credited directly in other comprehensive income.

2.18 Employee benefits

(a) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated balances. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plan

As required by law, the Company makes contributions to the national pension scheme, the Employees Provident Fund ("EPF"). The Company also makes additional contributions to the EPF for eligible employees by reference to their earnings. Such contributions are recognised as an expense in profit or loss as incurred.

2. Material accounting policy (cont'd.)

2.19 Foreign currencies

(a) Functional and presentation currency

The Company's financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company’s functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the financial year end are translated into Ringgit Malaysia at rates of exchange ruling at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised directly in other comprehensive income.

The principal exchange rate for every unit of United States Dollar ruling at the financial year end is RM4.7259 (2023: RM4.4150).

2.20 Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled when the performance obligation is satisfied. The following specific recognition criteria must also be met before revenue is recognised.

(a) Interest and profit income

Interest and profit income are recognised on accrual basis using the effective interest/profit method.

2. Material accounting policy (cont'd.)

2.20 Revenue recognition (cont'd.)

(b) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.21 Zakat

Zakat represents an obligatory amount payable by the Company to comply with the principles of Shariah. Zakat is computed using a method as recommended by the GSC and approved by the Board. Only the zakat that is attributable to the individual and corporate Muslim shareholders of the holding company was provided for in the financial statements. The zakat computation is reviewed by the GSC. The Board has the discretion to pay an additional sum above the obligatory amount payable.

2.22 Changes in accounting policies

The accounting policies adopted by the Company are consistent with those of the previous financial year except for the adoption of the following Amendments to MFRSs from the beginning of the current financial year, which are mandatory for annual periods beginning on or after 1 January 2023.

Description

Amendments to MFRS 101 *Presentation of Financial Statements Classification of Liabilities as Current or Non-current*
Amendments to MFRS 101 *Presentation of Financial Statements Disclosure of Accounting Policies*
Amendments to MFRS 108 *Accounting Policies, Changes in Accounting* Estimates *and Errors - Definition of Accounting Estimates*
MFRS 17 *Insurance Contracts*
Amendments to MFRS 17 *Insurance Contracts*
Amendments to MFRS 17 *Insurance Contracts Initial Application of MFRS 17 and MFRS 9 - Comparative Information*
Amendments to MFRS 112 *Income Tax Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The adoption MFRS 17 have significant effect to the Company, while others do not have any significant effect, on the disclosures or amounts recognised in the Company's financial statements.

2. Material accounting policy (cont'd.)

2.22 Changes in accounting policies (cont'd.)

MFRS 17 and Amendments to MFRS 17 *Insurance Contracts* ("MFRS 17")

MFRS 17 *Insurance Contracts* replaces MFRS 4 *Insurance Contracts* for annual periods beginning on or after 1 January 2023. Accordingly, it will restate comparative information for the financial year ended 31 March 2023, including the opening balance as at 1 April 2022, by applying the transitional provisions of MFRS 17.

(i) Changes to classification and measurement

The adoption of MFRS 17 did not change the classification of the Company's insurance and takaful contracts.

MFRS 17 establishes specific principles for the recognition and measurement of insurance contracts/takaful certificates issued and reinsurance/retakaful contracts held by the Company.

The Company has developed policies and approved technical positions that will address the following key principles of MFRS 17:

- Identify reinsurance and retakaful contracts as those under which the Company accepts significant insurance/takaful risk from another party (the policyholder/participant) by agreeing to compensate the policyholder/participant if a specified uncertain future event adversely affects the policyholder/participant;

- Separate specified embedded Derivatives, distinct investment components and distinct non-insurance goods or services from reinsurance/retakaful contracts and accounts for them in accordance with other applicable MFRS;

- Separate the insurance contracts/takaful certificates into groups it will recognise and measure;

- Recognise and measure groups of insurance contracts/takaful certificates at a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information, plus an amount representing the unearned profit in the group of contracts (the contractual service margin or "CSM");

- Recognise profit from a group of insurance contracts/takaful certificates over each period the Company provides insurance/takaful coverage, as the Company is released from risk. If a group of contracts is expected to be onerous over the remaining coverage period, the Company will recognise the loss immediately; and

2. Material accounting policy (cont'd.)

2.22 Changes in accounting policies (cont'd.)

MFRS 17 and Amendments to MFRS 17 *Insurance Contracts* ("MFRS 17") (cont'd.)

(i) Changes to classification and measurement (cont'd.)

- Recognise an asset for insurance/takaful acquisition cash flows in respect of acquisition cash flows paid, or incurred, before the related group of insurance contracts/takaful certificates is recognised. Such an asset is derecognised when the insurance/takaful acquisition cash flows are included in the measurement of the related group of reinsurance/retakaful contracts.

(ii) Changes to presentation and disclosure

For presentation purposes, the Company will aggregate insurance/takaful and reinsurance/retakaful contracts held and these will be presented separately in the statement of financial position as follows:

- Portfolios of insurance/takaful contracts issued;
- Portfolios of insurance/takaful contracts held;
- Portfolios of retakaful/reinsurance contracts held that are assets; and
- Portfolios of retakaful/reinsurance contracts held that are liabilities.

The portfolios of contracts are as established at initial recognition in accordance with the requirements of MFRS 17.

Groups of insurance contracts/takaful certificates issued will include any assets for insurance/takaful acquisition cash flows.

The presentation of the statement of profit or loss and other comprehensive income will change significantly upon the adoption of MFRS 17, with clear delineation of underwriting and investment results. There will no longer be items such as gross, net or earned premiums/contributions or net claims incurred shown on the statement of profit or loss.

Instead, the statement of profit or loss will reflect the following items from the financial year ended 31 March 2024, together with a restated statement of profit or loss under MFRS 17 for the year ended 31 March 2023:

- Insurance/takaful revenue
- Insurance/takaful service expenses
- Insurance/takaful service results
- Finance/profit income or expenses
- Income or expenses from retakaful/reinsurance contracts held

2. Material accounting policy (cont'd.)

2.22 Changes in accounting policies (cont'd.)

MFRS 17 and Amendments to MFRS 17 *Insurance Contracts* ("MFRS 17") (cont'd.)

(ii) Changes to presentation and disclosure (cont'd.)

MFRS 17 will also require more extensive disclosure requirements compared to MFRS 4. The Company will provide both qualitative and quantitative disclosures about insurance contracts in three main areas:

- Explanation of the amounts recognised in the Company's financial statements arising from insurance/takaful contracts;
- Significant judgements, and changes in those judgements, when applying MFRS 17; and
- The nature and extent of risks that arise from contracts within the scope of MFRS 17.

(iii) Transition

On the transition date of 1 April 2022, the Company has:

- Identified, recognised and measured each group of reinsurance/retakaful contracts as if MFRS 17 had always applied (unless impracticable), using the full retrospective approach;
- Identified, recognised and measured assets for insurance/takaful acquisition cash flows as if MFRS 17 had always applied;
- Derecognised any existing balances that would not exist had MFRS 17 always applied; and
- Recognised any resulting net difference in equity.

Where the Full Retrospective Approach ("FRA") has been determined to be impracticable to apply during the implementation period, due to constraints on data or other relevant inputs, the Company has applied the Modified Retrospective Approach (“MRA”) and the Fair Value Approach ("FVA").

The implementation of MFRS 17 allows the Company to adjust its profit or loss for eligible financial assets under MFRS 9 by removing any accounting volatility to other comprehensive income that may have arisen due to the adoption of MFRS 17.

2. Material accounting policy (cont'd.)

2.22 Changes in accounting policies (cont'd.)

MFRS 17 and Amendments to MFRS 17 *Insurance Contracts* ("MFRS 17") (cont'd.)

(iv) Financial impact

	MFRS 4 as at 31 March 2022 RM'000	Reclass/ remeasurement RM'000	MFRS17 as at 1 April 2022 RM'000
Assets			
Property, plant and equipment	120,885	-	120,885
Intangible assets	7,631	-	7,631
Investment in associate	120,369	-	120,369
Financial and other assets	3,699,011	(19,384)	3,679,627
Reinsurance/retakaful contract asset:	610,771	(242,417)	368,354
Insurance/takaful contract assets	-	473	473
Insurance/takaful receivables	507,051	(507,051)	-
Tax recoverable	24,071	-	24,071
Cash and bank balances	184,373	-	184,373
Total assets	5,274,162	(768,379)	4,505,783
Liabilities			
Borrowing	51,000	-	51,000
Insurance/takaful contract liabilities	3,187,890	(663,355)	2,524,535
Reinsurance/retakaful contract liabilities		59	59
Expense liabilities	3,845	(3,845)	-
Insurance/takaful payables	210,680	(210,680)	-
Other payables and provisions	11,459	-	11,459
Deferred tax liabilities	3,156	8,756	11,912
Zakat	3	-	3
Total liabilities	3,468,033	(869,065)	2,598,968
Equity			
Share capital	663,106	-	663,106
Merger deficit	(9,618)	-	(9,618)
Fair value reserve	38,766	-	38,766
Revaluation reserve	49,576	-	49,576
Retained profits	1,064,299	100,686	1,164,985
Total equity	1,806,129	100,686	1,906,815
		-	-
Total liabilities and equity	5,274,162	(768,379)	4,505,783

2. Material accounting policy (cont'd.)

2.22 Changes in accounting policies (cont'd.)

MFRS 17 and Amendments to MFRS 17 *Insurance Contracts* ("MFRS 17") (cont'd.)

(iv) Financial impact (cont'd.)

	MFRS 4 as at 31 March 2023 RM'000	Reclass/ remeasurement RM'000	MFRS17 as at 1 April 2023 RM'000
Assets			
Property, plant and equipment	127,476	-	127,476
Intangible assets	5,901	-	5,901
Investment in associate	113,812	-	113,812
Financial and other assets	4,405,345	(19,385)	4,385,960
Reinsurance/retakaful contract assets	430,638	(195,781)	234,857
Insurance/takaful contract assets	-	4,170	4,170
Insurance/takaful receivables	569,168	(569,168)	-
Tax recoverable	10,229	-	10,229
Cash and bank balances	136,858	-	136,858
Total assets	5,799,427	(780,164)	5,019,263
Liabilities			
Borrowing	251,000	-	251,000
Insurance/takaful contract liabilities	3,433,429	(669,600)	2,763,829
Reinsurance/retakaful contract liabilities		22	22
Expense liabilities	2,122	(2,122)	-
Insurance/takaful payables	189,470	(160,756)	28,714
Other payables and provisions	30,577	(30,577)	-
Deferred tax liabilities	4,695	6,626	11,321
Zakat	3	-	3
Total liabilities	3,911,296	(856,407)	3,054,889
Equity			
Share capital	663,106	-	663,106
Merger deficit	(9,618)	-	(9,618)
Fair value reserve	38,621	-	38,621
Revaluation reserve	50,376	-	50,376
Retained profits	1,145,646	76,243	1,221,889
Total equity	1,888,131	76,243	1,964,374
Total liabilities and equity	5,799,427	(780,164)	5,019,263

2. Material accounting policy (cont'd.)

2.22 Changes in accounting policies (cont'd.)

MFRS 9 *Financial Instruments*

The Company has adopted MFRS 9 from the financial year ended 31 March 2019. In doing so, the Company has also applied the overlay approach, which allows it to adjust profit or loss for eligible financial assets by removing any accounting volatility to other comprehensive income that may arise from the adoption of MFRS 17. As MFRS 17 allows an election for the effect of changes in discount rates to be recognised through profit or loss ("FVTPL") or through other comprehensive income ("FVOCI"), the Company has applied the amendment by reclassifying the financial assets from FVTPL to FVOCI and FVOCI to FVTPL after performed necessary assessment to manage the balance sheet management strategies and the impact on financial performance. Meanwhile, the Company has performed the necessary reclassification for the eligible financial assets to match against the insurance contract/takaful certificate liabilities.

2. Material accounting policy (cont'd.)

2.23 Standards issued but not yet effective

The Standards, Amendments to Standards and Annual Improvements to Standards that are issued but not yet effective up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these Standards, Amendments to Standards and Annual Improvements to Standards, if applicable, when they become effective:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16 Leases Sales and Leaseback related to *Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to MFRS 101 *Presentation of Financial Statements Non-Current Liabilities with Covenants*	1 January 2024
Supplier Finance Arrangements (Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 *Financial Instruments* : *Disclosures*)	1 January 2024
Amendments to MFRS 121 *Lack of Exchangeability*	1 January 2024
Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investment in Associates and Joint Ventures*	To be announced by MASB

3. Material accounting estimates and judgements

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities at the financial year end. However, uncertainty about these assumptions and estimates could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Critical judgements made in applying accounting policies

Judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company has not applied any significant judgements in preparing the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial year end that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Estimates of future cash flows

In estimating the future cash flows, the Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experiences, updated to reflect current expectations of future events.

The estimates of future cash flows will reflect the Company’s view of current conditions at the reporting date and current expectations of future events that might affect those cash flows.

Cash flows within the boundary of a contract are those that relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) cedant/broker, insurance/takaful acquisition cash flows and other costs that are incurred in fulfilling contracts. Insurance/takaful acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows are attributed to acquisition activities and other fulfilment activities either directly or estimated based on the type of activities performed by the respective business function. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics.

3. Material accounting estimates and judgements (cont'd.)

3.2 Key sources of estimation uncertainty (cont'd.)

(b) Discount rate

The Company generally determines risk-free discount rates through a risk-neutral measurement technique (i.e., risk-free rate plus illiquidity premium) using a bottom-up approach. In economically developed countries, the observed government bond yield curve was used as the source of liquid risk-free yield curve as politically stable governments are commonly believed to have a low probability of defaulting on their debts. For countries where government bond rates are not readily available, another similar (government) yield curve under similar macroeconomic settings was considered; or if the currency is pegged to another currency, the yield curve of the other currency was considered. Using the Smith-Wilson method, the yield curve is extrapolated beyond the last available market data point to an ultimate forward rate, which reflects long-term real interest rate and inflation expectations. The ultimate forward rate is subject to revision on an annual basis. Illiquidity premium/contribution is assumed to be zero as general reinsurance/retakaful products are generally short-term.

Discount Curve

		1 year		3 years		5 years		7 years		10 years		15 year	
		FYE24	FYE23	FYE24	FYE23	FYE24	FYE23	FYE24	FYE23	FYE24	FYE23	FYE24	FYE23
	<u>Local</u>												
MYR	Reinsurance	3.41%	3.39%	3.52%	3.45%	3.86%	3.88%	4.32%	4.56%	4.08%	4.10%	4.28%	4.40%
MYR	Retakaful	3.25%	3.08%	3.57%	3.57%	3.92%	4.04%	4.23%	4.60%	4.08%	4.19%	4.32%	4.55%
	<u>Overseas</u>												
CNY	CNY	1.82%	2.21%	2.30%	2.81%	2.47%	2.99%	2.66%	3.25%	2.09%	2.93%	1.67%	3.17%
EUR	EUR	3.50%	2.68%	2.04%	1.92%	2.29%	2.01%	2.29%	2.06%	2.61%	2.25%	2.93%	2.47%
IDR	IDR	6.41%	6.03%	6.60%	5.93%	6.74%	7.09%	6.80%	7.77%	6.77%	6.60%	7.28%	7.60%
INR	INR	7.05%	7.28%	7.09%	6.97%	7.06%	7.57%	7.03%	7.44%	7.05%	7.45%	7.11%	7.52%
USD	USD	5.03%	4.00%	4.03%	3.60%	4.08%	3.19%	4.35%	3.50%	4.29%	3.35%	4.91%	4.35%

(c) Risk adjustments for non-financial risk

Risk adjustments for non-financial risk are determined to reflect the compensation that the Company would require for bearing non-financial risk and its degree of risk aversion. The Company applies a confidence level technique to determine the risk adjustments for non-financial risk of both its insurance/takaful contracts and reinsurance/retakaful contracts held. Under a confidence level technique, the Company estimates the probability distribution of the expected value of the future cash flows at each reporting date and calculate the risk adjustment for non-financial risk as the excess of the value at risk at the target confidence level over the expected present value of the future cash flows allowing for the associated risks over all future years. The target confidence level is the 75th percentile, in line with the regulatory requirements of Bank Negara Malaysia under the Risk-Based Capital Framework for Insurers.

3. Material accounting estimates and judgements (cont'd.)

3.2 Key sources of estimation uncertainty (cont'd.)

(c) Risk adjustments for non-financial risk (cont'd.)

The Company disaggregates the change in the risk adjustment for non-financial risk between insurance/takaful service result and insurance/takaful finance income or expense.

(d) Contractual service margin

The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each year, by identifying the coverage units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The coverage units will be reviewed and updated at each reporting date.

(e) Estimates of assets or liabilities for incurred claims

For general reinsurance/retakaful contracts, estimates have to be made for both the expected ultimate cost of claims reported at the end of the reporting period and for the expected ultimate cost of claims IBNR at the end of the reporting period for gross and reinsurance basis.

It can take a significant period of time before the ultimate claims costs can be established with certainty and for some type of policies, IBNR claims form the majority of the statement of financial position liability. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as the Chain Ladder method, Additive Loss Reserving method and Expected Loss Ratio method.

The main assumption underlying these techniques is that the Company’s past claims development experience can be used to project future claims development and hence, ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses and average costs per claim based on the observed development of earlier years and expected loss ratios.

3. Material accounting estimates and judgements (cont'd.)

3.2 Key sources of estimation uncertainty (cont'd.)

(e) Estimates of assets or liabilities for incurred claims (cont'd.)

Historical claims development is mainly analysed by accident year, but can also be further analysed by geographical areas, as well as by significant business lines and claims type. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. The final reserves are discounted to derive the liabilities for incurred claims by explicitly considering the payment patterns.

Additional qualitative judgement is used to assess the extent to which past trends may not apply in future (for example, to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

4. Insurance/takaful service result

(a) Insurance/takaful revenue

The table below presents an analysis of the total insurance/takaful revenue recognised in the period:

	2024 RM'000	2023 RM'000
Amounts relating to changes in liabilities for remaining coverage:		
Expected claims and insurance/takaful service expenses incurred in the period	1,086,007	971,546
Change in the risk adjustment for non-financial risk	127,158	98,471
Amount of CSM recognised in profit or loss	415,614	234,814
Other amounts including experience adjustments	116,021	69,040
Amounts relating to recovery of insurance/takaful acquisition cash flows:		
Allocation of the portion of premiums/contributions that relate to the recovery of acquisition cash flows	118,663	100,949
Total insurance/takaful revenue	1,863,463	1,474,820

(b) Insurance/takaful service expense

The table below presents an analysis of the total insurance/takaful service expenses recognised in the period:

	2024 RM'000	2023 RM'000
Incurred claims and other insurance/takaful service expenses	1,449,846	1,440,182
Amortisation of acquisition cash flows	118,663	100,949
Experience variance from amortisation cash flows	(10,379)	(1,814)
Losses on onerous contracts and reversal of losses on onerous contracts	32,827	27,265
Changes to liabilities for incurred claims	(159,268)	(142,909)
Total insurance/takaful service expenses	1,431,689	1,423,673

a. The wakalah fees paid to the Shareholder's Fund during the year is RM27.1 million (2023: RM18.9 million).

4. Insurance/takaful service result (cont'd.)

(b) Insurance/takaful service expenses (cont'd.)

The breakdown of expenses incurred:

	2024 RM'000	**2023 RM'000**
Claims and benefits	1,211,876	1,253,591
Net fees and commissions	111,150	74,368
Losses on onerous insurance contracts/takaful certificates	32,827	27,265
Salaries, bonus and other related costs	33,330	24,311
President & CEO's, Directors' and GSC members' remuneration excluding benefits-in-kind (Note 11)	2,007	2,191
Pension costs - EPF	4,643	3,285
Social security costs	169	169
Retirement benefits	88	98
Short-term accumulating compensated absences	3	6
Auditors' remuneration:		
- statutory audit and audit related	1,614	608
- other assurance services	-	669
- regulatory-related	262	35
- other services	49	106
Depreciation of property, plant and equipment (Note 16)	4,633	3,744
Amortisation of intangible assets (Note 17)	517	869
Tax on premiums	3,575	2,265
Expenses relating to leases of low-value assets	-	315
Marketing and promotional costs	1,959	1,498
Professional and legal fees	4,752	4,640
Contributions and donations	254	4
Management fees to holding company	19,635	21,071
Management fees to fellow subsidiaries	4,373	4,836
Other management expenses	13,087	15,327
Other expenses (Note 13)	2,765	12,111
	1,453,568	1,453,382
Less: Amount attributed to acquisition cash flows	(108,284)	(99,135)
Add: Amortisation of acquisition cash flows	108,284	99,135
	1,453,568	1,453,382
Represented by:		
Insurance/takaful service expenses:	1,431,689	1,423,673
Claims and other insurance/takaful service expenses	1,323,405	1,324,538
Acquisition expenses	108,284	99,135
Other operating expenses	21,879	29,709
	1,453,568	1,453,382

4. Insurance/takaful service result (cont'd.)

(c) Allocation of reinsurance premiums/retakaful contributions

The Company has voluntarily disclosed an analysis of the net expenses from reinsurance/retakaful contracts held recognised in the period in the table below:

	2024 RM'000	2023 RM'000
Amounts relating to the changes in the assets for remaining coverage		
Expected recovery for insurance/takaful service expenses incurred in the period	(158,550)	(96,370)
Changes in the risk adjustment for non-financial risk	(10,878)	(6,771)
Net cost/gain recognised in profit or loss	(93,551)	(28,941)
Other amount including experience adjustments	(610)	10,939
Allocation of reinsurance premiums/retakaful contributions	(263,589)	(121,143)

(d) Amounts recoverable from reinsurers/retakafuls for incurred claims

	2024 RM'000	2023 RM'000
Amounts recoverable for claims and other expenses incurred in the period:		
Amounts recoverable for claims	110,173	18,755
Loss recovery on onerous underlying contracts/certificates	23,468	4,948
Changes in amounts recoverable arising from changes in liability for incurred claims	39,643	44,777
Amounts recoverable from reinsurance/retakaful	173,284	68,480
Net expense from reinsurance contracts/retakaful certificates held	(90,305)	(52,663)

5. Investment income

	2024 RM'000	2023 RM'000
Financial assets at FVTPL:		
Designated upon initial recognition:		
Interest/profit income	26	174
Mandatorily measured:		
Interest/profit income	47,188	645
Dividend income:		
- quoted shares in Malaysia	3,555	5,727
- real estate investment trusts	654	720
- unit trust fund	678	745
Financial assets at FVOCI:		
Interest/profit income	-	46,269
Dividend income from unquoted shares in Malaysia	82	582
Financial assets at amortised cost:		
Interest/profit income	134,086	72,645
Dividend income from investment in associate	-	1,336
Net amortisation of premiums on investments	(779)	(1,122)
Investment expenses	(674)	(170)
	184,816	127,551

6. Net realised losses

	2024 RM'000	2023 RM'000
Financial assets at FVTPL:		
Quoted shares in Malaysia:		
- Shariah approved equities	(8,067)	(2,846)
- Others	(5,281)	125
Real estate investment trusts	(522)	-
Unit trust fund	465	-
Corporate debt securities	69	-
Government investment issues	1,762	-
Malaysian government securities	(21)	-
Financial assets at FVOCI:		
Corporate debt securities	-	694
Government investment issues	-	234
Malaysian government securities	-	31
	(11,595)	(1,762)

7. Net fair value gains/(losses)

	2024 RM'000	2023 RM'000
Fair value gains/(losses) on financial assets at FVTPL	20,445	(11,456)
Fair value gains/(losses) on investment in associate (Note 18)	33,404	(12,685)
	53,849	(24,141)

8. Net foreign exchange gain

	2024 RM'000	2023 RM'000
Foreign exchange gains:		
Realised	44,583	9,498
Unrealised	3,426	4,403
Net foreign exchange gain on investment	48,009	13,901

9. Impairment of financial assets

	2024 RM'000	2023 RM'000
Writeback of impairment on financial assets at amortised cost	-	1

10. Insurance/takaful financial result

	2024 RM'000	2023 RM'000
Insurance/takaful finance expenses from insurance/takaful contracts issued		
Interest/profit accreted to insurance/takaful contracts using current financial assumptions	(82,409)	(14,078)
Interest/profit accreted to insurance/takaful contracts using locked-in rate	(19,498)	(12,222)
Net foreign exchange expense	(86,527)	(9,782)
Total insurance/takaful finance expenses from contract issued	**(188,434)**	**(36,082)**

10. Insurance/takaful financial results (cont'd.)

	2024 RM'000	2023 RM'000
Reinsurance/retakaful finance income/(expenses) from reinsurance/retakaful contracts held		
Interest/profit accreted to reinsurance/retakaful contracts using current financial assumptions	(3,758)	5,226
Interest/profit accreted to reinsurance/retakaful contracts using locked-in rate	5,393	1,181
Net foreign exchange income/(expense)	3,931	(67)
Total insurance/takaful finance income from contracts held	**5,566**	**6,340**
Unallocated surplus attributable to participants	(19,170)	(7,948)
Net insurance/takaful financial result	(202,038)	(37,690)

11. President & CEO's, Directors' and GSC members' remuneration

	2024 RM'000	2023 RM'000
President & CEO of the Company:		
Salary and bonus	918	1,120
Pension costs - EPF	160	190
Benefits-in-kind	18	25
Others	87	253
	1,183	1,588
Non-executive directors of the Company:		
Fees	554	426
Allowances	180	127
	734	553
GSC members:		
Fees	81	60
Allowances	27	15
	108	75
Total President & CEO's, Directors' and GSC members' remuneration excluding benefits-in-kind	2,007	2,191

The number of directors of the Company, whose total remuneration during the financial year fell within the following bands, is analysed below:

	Number of directors 2024	Number of directors 2023
President & CEO and Executive directors:		
RM1,000,001 to RM2,000,000	1	1
Non independence non-executive directors:		
RM50,001 to RM100,000	1	-
Non-executive directors:		
RM50,001 to RM100,000	1	-
RM100,001 to RM150,000	3	3
RM150,001 to RM200,000	1	1

11. President & CEO's, Directors' and GSC members' remuneration (cont'd.)

2024	Salary and bonus RM'000	Fees RM'000	Pension cost RM'000	Benefits-in-kind RM'000	Allowances/ others RM'000	Total RM'000
President & CEO:						
Ahmad Noor Azhari Abdul Manaf	918	-	160	18	87	1,183
(Appointed with effect from April 1, 2023)						
Executive director:						
Zaharudin Daud*	-	-	-	-	-	-

* The Executive Director, Zaharudin Daud is not entitled to receive any Directors remuneration.

2024	Salary and bonus RM'000	Fees RM'000	Pension cost RM'000	Benefits-in-kind RM'000	Allowances/ others RM'000	Total RM'000
Non independent non-executive directors:						
Datuk Johar Che Mat	-	65	-	-	18	83
(Appointed as Chairman with effect from August 1, 2023)						
Non-executive directors:						
George Oommen	-	102	-	-	32	134
(Redesigned as member with effect from August 1, 2023)						
Khalid Sufat	-	121	-	-	45	166
Velayudhan Harikes	-	109	-	2	35	146
Datin Joanne Marie Lopez	-	99	-	-	32	131
Wan Zamri Wan Zain	-	58	-	-	18	76
(Appointed with effect from August 1, 2023)						
Total Directors' remuneration	-	554	-	2	180	736

11. President & CEO's, Directors' and GSC members' remuneration (cont'd.)

	Salary and bonus RM'000	Fees RM'000	Pension cost RM'000	Benefits-in-kind RM'000	Allowances/ others RM'000	Total RM'000
GSC members:						
Prof. Dr. Younes Soualhi	-	16	-	-	5	21
Shahrir Sofian	-	14	-	-	5	19
Sahibus Samahah Assoc. Prof. Datuk Dr. Luqman Haji Abdullah	-	14	-	-	5	19
Dr. Shamsiah Mohamad	-	14	-	-	5	19
Dr. Khairul Anuar Ahmad	-	14	-	-	3	17
Wan Rumaizi Wan Husin (Appointed with effect from August 1, 2023)	-	9	-	-	4	13
Total GSC members' remuneration	-	81	-	-	27	108
Total President & CEO's, Directors' and GSC members' remuneration	918	635	160	20	294	2,027
2023						
President & CEO:						
Zainudin Ishak	1,120	-	190	25	253	1,588
Executive directors:						
Zaharudin Daud	-	-	-	-	-	-

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11. President & CEO's, Directors' and GSC members' remuneration (cont'd.)

2023 (cont'd.)	Salary and bonus RM'000	Fees RM'000	Pension cost RM'000	Benefits-in-kind RM'000	Allowances/ others RM'000	Total RM'000
Non-executive directors:						
George Oommen	-	97	-	-	23	120
Khalid Sufat	-	121	-	-	44	165
Velayudhan Harikes	-	109	-	-	30	139
Datin Zaimah Zakaria (Resigned with effect from April 1, 2023)	-	99	-	-	30	129
	-	426	-	-	127	553
Total Directors' remuneration	-	426	-	-	127	553
GSC members:						
Prof. Dr. Younes Soualhi (Appointed as Chairman with effect from November 3, 2022)	-	5	-	-	1	6
Shahrir Sofian	-	11	-	-	3	14
Sahibus Samahah Datuk Dr. Luqman Haji Abdullah	-	11	-	-	2	13
Dr. Shamsiah Mohamad	-	11	-	-	3	14
Dr. Khairul Anuar Ahmad (Appointed as Member with effect from July 1, 2022)	-	8	-	-	2	10
Yang Amat Arif Dato' Setia Dr. Haji Mohd Naim Haji Mokhtar (Resigned with effect from December 3, 2022)	-	7	-	-	2	9
Assoc. Prof. Dr. Said Bouheraoua (Resigned with effect from November 2, 2022)	-	7	-	-	2	9
Total GSC members' remuneration	-	60	-	-	15	75
Total President & CEO's, Directors' and GSC members' remuneration	1,120	486	190	25	395	2,216

12. Other operating income

	2024 RM'000	2023 RM'000
Foreign exchange gains:		
Realised	20,583	1,804
Unrealised	4,778	3,629
Foreign exchange gains arising from investment in associate (Note 18)	8,102	6,128
Management fees from:		
Holding company	256	407
Fellow subsidiaries	640	511
Interest income on premium reserve and staff loans	910	630
Net rental income from property	4,472	4,596
Other operating income	4,836	4,909
	44,577	22,614

13. Other expenses

	2024 RM'000	2023 RM'000
Foreign exchange losses:		
Realised	24	6,285
Unrealised	2,231	1,323
Impairment losses on financial assets at amortised cost	22	-
Write off of intangible assets	-	1,484
Loss from participation in Lloyds' syndicate	-	1,572
Others	488	1,447
	2,765	12,111

14. Taxation attributable to participants

	2024 RM'000	2023 RM'000
Malaysian income tax:		
Tax (income)/expense for the year	(15)	(138)
Deferred tax:		
Relating to origination and reversal of temporary differences (Note 20)	28	(184)
	13	(322)

Income tax and deferred tax for the general and family retakaful funds of the Company are calculated at the statutory tax rate of 8% (2023: 8%) of the estimated assessable profit for the year.

15. Taxation

	2024 RM'000	2023 RM'000
Malaysian income tax:		
Tax expense for the year	29,262	9,321
Under/(over) provision of tax in previous years	632	(1,097)
	29,894	8,224
Deferred tax:		
Relating to origination and reversal of temporary differences (Note 20)	6,056	(2,340)
	35,950	5,884

Income tax is calculated at the Malaysian statutory tax rate of 8% (2023: 8%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to profit before taxation and zakat at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	2024 RM'000	2023 (restated) RM'000
Profit before zakat and taxation	424,514	62,555
Taxation at Malaysian statutory tax rate of 8%	33,961	5,004
Taxation at Malaysian statutory tax rate of 24%	193	104
Income not subject to tax	(4,070)	(2,827)
Expenses not deductible for tax purposes	3,107	4,700
Over provision of deferred tax in previous year	2,127	-
Under/(over) provision of tax in previous years	632	(1,097)
Tax expense for the year recognised in profit or loss	35,950	5,884

16. Property, plant and equipment

2024	Freehold land RM'000	Building RM'000	Computer equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Work in progress RM'000	Total RM'000
Valuation/Cost							
At 1 April 2023	36,800	77,200	1,298	16,112	620	8,716	140,746
Additions	-	-	594	63	290	10,770	11,717
Revaluation surplus	-	2,684	-	-	-	-	2,684
Elimination of accumulated depreciation on revaluation	-	(2,376)	-	-	-	-	(2,376)
Reclassification	-	10,692	-	4,111	-	(14,803)	-
At 31 March 2024	36,800	88,200	1,892	20,286	910	4,683	152,771
Accumulated depreciation							
At 1 April 2023	-	-	704	11,966	600	-	13,270
Charge for the year (Note 3)	-	2,376	428	1,757	72	-	4,633
Elimination of accumulated depreciation on revaluation	-	(2,376)	-	-	-	-	(2,376)
At 31 March 2024	-	-	1,132	13,723	672	-	15,527
Net carrying amount							
At 31 March 2024	36,800	88,200	760	6,563	238	4,683	137,244

16. Property, plant and equipment (cont'd.)

2023	Freehold land RM'000	Building RM'000	Computer equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Work in progress RM'000	Total RM'000
Valuation/Cost							
At 1 April 2022	36,800	77,200	872	12,137	614	5,141	132,764
Additions	-	-	16	13	6	9,303	9,338
Revaluation surplus	-	997	-	-	-	-	997
Elimination of accumulated depreciation on revaluation	-	(2,353)	-	-	-	-	(2,353)
Reclassification	-	1,356	410	3,962	-	(5,728)	-
At 31 March 2023	36,800	77,200	1,298	16,112	620	8,716	140,746
Accumulated depreciation							
At 1 April 2022	-	-	429	10,921	529	-	11,879
Charge for the year (Note 3)	-	2,353	275	1,045	71	-	3,744
Elimination of accumulated depreciation on revaluation	-	(2,353)	-	-	-	-	(2,353)
At 31 March 2023	-	-	704	11,966	600	-	13,270
Net carrying amount							
At 31 March 2023	36,800	77,200	594	4,146	20	8,716	127,476

16. Property, plant and equipment (cont'd.)

Revaluation of freehold land and building

Freehold land and building have been revalued based on a valuation performed by an accredited independent valuer having an appropriate recognised professional qualification using the income approach. The valuation is based on the valuation date of 31 March 2024.

The income approach entails the determination of the probable gross annual rental the property is capable of producing and deducting therefrom the outgoings to arrive at the annual net income. Description of the fair value hierarchy for freehold land and building and the significant inputs used in the valuation are provided in Note 36.

If the freehold land and building were measured using the cost model, the carrying amounts would be as follows:

	Freehold land RM'000	Building RM'000	Total RM'000
Cost			
At 1 April 2022	15,596	82,938	98,534
Reclassification	-	1,356	1,356
At 31 March 2023	15,596	84,294	99,890
Reclassification	-	10,692	10,692
At 31 March 2024	15,596	94,986	110,582
Accumulated depreciation			
At 1 April 2022	-	39,498	39,498
Charge for the year	-	2,353	2,353
At 31 March 2023	-	41,851	41,851
Charge for the year	-	2,376	2,376
At 31 March 2024	-	44,227	44,227
Net carrying amount			
At 31 March 2024	15,596	50,759	66,355
At 31 March 2023	15,596	42,443	58,039

17. Intangible assets

	Software development in progress RM'000	Computer software and licences RM'000	Total RM'000
2024			
Cost			
At 1 April 2023	4,210	16,553	20,763
Additions	148	114	262
Reclassification	291	(291)	-
Adjustment	-	(214)	(214)
At 31 March 2024	4,649	16,162	20,811
Accumulated amortisation			
At 1 April 2023	-	14,862	14,862
Amortisation for the year (Note 3)	-	517	517
At 31 March 2024	-	15,379	15,379
Net carrying amount			
At 31 March 2024	4,649	783	5,432
2023			
Cost			
At 1 April 2022	3,915	21,143	25,058
Additions	603	20	623
Write off	-	(4,918)	(4,918)
Reclassification	(308)	308	-
At 31 March 2023	4,210	16,553	20,763
Accumulated amortisation			
At 1 April 2022	-	17,427	17,427
Amortisation for the year (Note 3)	-	869	869
Write off	-	(3,434)	(3,434)
At 31 March 2023	-	14,862	14,862
Net carrying amount			
At 31 March 2023	4,210	1,691	5,901

18. Investment in associate

	2024 RM'000	2023 RM'000
At beginning of the year	113,812	120,369
Fair value gains / (losses) (Note 7)	33,404	(12,685)
Foreign exchange gains (Note 12)	8,102	6,128
At end of the year	155,318	113,812

Description of the fair value hierarchy for investment in associate and the significant inputs used in the valuation are provided in Note 36.

The associate is Labuan Reinsurance (L) Ltd., a company incorporated in the Federal Territory of Labuan, Malaysia. The Company's proportion of ownership interest and voting power in its associate is 20% (2023: 20%). The associate is principally engaged in the underwriting of all classes of general reinsurance and general retakaful businesses pursuant to a licence given by the Labuan Financial Services Authority under the Labuan Financial Services and Securities Act, 2010. Its financial year end is 31 December.

The results of the associate are not equity accounted with those of the Company as the holding company, MNRB, produces financial statements that are available for public use and which complies with the relevant MFRSs and IFRSs. The summarised financial information of the associate as at 31 March 2024 and 2023 are as follows:

	2024 RM'000	2023 RM'000
Assets and liabilities		
Current assets	2,420,085	2,679,602
Non-current assets	51,896	68,984
Total assets	2,471,981	2,748,586
Current liabilities	308,440	316,405
Non-current liabilities	1,298,994	1,826,826
Total liabilities	1,607,434	2,143,231
Equity	864,547	605,355
Results		
Revenue	648,217	614,181
Loss for the year	(46,844)	(43,762)

19. Financial and other assets

The following tables summarise the carrying values of financial and other assets of the Company other than cash and bank balances and insurance/takaful receivables:

	2024 RM'000	2023 RM'000
Financial assets at FVTPL (a)	1,542,325	205,577
Financial assets at FVOCI (b)	87,731	1,201,985
Financial assets at amortised cost and other assets (c)	3,418,060	2,978,398
	5,048,116	4,385,960
Malaysian government securities	301,812	89,773
Government investment issues	380,314	390,102
Corporate debt securities	740,218	641,450
Equity securities:		
Unquoted shares in Malaysia	87,731	87,184
Quoted shares in Malaysia	84,175	116,925
Perpetual bond in Malaysia	4,964	4,884
Real estate investment trusts	9,953	9,597
Commercial Papers	59,569	-
Unit trust funds	21,208	67,578
Deposits	3,264,558	2,892,081
Derivative	(319)	69
Other receivables and prepayments	93,933	86,317
	5,048,116	4,385,960

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

	2024 RM'000	2023 RM'000
(a) Financial assets at FVTPL		
At fair value:		
(i) Designated upon initial recognition:		
Corporate debt securities	-	302
Government investment issues	649	646
(ii) Mandatorily measured:		
Government investment issues	379,665	-
Malaysian government securities	301,812	-
Quoted shares in Malaysia:		
Shariah approved equities	71,938	60,629
Others	12,237	56,296
Perpetual bond in Malaysia	4,964	4,884
Corporate debt securities	740,218	5,576
Shariah approved real estate investment trusts	903	903
Non-Shariah approved real estate investment trusts	9,050	8,694

19. Financial and other assets (cont'd.)

(a) Financial assets at FVTPL (cont'd.)

At fair value (cont'd.):

(ii) Mandatorily measured (cont'd.):		
Shariah approved unit trust funds	21,208	67,578
Derivative (i)	(319)	69
	1,542,325	205,577

(i) The table below shows the fair values of derivative financial instruments, recorded as assets (being Derivative which are in a net gain position) or liabilities (being Derivative which are in a net loss position), together with their notional amounts. The notional amount, recorded gross, is the amount of a Derivative' underlying asset, reference rate or index and is the basis upon which changes in the value of Derivative are measured. The notional amounts indicate the volume of transactions outstanding at the end of the financial year and are neither indicative of the market risk nor the credit risk.

	<--------------- 2024 --------------->		
	Notional Amount RM'000	Asset RM'000	Liability RM'000
Hedging derivative:			
Forward foreign exchange contracts	68,838	-	(319)

Forwards contracts are customised contracts transacted with a specific counterparty who agrees to buy or sell a specified asset at a pre-agreed rate at a specified future date. The contracts are settled at gross at a specified future date and are considered to bear a higher liquidity risk than futures contracts which are settled on a net basis. It also bears market risks related to the underlying investments. The Company enters into forward foreign exchange contracts for the purpose of hedging part of its investment portfolio.

(b) Financial assets at FVOCI

	2024 RM'000	2023 RM'000
Corporate debt securities	-	635,572
Government investment issues	-	389,456
Malaysian government securities	-	89,773
Unquoted shares in Malaysia [(i)]	87,666	87,119
Golf club membership	65	65
	87,731	1,201,985

19. Financial and other assets (cont'd.)

(b) Financial assets at FVOCI (cont'd.)

(i) Equity instruments designated at FVOCI include investments in equity shares of non-listed companies in Malaysia. The Company holds non-controlling interests (between 4% and 9%) in these companies. These investments were irrevocably designated at FVOCI as the Company considers these investments to be strategic in nature.

The pertinent information of the investments in unquoted shares in Malaysia are as follows:

	Financial Park (Labuan) Sdn. Bhd. RM'000	Malaysian Rating Corporation Berhad RM'000	Total RM'000
Fair value			
As at 1 April 2022	84,648	2,541	87,189
Movement during the year	(35)	(35)	(70)
As at 31 March 2023	84,613	2,506	87,119
Movement during the year	354	194	548
As at 31 March 2024	84,967	2,700	87,667

Disclosures on expected credit losses recognised for financial assets at FVOCI are disclosed in Note 34(a).

(c) Financial assets at amortised cost and other assets

	2024 RM'000	2023 RM'000
At amortised cost:		
Deposit placements with licensed:		
Commercial banks	190,239	114,400
Foreign banks	776,868	530,511
Islamic banks	2,114,967	2,131,636
Development bank	182,484	115,534
Commercial Papers	59,569	-
Secured staff loans:		
Receivable within 12 months	54	183
Receivable after 12 months	1,102	1,154
Amount due from Insurance Pool accounts	23	-
Income due and accrued	47,589	22,327
Due from Lloyds' syndicate*	40,573	50,812
Due from associate and fellow subsidiaries**	650	6,312
Sundry receivables***	3,230	4,489
	3,417,348	2,977,358

19. Financial and other assets (cont'd.)

(c) Financial assets at amortised cost and other assets (cont'd.)

Other assets:		
Prepayments	712	1,040
	3,418,060	2,978,398

All items above, other than prepayments are financial assets measured at amortised cost. The carrying amounts disclosed above approximate fair values due to their relatively short-term nature.

* These amounts represent the Company's share, through its investment, of the assets and liabilities held through a Lloyds' syndicate. The Company has no control over the disposition of the assets and liabilities at Lloyds'.

** The amounts due from related companies are unsecured, interest-free and repayable upon demand.

*** The sundry receivables include amounts due from the Retakaful Division which were eliminated to arrive at the Company level balances as disclosed under Note 37(b). The amounts eliminated were as follows:

	2024 RM'000	2023 RM'000
Seed capital of the Retakaful Division	87,384	87,384
Amount due from Retakaful Division[#]	55,467	39,769
	142,851	127,153

\# The amount due from the Retakaful Division is unsecured, profit-free and repayable upon demand.

(d) Average effective interest/profit rates

The average effective interest/profit rates for each class of interest/profit-bearing investment and placements with licensed financial institutions, at net carrying amounts are as below:

	2024 %	2023 %
Debt securities	4.1	4.0
Loan receivables	3.0	3.0
Deposits with financial institutions	4.1	3.0

20. Deferred taxation

	2024 RM'000	2023 RM'000
At beginning of the year, as previously stated	4,695	3,156
Effect of adopting MFRS 17	6,626	8,756
At beginning of the year, restated	11,321	11,912
Recognised in:		
Participants' fund (Note 14)	28	(184)
Profit or loss (Note 15)	6,056	(2,340)
Other comprehensive income	1,889	1,933
At end of the year	19,294	11,321

Presented after appropriate offsetting as follows:

	2024 RM'000	2023 RM'000
Deferred tax liabilities	22,579	15,335
Deferred tax assets	(3,285)	(4,014)
	19,294	11,321

20. Deferred taxation (cont'd.)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities

	Investment in associate RM'000	Insurance/ takaful contract liabilities RM'000	FVOCI reserves RM'000	Accelerated capital allowances RM'000	Revaluation of land and buildings RM'000	Total RM'000
At 1 April 2022, as previously stated	-	618	162	666	5,692	7,138
Effect of adopting MFRS 17	-	8,756	-	-	-	8,756
At 1 April 2022, restated	-	9,374	162	666	5,692	15,894
Recognised in:						
Participants' fund	-	(204)	(8)	-	-	(212)
Profit or loss	-	(1,863)	-	(417)	-	(2,280)
Other comprehensive income	-	-	1,736	-	197	1,933
At 31 March 2023	-	7,307	1,890	249	5,889	15,335
At 1 April 2023, as previously stated	-	681	1,890	249	5,889	8,709
Effect of adopting MFRS 17	-	6,626	-	-	-	6,626
At 1 April 2023, restated	-	7,307	1,890	249	5,889	15,335
Recognised in:						
Participants' fund	-	28	-	-	-	28
Profit or loss	3,320	1,976	-	31	-	5,327
Other comprehensive income	-	-	1,182	-	707	1,889
At 31 March 2024	3,320	9,311	3,072	280	6,596	22,579

20. Deferred taxation (cont'd.)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax assets

	Fair value of financial assets at FVTPL RM'000	Others RM'000	Total RM'000
At 1 April 2022	(2,655)	(1,327)	(3,982)
Recognised in:			
Participants' fund	(6)	34	28
Profit or loss	(905)	845	(60)
At 31 March 2023	(3,566)	(448)	(4,014)
At 1 April 2023	(3,566)	(448)	(4,014)
Recognised in:			
Profit or loss	1,913	(1,184)	729
At 31 March 2024	(1,653)	(1,632)	(3,285)

21. Borrowing

	2024 RM'000	2023 RM'000
At amortised cost:		
Medium Term Notes ("MTN")	251,000	251,000
At fair value:		
Medium Term Notes ("MTN")	254,585	252,316

On 1 September 2015, the Company issued RM1,000,000 nominal value subordinated MTN which qualifies as Tier-2 capital under the RBC Framework issued by BNM. The subordinated MTN carries a tenure of ten (10) years from issue date on a 10-year, non-callable 5-year basis with a fixed interest rate of 4.95% per annum payable semi-annually in arrears.

On 15 March 2022, the Company issued an additional RM50,000,000 nominal value subordinated MTN which qualifies as Tier-2 capital under the RBC Framework. The subordinated MTN carries a tenure of eight (8) years from issue date on a 8-year, non-callable 5-year basis with a fixed interest rate of 4.38% per annum payable semi-annually in arrears.

On 26 October 2022, the Company issued an additional RM200,000,000 nominal value subordinated MTN which qualifies as Tier-2 capital under the RBC Framework. The subordinated MTN carries a tenure of ten (10) years from issue date on a 10-year, non-callable 5-year basis with a fixed interest rate of 5.21% per annum payable in semi-annually in arrears.

22. Insurance/takaful and reinsurance/retakaful contract assets and liabilities

The breakdown of groups of insurance/takaful contracts issued and reinsurance/retakaful contracts held, that are in an asset position and those in a liability position is set out in the table below:

	2024			2023		
	Assets RM'000	Liabilities RM'000	Net RM'000	Assets RM'000	Liabilities RM'000	Net RM'000
Insurance/takaful contracts issued:						
Local	(7,489)	1,518,415	1,510,926	(92)	1,553,483	1,553,391
Overseas	-	1,413,864	1,413,864	(4,078)	1,210,346	1,206,268
Total insurance/takaful contracts issued	(7,489)	2,932,279	2,924,790	(4,170)	2,763,829	2,759,659
Reinsurance/retakaful contracts held:						
Local	120,817	(5,681)	115,136	232,645	(22)	232,623
Overseas	41,927	-	41,927	2,212	-	2,212
Total reinsurance/retakaful contracts held	162,744	(5,681)	157,063	234,857	(22)	234,835

a) Roll-forward of net asset or liability of insurance/takaful contracts issued and reinsurance/retakaful contracts held showing the liability for remaining coverage and the liability for incurred claims

The Company disaggregates information to provide disclosure in respect of major product lines separately. This disaggregation has been determined based on how the company is managed.

Roll-forward of net asset or liability of insurance/takaful contracts issued and reinsurance/retakaful contracts held showing the liability for remaining coverage and the liability for incurred claims is disclosed in the table below:

Included within the 'other movements' in the tables are amounts that are transferred to other items in the statement of financial position. The fulfilment cash flows may include amounts that are in the scope of a standard other than MFRS 17. For example, the Company has included some employee costs in the fulfilment cash flows under paragraph B65(l) of MFRS 17. The Company removes such costs from the fulfilment cash flows when they are incurred and included in the carrying amount of another asset or liability (e.g. other payables) in accordance with the other standard.

22. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd.)

a) Roll-forward of net asset or liability of insurance/takaful contracts issued and reinsurance/retakaful contracts held showing the liability for remaining coverage and the liability for incurred claims (cont'd.)

Insurance/takaful contracts issued

	Liabilities for remaining coverage				
2024	**Excluding loss component RM'000**	**Loss component RM'000**	**Liabilities for incurred claims RM'000**	**Unallocated surplus and Qard [i] RM'000**	**Total RM'000**
Insurance/takaful contracts liabilities as at 1 April 2023	(257,200)	36,266	2,947,206	37,557	2,763,829
insurance/takaful contracts assets as at 1 April 2023	(6,638)	31	2,437	-	(4,170)
Net insurance/takaful contract (assets)/liabilities as at 1 April 2023	**(263,838)**	**36,297**	**2,949,643**	**37,557**	**2,759,659**
Insurance/takaful revenue	(1,863,463)	-	-	-	(1,863,463)
Contracts under the fair value approach	(660,004)	-	-	-	(660,004)
New contracts and contracts under full retrospective approach	(1,203,459)	-	-	-	(1,203,459)
Insurance/takaful service expense	116,126	32,827	1,282,736	-	1,431,689
Incurred claims and other insurance/takaful service expenses	-	-	1,449,846	-	1,449,846
Amortisation of acquisition cash flows	118,663	-	-	-	118,663
Experience variance from amortisation cash flows	(2,537)	-	(7,842)	-	(10,379)
Losses on/(reversal of) onerous contracts	-	32,827	-	-	32,827
Changes to liabilities for incurred claims	-	-	(159,268)	-	(159,268)
Insurance/takaful service result	**(1,747,337)**	**32,827**	**1,282,736**	-	**(431,774)**
Insurance/takaful finance expenses	**45,106**	**1,436**	**55,364**	**19,170**	**121,076**
Effect of movements in exchange rates	**2,756**	**2,264**	**81,507**	-	**86,527**
Total changes in the statement of profit or loss	**(1,699,475)**	**36,527**	**1,419,607**	**19,170**	**(224,171)**

22. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd.)

a) Roll-forward of net asset or liability of insurance/takaful contracts issued and reinsurance/retakaful contracts held showing the liability for remaining coverage and the liability for incurred claims (cont'd.)

Insurance/takaful contracts issued (cont'd.)

	Liabilities for remaining coverage				
2024 (cont'd.)	**Excluding loss component RM'000**	**Loss component RM'000**	**Liabilities for incurred claims RM'000**	**Unallocated surplus and Qard [i] RM'000**	**Total RM'000**
Cash flows					
Premium/contributions received	1,629,588	-	-	-	1,629,588
Qard received/paid	-	-	-	50	50
Claims and other expenses paid	-	-	(1,024,962)	-	(1,024,962)
Insurance/takaful acquisition cash flows	(118,663)	-	-	-	(118,663)
Total cash flows	**1,510,925**	**-**	**(1,024,962)**	**50**	**486,013**
Other movements	**(21,339)**	**-**	**(75,372)**	**-**	**(96,711)**
Net insurance/takaful contract (assets)/liabilities as at 31 March 2024	**(473,727)**	**72,824**	**3,268,916**	**56,777**	**2,924,790**
Insurance/takaful contract liabilities as at 31 March 2024	(458,671)	72,620	3,261,553	56,777	2,932,279
Insurance/takaful contract assets as at 31 March 2024	(15,056)	204	7,363	-	(7,489)
Net Insurance/takaful contract (assets)/liabilities as at 31 March 2024	**(473,727)**	**72,824**	**3,268,916**	**56,777**	**2,924,790**

22. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd.)

a) Roll-forward of net asset or liability of insurance/takaful contracts issued and reinsurance/retakaful contracts held showing the liability for remaining coverage and the liability for incurred claims (cont'd.)

Insurance/takaful contracts issued (cont'd.)

	Liabilities for remaining coverage				
2023	**Excluding loss component RM'000**	**Loss component RM'000**	**Liabilities for incurred claims RM'000**	**Unallocated surplus and Qard [i] RM'000**	**Total RM'000**
Insurance/takaful contracts liabilities as at 1 April 2022	(194,761)	8,147	2,681,646	29,503	2,524,535
insurance/takaful contracts assets as at 1 April 2022	(2,217)	-	1,744	-	(473)
Net insurance/takaful contract (assets)/liabilities as at 1 April 2022	**(196,978)**	**8,147**	**2,683,390**	**29,503**	**2,524,062**
Insurance/takaful revenue	(1,474,820)	-	-	-	(1,474,820)
Contracts under the fair value approach	(1,094,272)	-	-	-	(1,094,272)
New contracts and contracts under full retrospective approach	(380,548)	-	-	-	(380,548)
Insurance/takaful service expense	105,146	27,265	1,291,262	-	1,423,673
Incurred claims and other insurance/takaful service expenses	-	-	1,440,182	-	1,440,182
Amortisation of acquisition cash flows	100,949	-	-	-	100,949
Experience variance from amortisation cash flows	4,197	-	(6,011)	-	(1,814)
Losses on/(reversal of) on onerous contracts	-	27,265	-	-	27,265
Changes to liabilities for incurred claims	-	-	(142,909)	-	(142,909)
Insurance/takaful service result	**(1,369,674)**	**27,265**	**1,291,262**	**-**	**(51,147)**
Insurance/takaful finance expenses	**22,841**	**198**	**3,261**	**7,948**	**34,248**
Effect of movements in exchange rates	**1,065**	**686**	**8,031**	**-**	**9,782**
Total changes in the statement of profit or loss	**(1,345,769)**	**28,149**	**1,302,554**	**7,948**	**(7,118)**

22. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd.)

a) Roll-forward of net asset or liability of insurance/takaful contracts issued and reinsurance/retakaful contracts held showing the liability for remaining coverage and the liability for incurred claims (cont'd.)

Insurance/takaful contracts issued (cont'd.)

	Liabilities for remaining coverage				
2023 (cont'd.)	**Excluding loss component RM'000**	**Loss component RM'000**	**Liabilities for incurred claims RM'000**	**Unallocated surplus and Qard [i] RM'000**	**Total RM'000**
Cash flows					
Premium/contributions received	1,396,370	-	-	-	1,396,370
Qard received/paid	-	-	-	106	106
Claims and other expenses paid	-	-	(995,525)	-	(995,525)
Insurance/takaful acquisition cash flows	(100,949)	-	-	-	(100,949)
Total cash flows	**1,295,421**	-	**(995,525)**	**106**	**300,002**
Other movements	**(16,512)**	**-**	**(40,776)**	**-**	**(57,288)**
Net insurance/takaful contract (assets)/liabilities as at 31 March 2023	**(263,838)**	**36,297**	**2,949,643**	**37,557**	**2,759,659**
Insurance/takaful contract liabilities as at 31 March 2023	(257,200)	36,266	2,947,206	37,557	2,763,829
Insurance/takaful contract assets as at 31 March 2023	(6,638)	31	2,437	-	(4,170)
Net Insurance/takaful contract (assets)/liabilities as at 31 March 2023	**(263,838)**	**36,297**	**2,949,643**	**37,557**	**2,759,659**

[i] **Qard**
The balance and reconciliations of fulfillment cash flows include obligations to repay Qard advanced by the Shareholder's Fund to the General and Family Retakaful Funds. Qard was advanced by the Shareholder's Fund in compliance with the requirements set out in paragraph 19 of the BNM Takaful Operating Framework. Consistent with those requirements, the amount does not bear interest. The amount is repayable, and if to the extent, the General and Family Retakaful Funds have available resources. In accordance with Paragraph 19.4 of the BNM TOF, the Shareholder's Fund has determined a time period during which the Qard shall be repaid and consequently the period beyond which any unpaid Qard will be deemed irrecoverable and the outstanding amount forgiven. The table below reconciles the nominal value of the Qard included in fulfillment cash flows:

22. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd.)

a) Roll-forward of net asset or liability of insurance/takaful contracts issued and reinsurance/retakaful contracts held showing the liability for remaining coverage and the liability for incurred claims (cont'd.)

Insurance/takaful contracts issued (cont'd.)

i Qard (cont'd.)

	General Retakaful Fund		Family Retakaful Fund	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Opening balance	36,061	36,294	20,727	20,617
Provision Qard during the year	-	(233)	11,478	110
Closing balance	**36,061**	**36,061**	**32,205**	**20,727**

Reinsurance/retakaful contracts held

	Assets for remaining coverage			
2024	**Excluding loss recovery component RM'000**	**Loss recovery component RM'000**	**Liabilities for incurred claims RM'000**	**Total RM'000**
Reinsurance/retakaful contract assets as at 1 April 2023	(49,453)	4,851	279,459	234,857
Reinsurance/retakaful contract liabilities as at 1 April 2023	(22)	-	-	(22)
Net reinsurance/retakaful contract assets/(liabilities) as at 1 April 2023	**(49,475)**	**4,851**	**279,459**	**234,835**
Allocation of reinsurance/retakaful premium/contributions	(263,589)	-	-	(263,589)
Expected recovery for insurance/takaful service expenses incurred in the period	(158,550)	-	-	(158,550)
Changes in the risk adjustment for non-financial risk	(10,878)	-	-	(10,878)
Net cost/gain recognised in profit or loss	(93,551)	-	-	(93,551)
Other amount	(610)	-	-	(610)

22. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd.)

a) Roll-forward of net asset or liability of insurance/takaful contracts issued and reinsurance/retakaful contracts held showing the liability for remaining coverage and the liability for incurred claims (cont'd.)

ReInsurance/retakaful contracts held (cont'd.)

	Assets for remaining coverage			
	Excluding loss recovery component RM'000	Loss recovery component RM'000	Liabilities for incurred claims RM'000	Total RM'000
2024				
Amounts recoverable from reinsurers/retakaful operators	-	23,468	149,816	173,284
Amounts recoverable for claims	-	-	110,173	110,173
Loss recovery on onerous underlying certificates	-	23,468	-	23,468
Changes in amounts recoverable arising from changes in liability for incurred claims	-	-	39,643	39,643
Net income or expense from reinsurance/retakaful contracts held	**(263,589)**	**23,468**	**149,816**	**(90,305)**
Reinsurance/retakaful finance income	**(3,304)**	**168**	**4,772**	**1,636**
Effect of movements in exchange rates	**1,394**	**832**	**1,704**	**3,930**
Total changes in the statement of profit or loss	**(265,499)**	**24,468**	**156,292**	**(84,739)**
Cash flows				
Premium/contributions paid	168,400	-	(5,376)	163,024
Amounts received	-	-	(156,057)	(156,057)
Total cash flows	**168,400**	**-**	**(161,433)**	**6,967**
Net reinsurance/retakaful contract assets/(liabilities) as at 31 March 2024	**(146,574)**	**29,319**	**274,318**	**157,063**

22. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd.)

a) Roll-forward of net asset or liability of insurance/takaful contracts issued and reinsurance/retakaful contracts held showing the liability for remaining coverage and the liability for incurred claims (cont'd.)

ReInsurance/retakaful contracts held (cont'd.)

	Assets for remaining coverage			
2024 (cont'd.)	**Excluding loss recovery component RM'000**	**Loss recovery component RM'000**	**Liabilities for incurred claims RM'000**	**Total RM'000**
Reinsurance/retakaful contract assets as at 31 March 2024	(140,877)	29,319	274,302	162,744
Reinsurance/retakaful contract liabilities as at 31 March 2024	(5,697)	-	16	(5,681)
Net reinsurance/retakaful contract assets/(liabilities) as at 31 March 2024	**(146,574)**	**29,319**	**274,318**	**157,063**

22. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd.)

a) Roll-forward of net asset or liability of insurance/takaful contracts issued and reinsurance/retakaful contracts held showing the liability for remaining coverage and the liability for incurred claims (cont'd.)

Reinsurance/retakaful contracts held (cont'd.)

	Assets for remaining coverage			
2023	**Excluding loss recovery component RM'000**	**Loss recovery component RM'000**	**Liabilities for incurred claims RM'000**	**Total RM'000**
Reinsurance/retakaful contract assets as at 1 April 2022	(19,537)	-	387,891	368,354
Reinsurance/retakaful contract liabilities as at 1 April 2022	(59)	-	-	(59)
Net reinsurance/retakaful contract assets/(liabilities) as at 1 April 2022	**(19,596)**	**-**	**387,891**	**368,295**
Allocation of reinsurance/retakaful premium/contributions	(121,143)	-	-	(121,143)
Expected recovery for insurance/takaful service expenses incurred in the period	(96,370)	-	-	(96,370)
Changes in the risk adjustment for non-financial risk	(6,771)	-	-	(6,771)
Net cost/gain recognised in profit or loss	(28,941)	-	-	(28,941)
Other amount	10,939	-	-	10,939
Amounts recoverable from reinsurers/retakaful operators	-	4,948	63,532	68,480
Amounts recoverable for claims	-	-	18,755	18,755
Loss recovery on onerous underlying contracts	-	4,948	-	4,948
Changes in amounts recoverable arising from changes in liability for incurred claims	-	-	44,777	44,777
Net income or expense from reinsurance/retakaful contracts held	**(121,143)**	**4,948**	**63,532**	**(52,663)**

22. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd.)

a) Roll-forward of net asset or liability of insurance/takaful contracts issued and reinsurance/retakaful contracts held showing the liability for remaining coverage and the liability for incurred claims (cont'd.)

Reinsurance/retakaful contracts held (cont'd.)

	Assets for remaining coverage			
2023 (cont'd.)	**Excluding loss recovery component RM'000**	**Loss recovery component RM'000**	**Liabilities for incurred claims RM'000**	**Total RM'000**
Reinsurance/retakaful finance income	446	17	5,944	6,407
Effect of movements in exchange rates	**66**	**(114)**	**(19)**	**(67)**
Total changes in the income statement and comprehensive income	**(120,631)**	**4,851**	**69,457**	**(46,323)**
Cash flows				
Premium/contributions paid	90,752	-	39	90,791
Amounts received	-	-	(177,928)	(177,928)
Total cash flows	**90,752**	**-**	**(177,889)**	**(87,137)**
Net reinsurance/retakaful contract assets/(liabilities) as at 31 March 2023	**(49,475)**	**4,851**	**279,459**	**234,835**
Reinsurance/retakaful contract assets as at 31 March 2023	(49,453)	4,851	279,459	234,857
Reinsurance/retakaful contract liabilities as at 31 March 2023	(22)	-	-	(22)
Net reinsurance/retakaful contract assets/(liabilities) as at 31 March 2023	**(49,475)**	**4,851**	**279,459**	**234,835**

22. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd.)

a) Roll-forward of net asset or liability of insurance/takaful contracts issued and reinsurance/retakaful contracts held showing the liability for remaining coverage and the liability for incurred claims (cont'd.)

Insurance/takaful contracts issued

2024	Estimates of present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Unallocated surplus and Qard [i] RM'000	Total RM'000
Insurance/takaful contract liabilities as at 1 April 2023	1,895,214	348,431	482,627	37,557	2,763,829
Insurance/takaful contract assets as at 1 April 2023	(13,006)	2,081	6,755	-	(4,170)
Net insurance/takaful contract (assets)/liabilities as at 1 April 2023	**1,882,208**	**350,512**	**489,382**	**37,557**	**2,759,659**
Changes that relate to current services					
Contractual service margin recognised for services received	-	-	(415,614)	-	(415,614)
Risk adjustment for the risk expired	-	(127,158)	-	-	(127,158)
Experience adjustments	58,221	76,911	102,307	-	237,439
Changes that relate to future services					
Contracts initially recognised in the period	(349,491)	101,440	273,467	-	25,416
Changes in estimates that adjust the contractual service margin	61,135	7,686	(68,821)	-	-
Changes in estimates that do not adjust the contractual service margin	17,642	(10,231)	-	-	7,411
Changes that relate to past services					
Changes in amounts recoverable arising from changes in liability for incurred claims	(86,108)	(73,160)	-	-	(159,268)
Insurance/takaful service result	(298,601)	(24,512)	(108,661)	-	(431,774)
Insurance/takaful finance expense	71,967	10,441	19,498	19,170	121,076
Effect of movements in exchange rates	68,240	11,116	7,171	-	86,527
Total changes in the statement of profit or loss	**(158,394)**	**(2,955)**	**(81,992)**	**19,170**	**(224,171)**

22. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd.)

a) Roll-forward of net asset or liability of insurance/takaful contracts issued and reinsurance/retakaful contracts held showing the liability for remaining coverage and the liability for incurred claims (cont'd.)

Insurance/takaful contracts issued (cont'd.)

2024 (cont'd.)	Estimates of present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Unallocated surplus and Qard [i] RM'000	Total RM'000
Cash flows					
Premium/contributions received	1,629,588	-	-	-	1,629,588
Qard received/paid	-	-	-	50	50
Claims and other expenses paid	(1,024,961)	-	-	-	(1,024,961)
Insurance/takaful acquisition cash flows	(118,663)	-	-	-	(118,663)
Total cash flows	**485,964**	**-**	**-**	**50**	**486,014**
Other movements	**(94,889)**	**-**	**(1,823)**	**-**	**(96,712)**
Net insurance/takaful contract (assets)/liabilities as at 31 March 2024	**2,114,889**	**347,557**	**405,567**	**56,777**	**2,924,790**
Insurance/takaful contract liabilities as at 31 March 2024	2,130,693	345,562	399,247	56,777	2,932,279
Insurance/takaful contract assets as at 31 March 2024	(15,804)	1,995	6,320	-	(7,489)
Net Insurance/takaful contract (assets)/liabilities as at 31 March 2024	**2,114,889**	**347,557**	**405,567**	**56,777**	**2,924,790**

22. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd.)

a) Roll-forward of net asset or liability of insurance/takaful contracts issued and reinsurance/retakaful contracts held showing the liability for remaining coverage and the liability for incurred claims (cont'd.)

Insurance/takaful contracts issued (cont'd.)

2023	Estimates of present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Unallocated surplus and Qard [i] RM'000	Total RM'000
Insurance/takaful contract liabilities as at 1 April 2022	1,832,597	297,941	364,494	29,503	2,524,535
insurance/takaful contract assets as at 1 April 2022	(788)	291	24	-	(473)
Net insurance/takaful contract (assets)/liabilities as at 1 April 2022	**1,831,809**	**298,232**	**364,518**	**29,503**	**2,524,062**
Changes that relate to current services					
Contractual service margin recognised for services received	-	-	(234,814)	-	(234,814)
Risk adjustment for the risk expired	-	(98,471)	-	-	(98,471)
Experience adjustments	212,149	76,734	108,898	-	397,781
Changes that relate to future services					
Contracts initially recognised in the period	(423,527)	118,256	325,095	-	19,824
Changes in estimates that adjust the contractual service margin	68,652	17,564	(89,510)		(3,294)
Changes in estimates that do not adjust the contractual service margin	16,208	(5,472)	-	-	10,736
Changes that relate to past services					
Changes in amounts recoverable arising from changes in liability for incurred claims	(82,158)	(60,751)	-	-	(142,909)
Insurance/takaful service result	(208,676)	47,860	109,669	-	(51,147)
Insurance/takaful finance expense	10,980	3,098	12,222	7,948	34,248
Effect of movements in exchange rates	8,981	1,321	(520)	-	9,782
Total changes in the statement of profit or loss	**(188,715)**	**52,279**	**121,371**	**7,948**	**(7,117)**

22. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd.)

a) Roll-forward of net asset or liability of insurance/takaful contracts issued and reinsurance/retakaful contracts held showing the liability for remaining coverage and the liability for incurred claims (cont'd.)

Insurance/takaful contracts issued (cont'd.)

2023 (cont'd.)	Estimates of present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Unallocated surplus and Qard [i] RM'000	Total RM'000
Cash flows					
Premium/contributions received	1,396,370	-	-	-	1,396,370
Qard received/paid	-	-	-	106	106
Claims and other expenses paid	(995,525)	-	-	-	(995,525)
Insurance/takaful acquisition cash flows	(100,949)	-	-	-	(100,949)
Total cash flows	**299,896**	**-**	**-**	**106**	**300,002**
Other movements	**(60,781)**	**-**	**3,493**	**-**	**(57,288)**
Net insurance/takaful contract (assets)/liabilities as at 31 March 2023	**1,882,209**	**350,511**	**489,382**	**37,557**	**2,759,659**
Insurance/takaful contract liabilities as at 31 March 2023	1,895,215	348,430	482,627	37,557	2,763,829
Insurance/takaful contract assets as at 31 March 2023	(13,006)	2,081	6,755	-	(4,170)
Net insurance/takaful contract (assets)/liabilities as at 31 March 2023	**1,882,209**	**350,511**	**489,382**	**37,557**	**2,759,659**

[i] Qard

The balance and reconciliations of fulfillment cash flows include obligations to repay Qard advanced by the Shareholder's Fund to the General and Family Retakaful Funds. Qard was advanced by the Shareholder's Fund in compliance with the requirements set out in paragraph 19 of the BNM Takaful Operating Framework. Consistent with those requirements, the amount does not bear interest. The amount is repayable, and if to the extent, the General and Family Retakaful Funds have available resources. In accordance with Paragraph 19.4 of the BNM TOF, the Shareholder's Fund has determined a time period during which the Qard shall be repaid and consequently the period beyond which any unpaid Qard will be deemed irrecoverable and the outstanding amount forgiven. The table below reconciles the nominal value of the Qard included in fulfillment cash flows:

22. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd.)

a) Roll-forward of net asset or liability of insurance/takaful contracts issued and reinsurance/retakaful contracts held showing the liability for remaining coverage and the liability for incurred claims (cont'd.)

Insurance/takaful contracts issued (cont'd.)

[i] Qard (cont'd.)

	General Retakaful Fund		Family Retakaful Fund	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Opening balance	36,061	36,294	20,727	20,617
Provision Qard during the year	-	(233)	11,478	110
Closing balance	**36,061**	**36,061**	**32,205**	**20,727**

22. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd.)

a) Roll-forward of net asset or liability of insurance/takaful contracts issued and reinsurance/retakaful contracts held showing the liability for remaining coverage and the liability for incurred claims (cont'd.)

Reinsurance/retakaful contracts held

	2024				2023			
	Estimates of present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Total RM'000	Estimates of present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Total RM'000
Reinsurance/retakaful contract assets as at 1 April	183,480	27,250	24,127	234,857	334,496	33,767	91	368,354
Reinsurance/retakaful contract liabilities as at 1 April	(24)	-	2	(22)	(59)	-	-	(59)
Net reinsurance/retakaful contract assets/(liabilities) as at 1 April	**183,456**	**27,250**	**24,129**	**234,835**	**334,437**	**33,767**	**91**	**368,295**
Changes that relate to current services								
Contractual service margin recognised for services received	-	-	(93,551)	(93,551)	-	-	(28,941)	(28,941)
Risk adjustment for the risk expired	-	(10,878)	-	(10,878)	-	(6,771)	-	(6,771)
Experience adjustments	(95,170)	21,348	24,835	(48,987)	(82,631)	1,023	2,575	(79,033)
Changes that relate to future services								
Contracts initially recognised in the period	(189,806)	20,097	181,469	11,760	(62,315)	16,523	49,189	3,397
Changes in estimates that adjust the contractual service margin	81,710	964	(82,674)	-	(699)	325	374	-
Changes in estimates that do not adjust the CSM	27,985	(16,277)	-	11,708	1,296	256	-	1,552
Changes that relate to past services								
Changes in amounts recoverable arising from changes in liability for incurred claims	50,603	(10,960)	-	39,643	74,794	(17,661)	-	57,133
Reinsurance/retakaful finance income	**5,102**	**(8,859)**	**5,393**	**1,636**	**5,305**	**(79)**	**1,181**	**6,407**
Effect of movements in exchange rates	**1,456**	**646**	**1,828**	**3,930**	**406**	**(133)**	**(340)**	**(67)**
Total changes in the statement of profit or loss	**(118,120)**	**(3,919)**	**37,300**	**(84,739)**	**(63,844)**	**(6,517)**	**24,038**	**(46,323)**

22. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd.)

a) Roll-forward of net asset or liability of insurance/takaful contracts issued and reinsurance/retakaful contracts held showing the liability for remaining coverage and the liability for incurred claims (cont'd.)

Reinsurance/retakaful contracts held (cont'd.)

Cash flows								
Contributions paid	163,024	-	-	163,024	90,791	-	-	90,791
Amounts received	(156,057)	-	-	(156,057)	(177,928)	-	-	(177,928)
Total cash flows	**6,967**	**-**	**-**	**6,967**	**(87,137)**	**-**	**-**	**(87,137)**
Net reinsurance/retakaful contract assets/(liabilities) as at 31 March	**72,303**	**23,331**	**61,429**	**157,063**	**183,456**	**27,250**	**24,129**	**234,835**
Reinsurance/retakaful contract assets as at 31 March	85,350	22,179	55,215	162,744	183,480	27,250	24,127	234,857
Reinsurance/retakaful contract liabilities as at 31 March	(13,047)	1,152	6,214	(5,681)	(24)	-	2	(22)
Net reinsurance/retakaful contract assets/(liabilities) as at 31 March	**72,303**	**23,331**	**61,429**	**157,063**	**183,456**	**27,250**	**24,129**	**234,835**

22. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd.)

The impacts on the current period of transition approaches adopted to establishing Contractual service margin ("CSM")

The impact on the current period of the transition approaches adopted to establishing CSMs for insurance contracts/takaful certificates portfolios is disclosed in the table below:

Insurance/takaful contracts issued

	2024			2023		
	Contracts using the fair value approach RM'000	New contracts and contracts under full retrospective approach RM'000	Total RM'000	Contracts using the fair value approach RM'000	New contracts and contracts under full retrospective approach RM'000	Total RM'000
CSM as at 1 April	**269,927**	**219,455**	**489,382**	**360,148**	**4,370**	**364,518**
Changes that relate to current services						
CSM recognised for services provided	(171,261)	(142,046)	(313,307)	(41,693)	(84,223)	(125,916)
Changes that relate to future services						
Contracts initially recognised in the period	-	273,467	273,467	5	325,090	325,095
Changes in estimates that adjust the CSM	61,913	(130,734)	(68,821)	(56,216)	(33,294)	(89,510)
Insurance/takaful service result	(109,348)	687	(108,661)	(97,904)	207,573	109,669
Insurance/takaful finance expense	6,954	12,544	19,498	7,574	4,648	12,222
Effect of movements in exchange rates	265	6,906	7,171	109	(629)	(520)
Total changes in the statement of profit or loss	(102,129)	20,137	(81,992)	(90,221)	211,592	121,371
Other movements	-	(1,823)	(1,823)	-	3,493	3,493
CSM as at 31 March	**167,798**	**237,769**	**405,567**	**269,927**	**219,455**	**489,382**

22. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd.)

The impacts on the current period of transition approaches adopted to establishing CSM (cont'd.)

The impact on the current period of the transition approaches adopted to establishing CSMs for reinsurance contracts/retakaful certificates portfolios is disclosed in the table below:

Reinsurance/retakaful contracts held

	2024			2023		
	Contracts using the fair value approach RM'000	**New contracts and contracts under full retrospective approach RM'000**	**Total RM'000**	**Contracts using the fair value approach RM'000**	**New contracts and contracts under full retrospective approach RM'000**	**Total RM'000**
CSM as at 1 April	**61**	**24,068**	**24,129**	**91**	**-**	**91**
Changes that relate to current services						
CSM recognised for services provided	22	(68,736)	(68,714)	(117)	(26,249)	(26,366)
Changes that relate to future services						
Contracts initially recognised in the period	(227)	181,696	181,469	(1)	49,190	49,189
Changes in estimates that adjust the CSM	106	(82,780)	(82,674)	86	288	374
Reinsurance/retakaful service result	(99)	30,180	30,081	(32)	23,229	23,197
Reinsurance/retakaful finance expense	2	5,391	5,393	2	1,179	1,181
Effect of movements in exchange rates	-	1,828	1,828	-	(340)	(340)
Total changes in the statement of profit or loss	(97)	37,399	37,302	(30)	24,068	24,038
Other movements	-	-	-	-	-	-
CSM as at 31 March	**(36)**	**61,467**	**61,431**	**61**	**24,068**	**24,129**

22. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd.)

The impacts on the current period of transition approaches adopted to establishing CSM (cont'd.)

The components of new business

The components of new business is disclosed in the table below:

Insurance/takaful contracts issued

2024	Contracts issued Non-onerous RM'000	Contracts issued Onerous RM'000	Total RM'000
Insurance/takaful contracts liabilities			
Estimate of present value of future cash outflows, excluding insurance/takaful acquisition cash flows	659,401	306,717	966,118
Estimates of insurance/takaful acquisition cash flows	21,307	8,459	29,766
Estimate of present value of future cash outflows	680,708	315,176	995,884
Estimates of present value of future cash inflows	(1,023,964)	(321,411)	(1,345,375)
Risk adjustment	69,789	31,651	101,440
CSM	273,467	-	273,467
Losses on onerous contracts at initial recognition	**-**	**25,416**	**25,416**

2023	Contracts issued Non-onerous RM'000	Contracts issued Onerous RM'000	Total RM'000
Insurance/takaful contracts liabilities			
Estimate of present value of future cash outflows, excluding insurance/takaful acquisition cash flows	1,005,319	339,631	1,344,950
Estimates of insurance/takaful acquisition cash flows	34,824	8,706	43,530
Estimate of present value of future cash outflows	1,040,143	348,337	1,388,480
Estimates of present value of future cash inflows	(1,454,106)	(357,901)	(1,812,007)
Risk adjustment	88,868	29,389	118,257
CSM	325,095	-	325,095
Losses on onerous contracts at initial recognition	**-**	**19,825**	**19,825**

22. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd.)

The impacts on the current period of transition approaches adopted to establishing CSM (cont'd.)

The components of new business

Reinsurance/retakaful contracts held

The components of new business for reinsurance/retakaful contract held portfolios is disclosed in the table below:

	2024	2023
	Contracts purchased RM'000	Contracts purchased RM'000
Reinsurance/retakaful contract assets		
Estimates of present value of future cash outflows	(460,078)	(207,253)
Estimates of present value of future cash inflows	270,271	144,937
Risk adjustment	20,097	16,523
CSM	181,469	49,189
Recovery of losses on onerous contracts at initial recognition	**11,759**	**3,396**

22. Insurance/takaful and reinsurance/retakaful contract assets and liabilities (cont'd.)

CSM recognition in income statement

The disclosure of when the CSM is expected to be in income in future years is presented below:

	Less than 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	More than 5 years RM'000	Total RM'000
31 March 2024							
Insurance/takaful contracts issued	347,963	52,906	2,687	834	374	803	405,567
Reinsurance/retakaful contracts held	(58,028)	(3,493)	38	18	26	8	(61,431)
31 March 2023							
Insurance/takaful contracts issued	312,612	133,511	32,443	1,577	1,022	8,217	489,382
Reinsurance/retakaful contracts held	(19,218)	(4,790)	(60)	(28)	(13)	(21)	(24,130)

The Company expects to recognise the CSM in profit or loss for existing contracts within five years, which represents the longest coverage period for the contracts in force issued by the Company. The expected timeline for the CSM recognition for reinsurance/retakaful contracts held is in line with reinsurance/retakaful contracts issued.

23. Other payables and provisions

	2024 RM'000	2023 RM'000
Due to holding company*	1,597	683
Amount due to Insurance Pool accounts	-	8,790
Provisions	17,660	6,136
Sundry payables and accruals**	21,391	13,105
	40,648	28,714

* The amounts due to related companies are unsecured, interest-free and repayable upon demand.

** The sundry payables and accruals include amounts owing by the Retakaful Division which were eliminated to arrive at the Company level balances as disclosed under Note 37(b). The amounts eliminated were the following:

	2024 RM'000	2023 RM'000
Seed capital of the Retakaful Division	87,384	87,384
Amount owing by Retakaful Division[#]	55,467	39,769
	142,851	127,153

The amount owing by the Retakaful Division is unsecured, profit-free and repayable on demand.

The carrying amounts disclosed above approximate fair value due to their relatively short term nature.

24. Share capital

	Number of ordinary shares		Amount	
	2024 '000	2023 '000	2024 RM'000	2023 RM'000
Authorised	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid	663,106	663,106	663,106	663,106

25. Merger deficit

	2024 RM'000	2023 RM'000
Merger deficit	(9,618)	(9,618)

Merger deficit represents the difference between the consideration given and the carrying value of the net asset value of the general and family retakaful businesses transferred from a fellow subsidiary, Sinar Seroja Berhad on 1 December 2017.

26. Earnings per share

Basic and diluted earnings per share is calculated by dividing the net profit for the year by the number of ordinary shares in issue during the year as follows:

	2024 RM'000	2023 RM'000
Net profit for the year (RM'000)	388,424	56,904
Number of ordinary shares in issue ('000)	663,106	663,106
Basic and diluted earnings per share (sen)	58.58	8.58

There were no dilutive effects in the current and prior year.

27. Dividend

The dividends paid by the Company were as follows:

	2024 RM'000	2023 RM'000
Dividends declared and paid in respect of financial year ended 31 March 2023 final single-tier dividend is 1.51%	10,000	-

28. The Company as a lessor

The Company has entered into non-cancellable operating lease agreements on its portfolio of self-occupied property. These leases have remaining non-cancellable lease terms of 1 to 3 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the financial year end but not recognised as receivables, are as follows:

	2024 RM'000	2023 RM'000
Within 1 year	4,104	4,082
After 1 year and not more than 5 years	2,507	3,768
	6,611	7,850

29. Capital commitments

	2024 RM'000	2023 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	3,607	3,423
	3,607	3,423
Approved but not contracted for:		
Property, plant and equipment	1,179	9,422
Intangible assets	-	13
	1,179	9,435

30. Significant related party disclosures

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.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel include all Directors of the Company, GSC members, and certain members of senior management of the Company.

30. Significant related party disclosures (cont'd.)

(a) Related party transactions

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

	2024 RM'000	2023 RM'000
Income/(expenses):		
Transactions with Labuan Reinsurance (L) Ltd., an associate:		
Reinsurance inward (net of claims)	(1,427)	4,886
Transactions with Takaful IKHLAS Family, a fellow subsidiary:		
Management fees expenses	(120)	(219)
Management expenses chargeback	21	140
Gross contribution paid for takaful cover	(535)	(270)
Retakaful inward (net of claims)	13,801	-
Transactions with Takaful IKHLAS General, a fellow subsidiary:		
Management fees income	309	476
Management expenses chargeback	176	179
Rental income	1,145	1,145
Gross contribution paid for takaful cover	(112)	(104)
Retakaful inward (net of claims)	7,092	4,608
Transactions with MNRB, the holding company:		
Management fees expenses	(19,635)	(21,071)
Management fees income	256	407
Management expenses chargeback	(3,188)	(2,799)
Interest paid	(2,246)	(2,239)
Dividend paid	(10,000)	-
Rental and other income from property	1,389	1,102
Transactions with MMIP Services Sdn. Bhd., a fellow subsidiary:		
Rental and other income from property	180	189
Management fees income	21	35
Management expenses chargeback	37	22
Transactions with Malaysian Re (Dubai) Ltd., a fellow subsidiary:		
Management fees for marketing activities	(4,253)	(4,617)

30. Significant related party disclosures (cont'd.)

(b) Related party balances

Included in the statement of financial position are amounts due from/(to) related parties represented by the following:

	2024 RM'000	2023 RM'000
Insurance/takaful (payables)/receivables:		
Takaful IKHLAS General	(10,546)	(15,208)
Takaful IKHLAS Family	394	(1)
Labuan Reinsurance (L) Ltd	(921)	(896)
Other (payables)/receivable:		
MNRB	(52,597)	(51,758)
Takaful IKHLAS General	(14)	4,003
Takaful IKHLAS Family	238	2,513
Malaysian Re (Dubai)	328	230
MMIP Services Sdn. Bhd	3	10

Details of the compensation granted to key management personnel are as follows:

	2024 RM'000	2023 RM'000
Non-executive directors' remuneration (Note 11):		
Fees	554	426
Meeting allowances	180	127
GSC members' remuneration (Note 11):		
Fees	81	60
Meeting allowances	27	15
President & CEO's remuneration (Note 11):		
Salaries and bonus	918	1,120
Pension costs - EPF	160	190
Benefits-in-kind	18	25
Others	87	253
Other key management personnel:		
Salaries and bonus	5,079	4,750
Pension costs - EPF	830	780
Allowances	817	854
	8,751	8,600

31. Risk management framework

The Company adopts MNRB's Group Risk Management Framework and Policy ("RM Framework") which was established to provide a set of guidelines for implementing risk management throughout the Group. It encompasses the Company's risk management:

(i) **strategy**, by having appropriate risk management objectives, policy and appetite;

(ii) **architecture**, by setting up risk management roles and responsibilities, communication and reporting structure; and

(iii) **protocols**, by describing the procedures, methodologies, tools and techniques for risk management.

Risk management is the process of identifying, assessing, measuring, controlling, mitigating, and continuously monitoring the risks in respect of the Company as a whole. It involves regular self-assessments of all reasonably foreseeable and material risks that the Company faces, including their inter-relationships and the maintenance of a link between ongoing risk management and mid to long term business goals, strategies and capital needs.
The RM Framework aims to serve as a guide for the effective management of risks throughout the Company. The Framework is intended to provide guidance to the Company in performing its risk management roles and responsibilities and ultimately aims to support the achievement of the Company's strategic and financial objectives.

The primary objectives of the RM Framework are as follows:

(i) Embeds the risk management process and ensures it is an integral part of the Company’s planning process at a strategic and operational level;

(ii) Facilitates effective risk oversight through a clear internal risk governance structure and responsibilities;

(iii) Creates a risk awareness culture from a strategic, operational, and individual perspective;

(iv) Gives credibility to the process and engage management’s attention to the treatment, monitoring, reporting and review of identified risks as well as considering new and emerging risks on a continuous basis;

(v) Ensures appropriate strategies are in place to mitigate risks and maximise opportunities;

(vi) Allows the Company to proactively manage their risks in a systematic and structured way and to continually refine their processes to reduce their risk profile, thereby maintaining a safer environment for their stakeholders;

31. Risk management framework (cont'd.)

(vii) Aligns the Company's risk management practices with its sustainability principles;

(viii) Provides a single point of reference for managing risks in a systematic and structured way; and

(ix) Standardises risk terminologies across the Company to facilitate a consistent and uniform approach in managing risks.

In pursuit of the above objectives, it is the Company's policy to adhere to, and comply with, all relevant governance and regulatory requirements and implement best practices with regard to risk management principles. The Company also aims to uphold high standards of business practices in all its activities.

(a) Risk management governance

The Board and Senior Management collectively have responsibility and accountability for setting the objectives, defining strategies to achieve those objectives, and establishing governance structures and processes to best manage the risks in accomplishing those objectives.

The Company has adopted the Three Lines of Defense governance model which provides a formal, transparent, and effective risk governance structure to promote active involvement from the Board, Senior Management, and all employees in the risk management process across the Company.

In addition, the Company and respective entities have set up an in-house risk management functions, compliance functions and committee on a group and entity wide basis to ensure an efficient risk management function.

The roles and responsibilities of the functions structure are as follows:

(i) The Board had established a dedicated Board Committee known as the Risk Management Committee of the Board ("RMCB") to support the Board in meeting the expectations and responsibilities on the risk and compliance management, provides assurance to the Board that the processes have been carried out effectively and inculcates a risk management culture;

(ii) The Audit Committee ("AC") was established to complement the role of the Board by providing an independent assessment of the adequacy and effectiveness of governance, risk management and internal control. The Audit Committee is assisted by an independent Internal Audit Department in performing its role;

31. Risk management framework (cont'd.)

(a) Risk management governance (cont'd.)

(iii) The Group Shariah Committee ("GSC") was established to provide objective and sound advice to the Group to ensure that its aims and operations, business, affairs and activities are in compliance with Shariah;

(iv) The Senior Management Committee ("SMC") oversees the implementation of risk and compliance management processes, establish and implement appropriate organizational structures and systems for managing financial and non-financial risks;

(v) The Group Management Risk & Compliance Committee ("GMRCC"), which comprises the President & Group Chief Executive Officer, the President & Chief Executive Officers and selected members of Senior Management from MNRB and its main operating subsidiaries, to support the SMC to implement the risk and compliance management processes, establish clear guidance in managing the Company's risk to ensure its alignment to the Company's risk appetite for all business strategies and activities;

(vi) The Group Chief Risk Officer ("GCRO") and Risk Management Department ("RMD") establish the infrastructure and provide oversight over the risk management process in the Company through the adoption of the RM Framework; and

(vii) At the operational level, the implementation of the risk management processes in the day to day operations of the Company is facilitated by Heads of Department as well as embedded risk managers of each department, guided by various components of the RM Framework.

A dedicated Group Investment Committee ("GIC") of the Board which reports to the Board has been established to further oversee risks associated with investments and assets allocation. The GIC is assisted by the Group Investment Management Committee ("GIMC") which is represented by the President & CEO of each of the main operating subsidiaries. Further, the Group has established a Group Investment Policy ("GIP") to ensure proper risk management by investing in low-risk assets, deposits with licensed financial institutions, debt securities and other marketable securities.

An Asset-Liability Committee ("ALCO") has been established to manage and monitor asset-liability and duration mismatch, credit risk profile, cashflow analysis and overall asset management. The ALCO ultimately reports to the Board through the Group Investment Committee.

31. Risk management framework (cont'd.)

(b) Capital management

The Internal Capital Adequacy Assessment Process ("ICAAP") encompasses the overall process where the Company ensures adequate capital is available to meet its capital requirements on an ongoing basis, under normal and stressed conditions, in line with BNM's Policy document on Internal Capital Adequacy Assessment for Insurers, Internal Capital Adequacy Assessment for Insurers, RBC and RBCT Frameworks and BNM's Policy Document on Stress Testing.

Based on the material risks identified, the Company assesses the overall capital adequacy, and develops the Capital Management Plan (“CMP”), where the main objective is to monitor and maintain, at all times, an appropriate level of capital which commensurate with the Company's business operations and the resultant risk profile.

The ICAAP Policy also requires the Company to set an Individual Target Capital Level ("ITCL") based on its business strategies, risk profiles and risk management practices. The Company’s prevailing ITCL is above the minimum regulatory capital requirements outlined under the RBC/RBCT Framework.

The CMP outlines the criteria, mechanism and process flow to manage the level of Capital Adequacy Ratio (“CAR”) of the Company. This includes the thresholds, triggers, and action plans in place which could be undertaken to reduce the level of risks or strengthen capital available. The action plans shall be triggered upon the CAR reaching the respective thresholds. These actions are chosen with consideration to the possible adverse scenarios relative to normal operating conditions.

31. Risk management framework (cont'd.)

(c) Regulatory framework

The Company is required to comply with the FSA 2013, and the IFSA 2013, the Companies Act 2016 and any other relevant Acts, and as applicable, Policy Documents issued by BNM from time to time.

In line with the RBC and RBCT Frameworks' requirements on capital adequacy, the Company actively manages its capital by taking into account the potential impact of business exposure on its business strategies, risk profiles and overall resilience.

The total capital available of the Company as at 31 March 2024, as prescribed and reported under the RBC and RBCT Frameworks, is provided below:

	2024 RM'000	2023 RM'000
Eligible Tier 1 Capital		
Share capital	663,106	663,106
Retained profits	1,563,874	1,145,673
Valuation (deficit)/surplus maintained in the retakaful funds	8,027	(296)
	2,235,007	1,808,483
Eligible Tier 2 Capital		
Revaluation reserve	52,353	50,376
Fair value reserve	47,983	38,719
Subordinated term debt	250,200	250,400
General reserves (merger deficit)	(9,618)	(9,618)
	340,918	329,877
Deductions	(144,524)	(106,909)
Total Capital Available	2,431,401	2,031,451

32. Insurance/takaful risk of reinsurance/retakaful

(a) Nature of risk

The Company principally underwrites general reinsurance and retakaful contracts in relation to the following main breakdown : Voluntary Cession and Auto facultative (VC and Auto Facultative), Facultative, Treaty - Proportional, and Treaty - Non Proportional. Risks under these contracts usually cover a twelve-month duration other than some long-term contracts such as construction contracts which may cover up to 3 years or more. The most significant risk arises from adverse development of claims and occurrence of new catastrophe losses. These risks vary significantly in relation to the economic conditions and territories from which the risks are underwritten. The Company is exposed to concentration risk through its reinsurance and retakaful contracts, which may be concentrated in certain geographic regions, line of business and type of coverages.

The above risks are mitigated by diversification across a large portfolio of business to ensure a balanced mix and spread of business. Diversification through the implementation of underwriting strategies reduces the volatility of losses and improves the overall portfolio experience.

The table below discloses the business by types of coverage, by local and overseas risks, by insurance contracts and takaful certificates issued:

Insurance/takaful contract liabilities

	Gross RM'000	Re-insurance/ retakaful RM'000	Net RM'000
2024			
VC and Auto Fac	688,392	20,904	709,296
Facultative	239,371	2,532	241,903
Treaty - Proportional	1,652,053	(30,862)	1,621,191
Treaty - Non proportional	288,197	(149,637)	138,560
Qard and UW Surplus	56,777	-	56,777
	2,924,790	(157,063)	2,767,727
Local	1,602,837	(82,441)	1,520,396
Overseas	1,321,953	(74,622)	1,247,331
	2,924,790	(157,063)	2,767,727
Reinsurance	2,800,572	(134,694)	2,665,878
Retakaful	124,218	(22,369)	101,849
	2,924,790	(157,063)	2,767,727

32. Insurance/takaful risk of reinsurance/retakaful (cont'd.)

(a) Nature of risk (cont'd.)

Insurance/takaful contract liabilities

	Gross RM'000	Re-insurance/ retakaful RM'000	Net RM'000
2023			
VC and Auto Fac	698,761	20,905	719,666
Facultative	233,906	387	234,293
Treaty - Proportional	1,491,108	8,784	1,499,892
Treaty - Non proportional	298,327	(264,911)	33,416
Qard and UW Surplus	37,557	-	37,557
	2,759,659	(234,835)	2,524,824
Local	1,630,651	(172,826)	1,457,825
Overseas	1,129,008	(62,009)	1,066,999
	2,759,659	(234,835)	2,524,824
Reinsurance	2,647,752	(209,146)	2,438,606
Retakaful	111,907	(25,689)	86,218
	2,759,659	(234,835)	2,524,824

The losses are further mitigated by ensuring that the Company’s retrocession/retrotakaful arrangements are effective and adequate. Clear underwriting guidelines as approved by the Board are used to ensure all risks are written in accordance with the approved limits and catastrophe aggregates are managed within the capacity of the retrocession programmes. Pricing tool ensures the risks exposures are adequately priced.

The Company's retrocession/retrotakaful programmes are reviewed annually by the Retrocession Committee ("RC") and GMRCC and subsequently, as delegated by the Board, recommended to the RMCB for approval. The RC is responsible to ensure all aspects of the business operations, risk management including risk appetite, risk tolerance and business strategies of the Company were taken into consideration in the overall procurement of Malaysian Re’s Retrocession program and being carried out in the best interest of the Company. Selection of reinsurers participating in the Retrocession programs of Malaysian Re is in accordance with the criteria stipulated by BNM and the Board.

32. Insurance/takaful risk of reinsurance/retakaful (cont'd.)

(a) Nature of risk (cont'd.)

Insurance/takaful contract liabilities (cont'd.)

Stress testing is performed at least once a year, or more frequently if required. The purpose of the stress testing is to test the solvency and financial viability of the general reinsurance/retakaful business under the various scenarios as guided by regulatory guidelines. Stress tests and scenario analysis are used to assess the Company’s ability to maintain minimum specified levels of capital and liquidity in exceptional but plausible events and ensure consideration of the financial impact of plausible events in the decision-making process and the effectiveness of management actions under stressed conditions.

(b) Catastrophe Risk

The risk that a single or a series of catastrophe events, usually over a short period, which leads to a high number of claims or single large loss or combination of both. The consequences of the risk are minimised by having retrocession/retrotakaful coverage in place and retention in line with the risk appetite of the Company.

(c) Premium/Contribution Risk

Premium/Contribution risk arises when premiums/contributions charged are insufficient to meet expected claims and expenses. This risk is mitigated by adhering to the underwriting guideline and ceding the risk above our risk appetite to retrocessionaires/retrotakaful providers with strong financial standing. Any deficiencies in the premium will be recognised in the income statement as loss component at the inception of the business.

(d) Reserving risk

The Company's establishes an insurance/takaful contract liabilities namely the liability for remaining coverage ("LRC") and liability for incurred claims ("LIC").

The LRC are computed using the pricing information, terms and conditions of the policy and assumptions of future cashflow which may come from previous premium/contribution and claims experience.

The LIC would rely on similar information adopted for LRC and additional information such as knowledge of incurred events and notification of a claim by its cedants. These claim reserves are updated periodically for further developments via advice from cedants and any updates on market loss events.

32. Insurance/takaful risk of reinsurance/retakaful (cont'd.)

(e) Impact on CSM, profit and equity

Key assumptions

Liabilities are determined based upon previous claims experience, existing knowledge of events, the terms and conditions of relevant contracts and interpretation of circumstances. Particularly relevant are past experiences with similar cases, historical claims development trends, legislative changes, judicial decisions and economic conditions.

The inherent uncertainties in estimating liabilities can arise from a variety of factors such as the range and quality of data available, underlying assumptions made and random volatility in future experience.

Sensitivity analysis ^

The insurance/takaful contract liabilities of the Company are sensitive to various key factors which are both internal and external. External factors to which the Company is sensitive to include:

(i) Claims practices of ceding companies;
(ii) Frequency and severity of claims incurred by cedants;
(iii) Changes in premium/contribution rates in insurance/takaful;
(iv) Changes in reinsurance/retakaful markets; and
(v) Legislative and regulatory changes.

The sensitivity analysis was applied to the ultimate loss ratio adopted for the LRC and LIC of the Company by increasing or decreasing the said ratio by 5%. The table below shows the impact on the Company’s gross and net claim liabilities, profit before zakat and taxation and equity should the ultimate loss ratio be increased/(decreased) by 5% :

2024

Increase 5% *	Impact on gross CSM ** RM'000	Impact on net CSM RM'000	Impact on profit before tax RM'000	Impact on equity *** RM'000
	<- Increase/(decrease) ->		<- Increase/(decrease) ->	
VC and Auto Fac	(5,860)	(5,860)	(30,343)	(27,916)
Facultative	(1,046)	(1,046)	(10,683)	(9,829)
Treaty - Proportional	(12,063)	(11,030)	(105,574)	(97,128)
Treaty - Non proportional	(2,010)	(2,008)	(11,896)	(10,945)
	(20,979)	(19,944)	(158,496)	(145,818)

32. Insurance/takaful risk of reinsurance/retakaful (cont'd.)

(e) Impact on CSM, profit and equity (cont'd.)

Sensitivity analysis ^ (cont'd.)

2024 (cont'd.)

Decrease 5% *	Impact on gross CSM ** RM'000	Impact on net CSM RM'000	Impact on profit before tax RM'000	Impact on equity *** RM'000
	<- Increase/(decrease) ->		<- Increase/(decrease) ->	
VC and Auto Fac	5,793	5,793	30,292	27,869
Facultative	960	960	10,671	9,817
Treaty - Proportional	7,994	6,737	96,625	88,895
Treaty - Non proportional	2,087	2,084	12,187	11,212
	16,834	15,574	149,775	137,793

2023

Increase 5% *	Impact on gross CSM ** RM'000	Impact on net CSM RM'000	Impact on profit before tax RM'000	Impact on equity *** RM'000
	<- Increase/(decrease) ->		<- Increase/(decrease) ->	
VC and Auto Fac	18,313	18,313	31,583	29,057
Facultative	791	791	10,917	10,044
Treaty - Proportional	17,382	16,604	91,179	83,884
Treaty - Non proportional	1,876	1,871	5,728	5,269
	38,362	37,579	139,407	128,254

32. Insurance/takaful risk of reinsurance/retakaful (cont'd.)

(e) Impact on CSM, profit and equity (cont'd.)

Sensitivity analysis ^ (cont'd.)

2023 (cont'd.)

Decrease 5% *	Impact on gross CSM ** RM'000	Impact on net CSM RM'000	Impact on profit before tax RM'000	Impact on equity *** RM'000
	<- Increase/(decrease) ->		<- Increase/(decrease) ->	
VC and Auto Fac	(17,546)	(17,546)	(31,341)	(28,834)
Facultative	(792)	(792)	(10,946)	(10,070)
Treaty - Proportional	(18,016)	(16,933)	(89,916)	(82,723)
Treaty - Non proportional	(1,870)	(1,865)	(5,738)	(5,279)
	(38,224)	(37,136)	(137,941)	(126,906)

* Stress is a multiplicative function.

** The amounts for the gross basis refer to both LIC & LRC.

*** The impact on equity reflects the impact after tax of 8% (2023: 8%), where applicable.

^ Comprise of sensitivity analysis for general reinsurance and general retakaful.

This analysis assumes that other factors relevant, but not significant, to the valuation of claim liabilities remain constant.

(f) Claims development table

The following tables show the estimate of cumulative ultimate incurred claims, including both claims provisions and IBNR for each successive underwriting year at each financial year end, along with cumulative claim payments to-date.

In setting provisions for claims, the Company gives consideration to the probability and magnitude of future experience at best estimate level with a degree of caution in setting reserves when there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience for an underwriting year is the greatest when the claim is at an early stage of development.

The ultimate liability projection for Underwriting Year 2024 will only be available once the Company has completed the underwriting of its business for the period from 1 January 2024 to 31 December 2024.

32. Insurance/takaful risk of reinsurance/retakaful (cont'd.)

(f) Claims development table (cont'd.)

Liability for Incurred Claims ("LIC") for 2024:

Underwriting year	Before 2017 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Subtotal RM'000
At the end of accident year		-	-	-	-	1,015,635	801,407	646,564	
One year later		-	-	-	926,423	1,443,904	1,486,803	-	
Two years later		-	-	803,946	916,687	1,560,518	-	-	
Three years later		-	839,794	796,453	890,144	-	-	-	
Four years later		625,661	823,012	787,445	-	-	-	-	
Five years later		631,193	813,669	-	-	-	-	-	
Six years later		626,744	-	-	-	-	-	-	
Current estimate of booked ultimate claims incurred (a) + (b)		**626,744**	**813,669**	**787,445**	**890,144**	**1,560,518**	**1,486,803**	**646,564**	
At the end of accident year		-	-	-	-	98,272	59,557	120,159	
One year later		-	-	-	332,955	634,343	441,457	-	
Two years later		-	-	504,333	519,684	1,010,685	-	-	
Three years later		-	689,320	598,163	633,530	-	-	-	
Four years later		543,550	705,750	649,437	-	-	-	-	
Five years later		566,080	731,274	-	-	-	-	-	
Six years later		587,399	-	-	-	-	-	-	
Cumulative payments to-date (b)		**587,399**	**731,274**	**649,437**	**633,530**	**1,010,685**	**441,457**	**120,159**	
Gross undiscounted LIC (a)	226,092	39,345	82,395	138,008	256,614	549,833	1,045,346	526,405	2,864,038

	RM'000
Latest UWY BE LIC	27,699
Claim handling expenses	25,754
Total Best Estimate of LIC	**2,917,491**
Risk Adjustment at 75% Confidence Interval	232,959
Discounting impact	(277,708)
Forex Impact	81,378
Trade balances	206,808
Incurred claims from Family Retakaful and Shareholder funds	107,988
Total Gross LIC	**3,268,916**

32. Insurance/takaful risk of reinsurance/retakaful (cont'd.)

(f) Claims development table (cont'd.)

Net LIC for 2024:

Underwriting year	**Before 2017 RM'000**	**2017 RM'000**	**2018 RM'000**	**2019 RM'000**	**2020 RM'000**	**2021 RM'000**	**2022 RM'000**	**2023 RM'000**	**Subtotal RM'000**
At the end of accident year		-	-	-	-	701,161	792,897	580,971	
One year later		-	-	-	904,785	1,073,931	1,428,386	-	
Two years later		-	-	791,937	895,116	1,207,310	-	-	
Three years later		-	736,048	787,432	873,784	-	-	-	
Four years later		606,856	728,215	778,864	-	-	-	-	
Five years later		611,389	716,569	-	-	-	-	-	
Six years later		608,658	-	-	-	-	-	-	
Current estimate of booked ultimate claims incurred (a) + (b)		**608,658**	**716,569**	**778,864**	**873,784**	**1,207,310**	**1,428,386**	**580,971**	
At the end of accident year		-	-	-	-	98,202	55,134	98,521	
One year later		-	-	-	332,824	407,912	413,189	-	
Two years later		-	-	504,280	519,622	694,992	-	-	
Three years later		-	600,630	596,451	633,436	-	-	-	
Four years later		530,020	616,488	646,642	-	-	-	-	
Five years later		550,041	641,452	-	-	-	-	-	
Six years later		572,564	-	-	-	-	-	-	
Cumulative payments to-date (b)		**572,564**	**641,452**	**646,642**	**633,436**	**694,992**	**413,189**	**98,521**	
Net undiscounted LIC (a)	220,230	36,094	75,117	132,222	240,348	512,318	1,015,197	482,450	2,713,976

	RM'000
Latest UWY BE AIC	26,404
Claim handling expenses	25,754
Total Best Estimate of AIC	**2,766,134**
Fund PRAD at 75% confidence interval	218,415
Discounting impact	(265,976)
Forex Impact	79,674
Trade balance	144,271
Incurred claims from Family Retakaful and Shareholder funds	52,081
Total Net LIC	**2,994,599**

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32. Insurance/takaful risk of reinsurance/retakaful (cont'd.)

(f) Claims development table (cont'd.)

LIC for 2023:

Underwriting year	Before 2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Subtotal RM'000
At the end of accident year		-	-	-	-	-	1,015,635	801,407	
One year later		-	-	-	-	926,423	1,443,904	-	
Two years later		-	-	-	803,946	916,687	-	-	
Three years later		-	-	839,794	796,453	-	-	-	
Four years later		-	625,661	823,012	-	-	-	-	
Five years later		739,338	631,193	-	-	-	-	-	
Six years later		743,635	-	-	-	-	-	-	
Current estimate of booked ultimate claims incurred (a) + (b)		**743,635**	**631,193**	**823,012**	**796,453**	**916,687**	**1,443,904**	**801,407**	
At the end of accident year		-	-	-	-	-	98,272	59,557	
One year later		-	-	-	-	332,955	634,343	-	
Two years later		-	-	-	504,333	519,684	-	-	
Three years later		-	-	689,320	598,163	-	-	-	
Four years later		-	543,550	705,750	-	-	-	-	
Five years later		669,423	566,080	-	-	-	-	-	
Seven years later		691,464	-	-	-	-	-	-	
Cumulative payments to-date (b)		**691,464**	**566,080**	**705,750**	**598,163**	**519,684**	**634,343**	**59,557**	
Gross undiscounted LIC (a)	218,509	52,171	65,113	117,262	198,290	397,003	809,561	741,850	2,599,759
Latest UWY BE LIC									90,156
Claim handling expenses									15,982
Total Best Estimate of LIC									**2,705,896**
Risk Adjustment at 75% Confidence Interval									214,806
Discounting impact									(183,084)
Forex Impact									8,253
Trade balances									158,794
Incurred claims from Family Retakaful and Shareholder funds									44,978
Total Gross LIC									**2,949,643**

32. Insurance/takaful risk of reinsurance/retakaful (cont'd.)

(f) Claims development table (cont'd.)

Net LIC for 2023:

Underwriting year	**Before 2016 RM'000**	**2016 RM'000**	**2017 RM'000**	**2018 RM'000**	**2019 RM'000**	**2020 RM'000**	**2021 RM'000**	**2022 RM'000**	**Subtotal RM'000**
At the end of accident year		-	-	-	-	-	701,161	792,897	
One year later		-	-	-	-	904,785	1,073,931	-	
Two years later		-	-	-	791,936	895,116	-	-	
Three years later		-	-	736,048	787,432	-	-	-	
Four years later		-	606,856	728,215	-	-	-	-	
Five years later		730,080	611,390	-	-	-	-	-	
Six years later		734,130	-	-	-	-	-	-	
Current estimate of booked ultimate claims incurred (a) + (b)		**734,130**	**611,390**	**728,215**	**787,432**	**895,116**	**1,073,931**	**792,897**	
At the end of accident year		-	-	-	-	-	98,202	55,133	
One year later		-	-	-	-	332,823	407,913	-	
Two years later		-	-	-	504,281	519,622	-	-	
Three years later		-	-	600,631	596,451	-	-	-	
Four years later		-	530,019	616,488	-	-	-	-	
Five years later		660,517	550,041	-	-	-	-	-	
Six years later		682,556	-	-	-	-	-	-	
Cumulative payments to-date (b)		**682,556**	**550,041**	**616,488**	**596,451**	**519,622**	**407,913**	**55,133**	
Net undiscounted LIC (a)	212,069	51,574	61,349	111,727	190,981	375,494	666,018	737,764	2,406,976

	RM'000
Latest UWY BE LIC	88,095
Claim handling expenses	15,982
Total Best Estimate of LIC	**2,511,053**
Risk Adjustment at 75% Confidence Interval	196,239
Discounting impact	(170,259)
Forex Impact	8,272
Trade balances	112,975
Incurred claims from Family Retakaful and Shareholder funds	11,904
Total Net LIC	2,670,184

33. Takaful risk of family retakaful

(a) Nature of risk

The Company principally underwrites family retakaful contracts in relation to the following main breakdown : Facultative, Treaty - Proportional treaty, and Treaty - Non Proportional treaty, covering mortality, morbidity and health, which includes critical illnesses risks and medical related risks.

The actual experience of the underwritten risks is reviewed periodically to ensure that appropriate policies, guidelines and limits put in place to manage these risks remain adequate and appropriate.

Family retakaful underwriting risk relates to the pricing and loss ratios arising from family retakaful products. The risks arise when actual claims experience is different from the assumptions used in setting the yearly renewable rates for retakaful products. Deviations in actual claims experience compared to the assumptions used may be due to deviations in actual underwritten risks experience. The family retakaful business is exposed to concentration risk through its retakaful contracts, which may be concentrated in certain geographic regions and type of coverages.

Stress testing is performed on a atleast once a year, or more frequently if required. The purpose of the stress testing is to test the solvency and financial viability of the family retakaful fund under the various scenarios according to regulatory guidelines. Stress tests and scenario analysis are used to assess the Company's ability to maintain minimum specified levels of capital and liquidity in exceptional but plausible events and ensure consideration of the financial impact of plausible events in the decision-making process and the effectiveness of management actions under stressed conditions.

33. Takaful risk of family retakaful (cont'd.)

(b) Catastrophe Risk

The risk that a single or a series of catastrophe events, usually over a short period, which leads to a high number of claims or single large loss or combination of both.

(c) Contribution Risk

Contribution risk arises when contributions charged are insufficient to meet expected claims and expenses.

(d) Impact on CSM, profit and equity

Key assumptions

The Company is being guided by the regulators and relevant guidelines in determining the liabilities and the choice of assumptions. Assumptions used are based on past experience, current internal data, external market indices and benchmarks and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

Sensitivity analysis

The family retakaful fund's claim liabilities are sensitive to changes in loss ratios.

Due to limited information, the sensitivity analysis was applied to the ultimate loss ratio of the family retakaful fund by increasing/(decreasing) the said ratio by 5%. The table below shows the impact on the family retakaful fund’s gross and net CSM, surplus/(deficit) before tax and family retakaful fund should the ultimate loss ratio be increased/(decreased) by 5%:

33. Takaful risk of family retakaful (cont'd.)

(d) Impact on CSM, profit and equity (cont'd.)

Increase 5% *	Impact on gross CSM ** RM'000	Impact on net CSM RM'000	Impact on profit before tax RM'000	Impact on equity *** RM'000
	<- Increase/(decrease) ->		<- Increase/(decrease) ->	
2024				
Treaty - Proportional treaty	(1)	(1)	(12,711)	(11,694)
Treaty - Non proportional treaty	-	-	(504)	(464)
	(1)	(1)	(13,215)	(12,158)
2023				
Treaty - Proportional treaty	(1,061)	(1,061)	(9,155)	(8,423)
Treaty - Non proportional treaty	-	-	-	-
	(1,061)	(1,061)	(9,155)	(8,423)

Decrease 5% *	Impact on gross CSM ** RM'000	Impact on net CSM RM'000	Impact on profit before tax RM'000	Impact on equity *** RM'000
	<- Increase/(decrease) ->		<- Increase/(decrease) ->	
2024				
Treaty - Proportional treaty	968	968	8,594	7,907
Treaty - Non proportional treaty	-	-	504	464
	968	968	9,098	8,371
2023				
Treaty - Proportional treaty	1,063	1,063	5,124	4,714
Treaty - Non proportional treaty	-	-	-	-
	1,063	1,063	5,124	4,714

* Stress is a multiplicative function.

** The amounts for the gross basis refer to both LIC & LRC.

*** The impact on equity reflects the impact after tax of 8% (2023: 8%), where applicable.

This analysis assumes that other factors relevant, but not significant, to the valuation of claim liabilities remain constant.

34. Financial risk

Transactions in financial instruments may result in the Company assuming financial risks. These include credit risk, liquidity risk and market risk. This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing such risks.

(a) Credit risk

Credit risk is the risk that counterparty fails on its financial obligations/does not honor its contract/default.

Credit risk includes the following major elements:

(i) An investment credit risk which is the risk of financial loss arising from a change in the value of an investment. This is linked to the creditworthiness and the expected ability of the issuer and/or financial institution ("counterparty") to make timely payment of profit/interest and/or principal. Any adverse situation faced by the counterparty may result in rating downgrades and default which may impact the value as well as liquidity of the investments;

(ii) A derivative counterparty risk which is the risk of financial loss arising from a derivative counterparty's default, or the deterioration of the derivative counterparty's financial position;

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

(iii) Reinsurance/retakaful counterparty risk which is the risk of financial loss arising from the default or deterioration of the solvency position of the counterparties; and

The Company is exposed to investment credit risk on its investment portfolio, primarily from investments in bonds/sukuks. Creditworthiness assessments encompass thorough evaluations of the financial stability, performance and credit ratings of potential new and existing investments are undertaken by the Company in accordance with the guidelines outlined in the Group Investment Policy ("GIP") as approved by the Board. In addition, the credit ratings of the bonds/sukuks portfolios are regularly monitored and any downgrade in credit ratings triggers an immediate evaluation process to determine the appropriate course of action. This evaluation involves assessing the impact of the downgrade on the overall risk profile of the portfolio and implementing necessary measures to mitigate associated risks. As at the reporting date, the Company's bonds/sukuks portfolio has no material exposure below investment grade. In addition, the Company assesses credit risk for other asset classes by evaluating credit ratings, financial health of the issuer or counterparty, and market conditions to ensure the credit exposure of the portfolio is within the appropriate counterparty limits and risk appetites.

The Company is exposed to reinsurance/retakaful counterparty risks of three different types:

(i) as a result of recoveries owing from the counterparties for claims/benefits;

(ii) from amounts due from ceding companies; and

(iii) as a result of reserves held by the counterparties which would have to be met by the Company in the event of default.

Management of credit risk

In order to manage and mitigate credit risk, the following policies and procedures were set in place:

(i) Group Credit Risk Management Policy sets out key processes for credit risk management with primary focus on pro-actively identifying, assessing and monitoring credit related exposure within the business;

(ii) Investment policies prescribe the minimum credit rating for Corporate Bonds and Sukuk that may be invested to mitigate the likelihood of potential default of any individual counterparty;

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Management of credit risk (cont'd.)

(iii) In establishing internal single counterparty limits for Financial Institutions ("FI") for money market placements and other investment instruments, credit ratings and financial strength of the FIs are the key determinants to set the limit. These FIs limits are set to prevent excessive risk concentration of a particular FIs;

(iv) The Company's investment portfolio is managed to ensure diversification and focuses on high quality investment grade fixed income securities and equity with good fundamentals; and

(v) To mitigate reinsurance/retakaful counterparty risk, the Company will give due consideration to the credit quality of the counterparties. To facilitate this process, a list of counterparties based on their rating is maintained. The Company regularly reviews the financial security of its counterparties.

Credit exposure by credit rating

The table below provides information regarding the credit risk exposures of the Company by classifying financial and insurance/takaful assets according to the credit ratings of counterparties. The reinsurers'/retakaful operators' share of unearned premium/contribution reserves have been excluded from the analysis as they are not contractual obligations.

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Credit exposure by credit rating (cont'd.)

2024	Government guaranteed RM'000	AAA/P1 to BBB RM'000	BB to CC RM'000	Not subject to credit risk RM'000	Not rated RM'000	Total RM'000
Financial assets at FVTPL						
Designated upon initial recognition:						
Government investment issues	649	-	-	-	-	649
Mandatorily measured:						
Malaysian government securities	301,812	-	-	-	-	301,812
Government investment issues	379,665	-	-	-	-	379,665
Quoted shares in Malaysia:						
Shariah approved equities	-	-	-	71,938	-	71,938
Others	-	-	-	12,237	-	12,237
Perpetual bond in Malaysia	-	4,964	-	-	-	4,964
Corporate debt securities	148,057	586,585	-	-	5,576	740,218
Shariah approved real estate investment trusts	-	-	-	903	-	903
Non-Shariah approved real estate investment trusts	-	-	-	9,050	-	9,050
Shariah approved unit trust funds	-	-	-	21,208	-	21,208
Derivative	-	-	-	(319)	-	(319)
Financial assets at FVOCI						
Unquoted shares in Malaysia	-	-	-	87,666	-	87,666
Golf club membership	-	-	-	65	-	65

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Credit exposure by credit rating (cont'd.)

2024 (cont'd.)	Government guaranteed RM'000	AAA/P1 to BBB RM'000	BB to CC RM'000	Not subject to credit risk RM'000	Not rated RM'000	Total RM'000
Financial assets at amortised cost						
Deposit placements with licensed:						
Commercial banks	-	190,239	-	-	-	190,239
Foreign banks	-	776,868	-	-	-	776,868
Islamic banks	-	2,114,967	-	-	-	2,114,967
Development bank	-	182,484	-	-	-	182,484
Commercial paper	-	59,569	-	-	-	59,569
Secured staff loans:						
Receivable within 12 months	-	-	-	-	54	54
Receivable after 12 months	-	-	-	-	1,102	1,102
Income due and accrued	11,122	36,034	-	355	78	47,589
Due from Lloyds' Syndicate	-	40,573	-	-	-	40,573
Due from associate and fellow subsidiaries	-	650	-	-	-	650
Sundry receivables	-	-	-	-	3,230	3,230
Insurance/takaful contract assets	-	-	-	-	7,489	7,489
Reinsurance/retakaful contract assets	-	-	-	-	162,744	162,744
Cash and bank balances	-	84,472	-	-	-	84,472
Financial and insurance/takaful assets	841,305	4,077,405	-	203,103	180,273	5,302,086

\# Balances excluding premium/contribution liabilities

* Not-rated balances primarily relate to balances due/recoverable from insurers/reinsurers and/or takaful operators/retakaful operators licensed under the FSA 2013, IFSA 2013 and Labuan Financial Services and Securities Act 2010 (LFSSA) respectively.

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Credit exposure by credit rating (cont'd.)

	Government guaranteed RM'000	AAA to BBB RM'000	BB to CC RM'000	Not subject to credit risk RM'000	Not rated RM'000	Total RM'000
2023						
Financial assets at FVTPL						
Designated upon initial recognition:						
Corporate debt securities	-	302	-	-	-	302
Government investment issues	646	-	-	-	-	646
Mandatorily measured:						
Quoted shares in Malaysia:						
Shariah approved equities	-	-	-	60,629	-	60,629
Others	-	-	-	56,296	-	56,296
Perpetual bond in Malaysia	-	4,884	-	-	-	4,884
Corporate debt securities	-	-	-	-	5,576	5,576
Shariah approved real estate investment trusts	-	-	-	903	-	903
Non-Shariah approved real estate investment trusts	-	-	-	8,694	-	8,694
Shariah approved unit trust funds	-	-	-	67,578	-	67,578
Derivative	-	-	-	69	-	69
Financial assets at FVOCI						
Corporate debt securities	145,969	489,603	-	-	-	635,572
Government investment issues	389,456	-	-	-	-	389,456
Malaysian government securities	89,773	-	-	-	-	89,773
Unquoted shares in Malaysia	-	-	-	87,119	-	87,119
Golf club membership	-	-	-	65	-	65

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Credit exposure by credit rating (cont'd.)

	Government guaranteed RM'000	AAA to BBB RM'000	BB to CC RM'000	Not subject to credit risk RM'000	Not rated RM'000	Total RM'000
2023 (cont'd.)						
At amortised cost (cont'd.)						
Deposit placements with licensed:						
Commercial banks	-	114,400	-	-	-	114,400
Foreign banks	-	530,511	-	-	-	530,511
Islamic banks	-	2,131,636	-	-	-	2,131,636
Development banks	-	115,534	-	-	-	115,534
Secured staff loans:						
Receivable within 12 months	-	-	-	-	183	183
Receivable after 12 months	-	-	-	-	1,154	1,154
Income due and accrued	4,872	16,510	-	789	156	22,327
Due from Lloyds' Syndicate	-	50,812	-	-	-	50,812
Due from associate and fellow subsidiaries	-	6,312	-	-	-	6,312
Sundry receivables	-	-	-	-	4,489	4,489
Insurance/takaful contract assets	-	-	-	-	4,170	4,170
Reinsurance/retakaful contract assets	-	-	-	-	234,857	234,857
Cash and bank balances	-	136,858	-	-	-	136,858
Financial and insurance/takaful assets	630,716	3,597,362	-	282,142	250,585	4,760,805

Balances excluding premium/contribution liabilities

* Not-rated balances primarily relate to balances due/recoverable from insurers/reinsurers and/or takaful operators/retakaful operators licensed under the FSA 2013, IFSA 2013 and Labuan Financial Services and Securities Act 2010 (LFSSA) respectively.

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Investment assets - Reconciliation of allowance account

Significant increase in credit risk ("SICR")

The Company applies the General Approach or the ‘three-bucket’ approach which is based on the change in credit quality of financial instruments since initial recognition to assess the impairment for investment assets. In particular, recognition of Expected Credit Loss (“ECL”) is dependent on which of the three stages a particular financial instrument is assigned to. Assets move through the three stages as credit quality changes and the stages dictate how the Company measures impairment losses and applies the effective interest rate (“EIR”) method with a forward-looking element to compute the ECL.

The Company has considered both quantitative and qualitative parameters in the assessment of credit risk status from the initial recognition of the securities and at the financial year end.

Expected credit loss

The Company assesses the possible default events within 12 months for the calculation of the 12-month ECL in Stage 1. Given the impairment policy, the probability of default for new instruments acquired is generally determined to be minimal, in addition to the exception rule to apply zero loss given default ratio to specified financial assets which is applicable to the Company.

A newly purchased or originated financial assets will be subject to ECL upon recognition in Stage 1.

To estimate the lifetime ECL for financial instruments classified in Stage 2, the Company is required to estimate the probability of default occurring in the 12 months after the financial year end and in each subsequent year throughout the expected life of the financial instruments.

The financial assets are credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial assets have occurred.
As at the financial year end, all financial assets at amortised cost held by the Company are classified as Stage 1. The credit rating of these financial assets at amortised cost are as disclosed above in Note 34(a).

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Investment assets - Reconciliation of allowance account (cont'd.)

Expected credit loss ("ECL")(cont'd.)

The following table shows the carrying value of the Company's financial assets measured at AC and the expected credit loss amount recognised.

	2024 RM'000	2023 RM'000
Total carrying amount of financial assets at AC	3,417,348	2,977,358

Movements in allowances for impairment losses for financial investments measured at AC are as follows:

	AC RM'000
Balance as at 1 April 2022	1
Net adjustment of loss allowances	(1)
Balance as at 31 March 2023	-
Net adjustment of loss allowances	(22)
Balance as at 31 March 2024	(22)

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

<u>Other financial assets - Reconciliation of allowance account</u>

Other financial assets consist of reinsurance/retakaful assets and insurance/takaful receivables within the balance of the insurance contract liabilities.

Definition of default

The Company considers a financial asset to be in default by assessing the following criteria:

(i) Quantitative criteria

Insurance/takaful receivables are considered to be in default when the counterparty fails to make contractual payments within 24 months when they fall due, which is derived based on the Company's historical information. For reinsurance/retakaful deposits placed, balances aged more than 18 months are deemed to be credit impaired.

(ii) Qualitative criteria

Default occurs when the counterparty is in bankruptcy or has indications of potentially significant financial difficulty such as lawsuits or similar actions that threaten the financial viability of the counterparty.

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for credit risk management purposes. The default definition has been applied consistently to model the PD, LGD and EAD throughout the Company's expected loss calculations.

Incorporation of forward-looking information

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Company has performed historical analyses and identified key economic variables impacting credit risk and expected credit losses for each portfolio.

The sensitivity of the ECL to the economic variable assumptions affecting the calculation of ECL was not material to the Company.

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Other financial assets - Reconciliation of allowance account (cont'd.)

Expected credit loss

Set out below is the information about the credit risk exposure on the Company's insurance/takaful receivables using a provision matrix:

	Months past due						
	Not due RM'000	1 to 6 months RM'000	7 to 12 months RM'000	13 to 18 months RM'000	19 to 24 months RM'000	More than 24 months RM'000	Total RM'000
31 March 2024							
ECL rate	0.14%	0.31%	2.27%	9.20%	33.25%	36.27%	
Gross carrying amount	369,687	311,351	20,016	8,708	1,251	6,162	717,175
Allowance for ECL	503	973	454	801	416	2,235	5,382
31 March 2023							
ECL rate	0.14%	0.38%	1.89%	7.36%	19.54%	48.37%	
Gross carrying amount	320,804	214,325	22,696	8,271	1,392	8,201	575,689
Allowance for ECL	440	805	428	609	272	3,967	6,521

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Other financial assets - Reconciliation of allowance account (cont'd.)

Expected credit loss (cont'd.)

The following table shows the movement in gross insurance/takaful receivables and the loss allowances recognised for credit impaired receivables.

	Not credit impaired RM'000	Credit impaired RM'000	Total RM'000
Gross carrying amounts			
2024			
As at 1 April 2023	570,471	5,218	575,689
Increase during the year	140,380	1,106	141,486
As at 31 March 2024	710,851	6,324	717,175
2023			
As at 1 April 2022	506,530	5,190	511,720
Increase during the year	63,941	28	63,969
As at 31 March 2023	570,471	5,218	575,689
Allowance for ECL			
2024			
As at 1 April 2023	2,498	4,023	6,521
Net increase/(decrease) during the year	531	(1,670)	(1,139)
As at 31 March 2024	3,029	2,353	5,382
2023			
As at 1 April 2022	1,235	3,434	4,669
Net increase during the year	1,263	589	1,852
As at 31 March 2023	2,498	4,023	6,521

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Other financial assets - Reconciliation of allowance account (cont'd.)

Expected credit loss (cont'd.)

Movements in allowances for impairment losses for insurance/takaful receivables by individual and collective allowances are as follows:

	Individually impaired RM'000	Collectively impaired RM'000	Total RM'000
2024			
As at 1 April 2023	3,060	3,461	6,521
(Decrease)/increase of impairment losses during the year	(2,666)	1,527	(1,139)
As at 31 March 2024	394	4,988	5,382
2023			
As at 1 April 2022	2,161	2,508	4,669
Increase of impairment losses during the year	899	953	1,852
As at 31 March 2023	3,060	3,461	6,521

(b) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources available to meet its payment obligations without incurring material additional costs.

The Company assesses its liquidity risk by ensuring the following:

(i) the Company is able to meet its payment obligations under normal and stressed operating environments without suffering any loss;

(ii) additions/withdrawals from the Company’s investment funds are managed efficiently; and

(iii) appropriate measures are in place to respond to liquidity risk.

34. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

As part of its liquidity management strategy, the Company has in place the Group Liquidity Management Policy which outlines the processes capable of measuring and reporting on:

(i) daily cash flows;

(ii) minimum liquidity holdings;

(iii) the composition and market values of the Company's investment portfolios, including liquid holdings;

(iv) The holding of liquid assets in the Company's funds; and

(v) Liquidity risk position.

To manage the liquidity of the reinsurance/retakaful funds, the investment mandate requires that a certain proportion of the reinsurance/retakaful funds is maintained as liquid assets in line with BNM's RBC Framework and RBCT Framework requirements for liquid assets.

For general fund, the minimum limit for deposits is 10% of the gross average total claims incurred for the three preceding financial years.

Maturity profiles

The table below summarises the maturity profile of the assets and liabilities of the Company based on remaining undiscounted contractual obligations, including interest/profit payable and receivable.

For insurance/takaful contract liabilities and reinsurance/retakaful assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance/takaful liabilities. The Company's share of expense liabilities, unearned premium reserves and unearned contribution reserves have been excluded from the analysis as they are not contractual obligations.

34. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

2024	Carrying value RM'000	Up to 1 year RM'000	1-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
Financial assets at FVTPL						
Designated upon initial recognition:						
Government investment issues	649	649	-	-	-	649
Malaysian government securities	301,812	10,132	106,056	265,338	-	381,526
Mandatorily measured:						
Government investment issues	379,665	49,147	200,720	206,447	-	456,314
Quoted shares in Malaysia:						
Shariah approved equities	71,938	-	-	-	71,938	71,938
Others	12,237	-	-	-	12,237	12,237
Perpetual bond in Malaysia	4,964	180	5,122	-	-	5,302
Corporate debt securities	740,218	178,495	327,143	295,988	-	801,626
Shariah approved real estate investment trusts	903	-	-	-	903	903
Non-Shariah approved real estate investment trusts	9,050	-	-	-	9,050	9,050
Shariah approved unit trust funds	21,208	-	-	-	21,208	21,208
Derivative	(319)	-	-	-	(319)	(319)

34. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

	Carrying value RM'000	Up to 1 year RM'000	1-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
2024 (cont'd.)						
Financial assets at FVOCI						
Unquoted shares in Malaysia	87,666	-	-	-	87,666	87,666
Golf club membership	65	-	-	-	65	65
Financial assets at amortised cost						
Deposit placements with licensed:						
Commercial banks	190,239	192,453	-	-	-	192,453
Foreign banks	776,868	779,389	-	-	-	779,389
Islamic banks	2,114,967	2,138,126	-	-	-	2,138,126
Development bank	182,484	185,410	-	-	-	185,410
Commercial paper	59,569	60,000	-	-	-	60,000
Secured staff loans:						
Receivable within 12 months	54	54	-	-	-	54
Receivable after 12 months	1,102	-	1,102	-	-	1,102
Amount due from Insurance Pool accounts	23	23	-	-	-	23
Income due and accrued	47,589	47,589	-	-	-	47,589
Due from Lloyds' syndicate	40,573	-	40,573	-	-	40,573
Due from associate and fellow subsidiaries	650	650	-	-	-	650
Sundry receivables	3,230	3,230	-	-	-	3,230

34. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

	Carrying value RM'000	Up to 1 year RM'000	1-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
2024 (cont'd.)						
Insurance/takaful contract assets	7,489	-	-	-	7,489	7,489
Reinsurance/retakaful contract assets	162,744	71,979	84,083	13,523	(6,841)	162,744
Cash and bank balances	84,472	84,472	-	-	-	84,472
Financial and insurance/takaful assets	5,302,109	3,801,978	764,799	781,296	203,396	5,551,469
Borrowing	(251,000)	(12,660)	(114,009)	(226,807)	-	(353,476)
Insurance/takaful contract liabilities	(2,932,279)	(1,357,637)	(1,526,343)	(70,660)	22,361	(2,932,279)
Reinsurance/retakaful contract liabilities	(5,681)	-	-	-	(5,681)	(5,681)
Other payables (excluding provisions)	(22,988)	(22,988)	-	-	-	(22,988)
Financial and insurance/takaful liabilities	(3,211,948)	(1,393,285)	(1,640,352)	(297,467)	16,680	(3,314,424)
Surplus/(deficit)	2,090,161	2,408,693	(875,553)	483,829	220,076	2,237,045

Balances excluding premium/contribution liabilities

34. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

	Carrying value RM'000	Up to 1 year RM'000	1-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
2023						
Financial assets at FVTPL						
Designated upon initial recognition:						
Corporate debt securities	302	303	-	-	-	303
Government investment issues	-	22	728	-	-	750
Mandatorily measured:						
Quoted shares in Malaysia:						
Shariah approved equities	60,629	-	-	-	60,629	60,629
Others	56,296	-	-	-	56,296	56,296
Perpetual bond in Malaysia	4,884	-	-	-	5,482	5,482
Corporate debt securities	5,576	464	1,856	23,232	-	25,552
Shariah approved real estate investment trusts	903	-	-	-	903	903
Non-Shariah approved real estate investment trusts	8,694	-	-	-	8,694	8,694
Shariah approved unit trust funds	67,578	-	-	-	67,578	67,578
Derivative	69	-	-	-	69	69
Financial assets at FVOCI						
Corporate debt securities	635,572	135,843	359,916	272,373	-	768,132
Government investment issues	389,456	44,472	239,884	196,467	-	480,823
Malaysian government securities	89,773	3,398	42,725	70,617	-	116,740

34. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

	Carrying value RM'000	Up to 1 year RM'000	1-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
2023 (cont'd.)						
Financial assets at FVOCI						
Unquoted shares in Malaysia	87,119	-	-	-	87,119	87,119
Golf club membership	65	-	-	-	65	65
Financial assets at amortised cost						
Deposit placements with licensed:						
Commercial banks	114,400	114,733	-	-	-	114,733
Foreign banks	530,511	536,418	-	-	-	536,418
Islamic banks	2,131,636	2,152,446	-	-	-	2,152,446
Development bank	115,534	117,795	-	-	-	117,795
Secured staff loans:						
Receivable within 12 months	183	183	-	-	-	183
Receivable after 12 months	1,154	-	1,154	-	-	1,154
Income due and accrued	22,327	22,327	-	-	-	22,327
Due from Lloyds' syndicate	50,812	-	50,812	-	-	50,812

34. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

	Carrying value RM'000	Up to 1 year RM'000	1-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
2023 (cont'd.)						
Financial assets at amortised cost (cont'd.)						
Due from associate and fellow subsidiaries	6,312	6,312	-	-	-	6,312
Sundry receivables	4,489	4,489	-	-	-	4,489
Insurance/takaful contract assets	4,170	-	-	-	4,170	4,170
Reinsurance/retakaful contract assets	234,857	83,951	121,471	518	28,917	234,857
Cash and bank balances	136,858	136,858	-	-	-	136,858
Financial and insurance/takaful assets	4,760,159	3,360,014	818,546	563,207	319,922	5,061,689
Borrowing	(251,000)	(12,694)	(51,495)	(291,545)	-	(355,734)
Insurance/takaful contract liabilities	(2,763,829)	(1,281,020)	(1,384,655)	(55,212)	(42,942)	(2,763,829)
Reinsurance/retakaful contract liabilities	(22)	-	-	-	(22)	(22)
Other payables (excluding provisions)	(22,578)	(22,578)	-	-	-	(22,578)
Financial and insurance/takaful liabilities	(3,037,429)	(1,316,292)	(1,436,150)	(346,757)	(42,964)	(3,142,163)
Surplus/(deficit)	1,722,730	2,043,722	(617,604)	216,450	276,958	1,919,526

Balances excluding premium/contribution liabilities

34. Financial risk (cont'd.)

(c) Market risk

Market risk is the risk of loss arising from a change in the values of, or the income from, financial assets. A risk of loss also arises from volatility in asset prices, interest/profit rates, or foreign currency exchange rates. Market risk includes the following elements:

(i) Price risk which is the risk of fluctuations in the fair value or future cash flows of a financial instrument impacting the equity and collective investment schemes (property trusts and unit trust funds) prices;

(ii) Foreign exchange risk which is the risk of fluctuations in the fair value or future cash flows of a financial instrument arising from a movement of or volatility in exchange rates;

(iii) Interest/profit rate risk which is the risk of fluctuations in the fair value or future cash flows of a financial instrument arising from variability in interest/profit rates; and

(iv) Property investment risk which is the risk of fluctuations in the fair value or future cash flows of a property arising from decline in real estate values or income, where the Company has invested in property or real estate for own occupancy, investment or rental purpose.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument fluctuates because of changes in market prices (other than those arising from interest rate/profit rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting similar financial instruments traded in the market.

The Company's price risk exposures relate to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices.

The Company manages such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each sector, market and issuer, having regard also to such limits as stipulated by BNM. The Company complied with such limits as stipulated by BNM during the financial year and had no significant concentration of price risk.

<u>Sensitivity analysis</u>

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity (inclusive of the impact on other comprehensive income). The correlation of variables has a significant effect in determining the ultimate impact on price risk. Additionally, changes in variables are considered individually. It should be noted that movements in these variables are non-linear.

34. Financial risk (cont'd.)

(c) Market risk (cont'd.)

Price risk (cont'd.)

	Changes in variable	Impact on profit before tax RM'000	Impact on equity* RM'000
		<--Increase/(decrease)-->	
2024			
Price/NAV	+5%	4,706	8,713
Price/NAV	-5%	(4,706)	(8,713)
2023			
Price/NAV	+5%	6,326	10,176
Price/NAV	-5%	(6,326)	(10,176)

* The impact on equity reflects adjustments for tax at 8% (2023: 8%), where applicable.

The method used in performing the sensitivity analysis was consistent with the prior year.

Foreign exchange risk/currency risk

Currency risk is the risk that the fair value or future cash flows of financial assets and/or liabilities will fluctuate because of movements in foreign currency exchange rates.

The Company's primary transactions are carried out in Ringgit Malaysia (RM) and its exposure to foreign exchange risk arises principally because of its foreign currency denominated underwriting revenues (such as premiums/contributions) and expenses (such as claims/benefits and commission expenses).

The Company has a foreign exchange risk management plan in place and is continuously enhancing its risk mitigation measures. The management's Asset & Liability Committee convenes regular meetings to discuss and deliberate on foreign exchange related issues including hedging strategy to reduce unhedged foreign exchange, as well as other measures to mitigate foreign exchange risk.

Sensitivity analysis

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on gross and net claim liabilities, profit before zakat and taxation and equity. The sensitivity analysis was applied to the Company's gross and net claim liabilities in foreign currencies, while the impact on profit before zakat and taxation and equity includes the hedging effect from the backing assets held in the respective foreign currencies.

34. Financial risk (cont'd.)

(c) Market risk (cont'd.)

Foreign exchange risk/currency risk (cont'd.)

	Changes in variable *	Impact on gross CSM ** RM'000	Impact on net CSM RM'000	Impact on profit before tax RM'000	Impact on equity *** RM'000
		<- Increase/(decrease) ->		<- (Decrease)/increase->	
2024					
Foreign currency	+5%	6,366	4,380	24,510	22,549
Foreign currency	-5%	(6,366)	(4,380)	(24,510)	(22,549)
2023					
Foreign currency	+5%	7,000	5,894	20,240	18,620
Foreign currency	-5%	(7,000)	(5,894)	(20,240)	(18,620)

* Stress is a multiplicative function.
** The amounts for the gross basis refer to both LIC & LRC.
*** The impact on equity reflects adjustments for tax at 8% (2023: 8%), where applicable.

Changes in these key assumptions mainly affect the CSM, profit before tax and equity as follows:

i) CSM
- Changes in fulfilment cash flows not relating to any loss components, other than those recognised as insurance finance income or expenses.

ii) Profit before tax
- Changes in fulfilment cash flows relating to loss components.
- Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in profit or loss.

iii) Equity
- Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in other comprehensive income.
- The effect on profit before tax above.

34. Financial risk (cont'd.)

(c) Market risk (cont'd.)

Interest/profit rate risk

The Company is exposed to interest/profit rate risk as follows:

i) fair values of fixed interest/profit-bearing assets would move inversely to changes in interest/profit rates; and

ii) future cash flows of variable interest/profit-bearing assets would move in direct proportion to changes in rates.

The earnings of the Company are affected by changes in market interest/profit rates due to the impact such changes have on interest/profit income from cash and cash equivalents, including investments in fixed/Islamic deposits. The value of the Company's fixed income portfolio is inversely related to interest/profit rates.

The Company manages its interest/profit rate risk by matching, where possible, the duration and profile of assets and liabilities to minimise the impact of mismatches between the value of assets and liabilities from interest/profit rate movements. The Company also consistently monitors the financial, market and economic development in determining interest rates direction and formulating investment strategy.

The nature of the Company's exposure to interest/profit rate risk and its objectives, policies and processes for managing interest/profit rate risk have not changed significantly from the previous financial year.

Sensitivity analysis

A change of 25 basis points ("bps") in interest/profit rates at the financial year end would have (decreased)/increased the fair values of the Company's fixed income investment by the amounts shown below.

	Changes in variable	Impact on profit before tax RM'000 (Decrease)/ increase	Impact on equity* RM'000 (Decrease)/ increase
2024			
Interest/profit rates	+25 bps	7,002	6,442
Interest/profit rates	-25 bps	(7,002)	(6,442)
2023			
Interest/profit rates	+25 bps	7,413	6,820
Interest/profit rates	-25 bps	(7,413)	(6,820)

* The impact on equity reflects adjustments for tax at 8% (2023: 8%), where applicable.

The method used in performing the sensitivity analysis was consistent with the prior year.

34. Financial risk (cont'd.)

(c) Market risk (cont'd.)

Property Investment risk

Property investment risk is the risk associated with the Company’s investment in property or real estate for own occupancy, investment or rental purpose. Operational manuals are put in place to describe the responsibilities in relation to management of the properties.

The financial risk arising from delinquent or loss of tenants are managed at the outset through careful selection of properties with high tenancy including tenants with long term tenancies, screening of new tenants’ credit worthiness and financial standing as well as ensuring that the properties and facilities are continuously maintained and upgraded.

The Company has no significant exposure to property risk.

35. Other risks

(a) Operational risk

Operational risk can broadly be defined as the risk of direct or indirect losses or reputational damage due to failure attributable to people, internal processes, system (IT) or from external events. Operational risk is inherent in all activities of the Company and can transverse multiple activities including outsourcing. It includes a wide spectrum of heterogeneous risks such as fraud, bribery and corruption, physical damage, business disruption, transaction failures, legal and regulatory breaches, pandemic outbreak, as well as employees’ health and safety hazards.

The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to minimise risks to an acceptable level. Controls include effective segregation of duties, access controls, system validation, enhanced authorization and reconciliation procedures, continuous staff education appropriate assessment processes, and engagement of internal audit for assurance.

(b) Compliance risk

Compliance risk is the risk of legal or regulatory sanctions, financial loss or reputational damage, which the Company may suffer as a result of its failure to comply with legal and regulatory requirements applicable to its activities.

The Company monitors all compliance aspects in observing regulatory requirements. In this respect, it adopts the Group Compliance Management Framework and other relevant internal policies and procedures to ensure compliance with all applicable laws and guidelines issued by the regulatory authorities.

35. Other risks (cont'd.)

(c) Shariah Non-Compliance risk

Shariah non-compliance ("SNC") risk refers to the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which the Company may suffer arising from failure to comply with:

(i) The rulings of the Shariah Advisory Council of Bank Negara Malaysia (“SAC-BNM”);

(ii) Standards on Shariah matters issued by BNM pursuant to section 29(1) of the IFSA;

(iii) The rulings and standards of the Shariah Advisory Council of Securities Commission Malaysia (“SAC-SC”); or

(iv) Decisions or advices of the GSC.

The Company mitigates such risk by initiating, monitoring and adhering to a robust Group Shariah Risk Management (“Group SRM”) Framework, which is guided by the Shariah Governance Framework issued by BNM.

(d) Environment, Social and Governance Risk (“ESG”) Risk

ESG or sustainability risks are considered as environmental, social and governance events or conditions which could create financial losses or reputational damages to the Company. The Climate Change Risk (the risk resulting from climate change and affecting natural and human systems. It encompasses physical, transition and liability risks.) is the sub risk from ESG.

The Group has established Group Sustainability Commitment towards Net Zero Carbon Organisation by 2050, which will form part of the Group Sustainability Framework. The implementation and finalization of the Framework shall be harmonized with the Group’s Sustainability Governance, Commitments and Policy.

36. Fair values of assets and liabilities

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

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

The fair values of the Company's assets and liabilities are determined as follows:

(i) The carrying amounts of financial assets and financial liabilities, such as assets at amortised cost, insurance/takaful receivables, cash and bank balances, insurance/ takaful payables and other payables, are reasonable approximations of their fair values due to the relatively short term maturity of these balances;

(ii) The fair values of quoted equities are based on quoted market prices as at the financial year end;

(iii) The fair values of Malaysian government securities, government investment issues, unquoted corporate debt securities and borrowing are based on indicative market prices;

(iv) The fair values of investments in mutual funds, unit trust funds and real estate investment trusts which are not controlled by the Company are valued based on the net asset values of the underlying funds as at the financial year end;

(v) Freehold land and buildings have been revalued based on valuations performed by an accredited independent valuer having an appropriate recognised professional qualification. The valuations are based on the income approach. In arriving at the fair value of the assets, the valuer had also taken into consideration the future developments in terms of infrastructure in the vicinity of the properties;

(vi) Investment in associate is valued using the dividend stream based on a 5 years cashflow projection followed by a terminal value projection for periods beyond the 5 years projection. The assumptions used in the cash flows projections are based on the latest unaudited management accounts, three years projections of profit or loss and latest actuarial valuation report from the associate company; and

(vii) The fair value of unquoted shares in Malaysia is derived using the net assets of the invested companies.

36. Fair values of assets and liabilities (cont'd.)

Description of significant unobservable inputs:

	Significant unobservable inputs	Range
2024		
Freehold land and building	Yield/Rental per square foot	6.25%/RM4.50
Investment in associate	Cash flow projection of dividend stream	Not applicable
Unquoted shares in Malaysia	Net assets	Not applicable
2023		
Freehold land and building	Yield/Rental per square foot	6.25%/RM4.50
Investment in associate	Cash flow projection of dividend stream	Not applicable
Unquoted shares in Malaysia	Net assets	Not applicable

A significant increase or decrease in the unobservable inputs used in the valuation would result in a correspondingly higher or lower fair value.

There have been no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year.

The reconciliation from beginning to ending balances for freehold land and building, investment in associate and unquoted equity which are classified under Level 3 of the fair value hierarchy are disclosed in Notes 16, 18 and 19 respectively.

Fair value hierarchy:

2024

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets measured at fair value on a recurring basis:				
(a) Property, plant and equipment				
Freehold land (Note 16)	-	-	36,800	36,800
Building (Note 16)	-	-	88,200	88,200
	-	-	125,000	125,000

36. Fair values of assets and liabilities (cont'd.)

Fair value hierarchy: (cont'd.)

2024 (cont'd.)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets measured at fair value on a recurring basis: (cont'd.)				
(b) Investment in associate (Note 18)	-	-	155,318	155,318
(c) Financial assets at FVTPL (Note 19)				
Designated upon initial recognition:				
Government investment issues	-	649	-	649
Mandatorily measured:				
Quoted shares in Malaysia:				
Shariah approved equities	71,938	-	-	71,938
Others	12,237	-	-	12,237
Perpetual bond in Malaysia	-	4,964	-	4,964
Corporate debt securities	-	740,218	-	740,218
Shariah approved real estate investment trusts	903	-	-	903
Non-Shariah approved real estate investment trusts	9,050	-	-	9,050
Shariah approved unit trust funds	21,208	-	-	21,208
Derivative	-	(319)	-	(319)
Government investment issues	-	379,665	-	379,665
Malaysian government securities	-	301,812	-	301,812
	115,336	1,426,989	-	1,542,325
(d) Financial assets at FVOCI (Note 19)				
Unquoted shares in Malaysia	-	-	87,666	87,666
Golf club membership	-	-	65	65
	-	-	87,731	87,731
	115,336	1,426,989	368,049	1,910,374

36. Fair values of assets and liabilities (cont'd.)

Fair value hierarchy: (cont'd.)

2024 (cont'd.)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Liabilities for which fair values are disclosed				
Borrowing (Note 22)	-	254,585	-	254,585

2023

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets measured at fair value on a recurring basis:				
(a) Property, plant and equipment				
Freehold land (Note 16)	-	-	36,800	36,800
Building (Note 16)	-	-	77,200	77,200
	-	-	114,000	114,000
(b) Investment in associate (Note 18)	-	-	113,812	113,812
(c) Financial assets at FVTPL (Note 19)				
Designated upon initial recognition:				
Corporate debt securities	-	302	-	302
Government investment issues	-	646	-	646
Mandatorily measured:				
Quoted shares in Malaysia:				
Shariah approved equities	60,629	-	-	60,629
Others	56,296	-	-	56,296
Perpetual bond in Malaysia	-	4,884	-	4,884
Corporate debt securities	-	641,148	-	641,148
Shariah approved real estate investment trusts	903	-	-	903
Non-Shariah approved real estate investment trusts	8,694	-	-	8,694
Shariah approved unit trust funds	67,578	-	-	67,578
Derivative	-	69	-	69
	194,100	647,049	-	841,149

36. Fair values of assets and liabilities (cont'd.)

Fair value hierarchy: (cont'd.)

2023 (cont'd.)

Assets measured at fair value on a recurring basis: (cont'd.)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
(d) Financial assets at FVOCI (Note 19)				
Malaysian government securities	-	89,773	-	89,773
Government investment issues	-	389,456	-	389,456
Unquoted shares in Malaysia	-	-	87,119	87,119
Golf club membership	-	-	65	65
	-	479,229	87,184	566,413
	194,100	1,126,278	314,996	1,635,374

Liabilities for which fair values are disclosed

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Borrowing (Note 22)	-	252,316	-	252,316

37. Shareholder's, reinsurance and retakaful funds

(a) Statements of comprehensive income by funds

	General reinsurance and shareholder's fund		General retakaful fund		Family retakaful fund		Eliminations		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Insurance/takaful revenue	1,751,400	1,428,443	45,484	44,555	87,525	18,753	(20,946)	(16,931)	1,863,463	1,474,820
Insurance/takaful service expense	(1,341,155)	(1,367,254)	(25,255)	(54,541)	(91,844)	(20,791)	26,565	18,913	(1,431,689)	(1,423,673)
Insurance service result before reinsurance/retakaful contracts held	**410,244**	**61,189**	**20,229**	**(9,986)**	**(4,319)**	**(2,038)**	**5,620**	**1,982**	**431,774**	**51,147**
Allocation of reinsurance premiums	(221,771)	(97,244)	(2,334)	(9,653)	(39,484)	(14,246)	-	-	(263,589)	(121,143)
Amounts recoverable from reinsurers for for incurred claims	135,669	32,654	(2,514)	20,678	40,129	15,148	-	-	173,284	68,480
Net expense from reinsurance contracts/retakaful certificates held	**(86,102)**	**(64,590)**	**(4,848)**	**11,025**	**645**	**902**	**-**	**-**	**(90,305)**	**(52,663)**
Insurance/takaful service result	**324,142**	**(3,401)**	**15,381**	**1,039**	**(3,674)**	**(1,136)**	**5,620**	**1,982**	**341,469**	**(1,516)**
Investment income	182,378	125,353	2,144	1,878	294	320	-	-	184,816	127,551
Net realised (losses)/gains	(11,595)	(1,762)	-	-	-	-	-	-	(11,595)	(1,762)
Net fair value gains	53,851	(24,071)	-	-	(2)	(70)	-	-	53,849	(24,141)
Net foreign exchange gain/loss	48,009	13,901	-	-	-	-	-	-	48,009	13,901
Other revenue	**272,643**	**113,421**	**2,144**	**1,878**	**292**	**250**	**-**	**-**	**275,079**	**115,549**
Insurance/takaful finance expenses for reinsurance contracts/retakaful certificates issued	(187,793)	(39,903)	(641)	3,821	-	-	-	-	(188,434)	(36,082)
Reinsurance/retakaful finance income for reinsurance contracts/retakaful certificates held	5,641	6,728	(75)	(388)	-	-	-	-	5,566	6,340
Unallocated surplus attributable to participants	-	-	(17,042)	(6,851)	3,492	885	(5,620)	(1,982)	(19,170)	(7,948)
Net insurance/takaful financial results	**(182,152)**	**(33,175)**	**(17,758)**	**(3,418)**	**3,492**	**885**	**(5,620)**	**(1,982)**	**(202,038)**	**(37,690)**
Other operating income	44,290	21,996	271	613	16	5	-	-	44,577	22,614
Other operating expense	(21,715)	(29,593)	(38)	(112)	(126)	(4)	-	-	(21,879)	(29,709)
Finance cost	(12,694)	(6,693)	-	-	-	-	-	-	(12,694)	(6,693)
Other income/(expenses)	**9,881**	**(14,290)**	**233**	**501**	**(110)**	**1**	**-**	**-**	**10,004**	**(13,788)**
Profit before zakat and taxation	**424,514**	**62,555**	**-**	**-**	**-**	**-**	**-**	**-**	**424,514**	**62,555**
Tax expense attributable to participants	-	-	(1,021)	317	1,008	-	-	-	(13)	322
Profit before zakat and taxation	**424,514**	**62,555**	**(1,021)**	**317**	**1,008**	**-**	**-**	**-**	**424,501**	**62,877**
Zakat	(127)	(89)	**-**	**-**	**-**	**-**	**-**	**-**	(127)	(89)
Taxation	(35,963)	(5,566)	**1,021**	**(318)**	(1,008)	**-**	**-**	**-**	(35,950)	(5,884)
Net profit for the year	**388,424**	**56,900**	**-**	**(1)**	**-**	**-**	**-**	**-**	**388,424**	**56,904**

37. Shareholder's, reinsurance and retakaful funds (cont'd.)

(b) Statements of financial position by funds

	General reinsurance and shareholder's fund		General retakaful fund		Family retakaful fund		Eliminations		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Assets										
Property, plant and equipment	137,244	127,476	-	-	-	-	-	-	137,244	127,476
Intangible assets	5,432	5,901	-	-	-	-	-	-	5,432	5,901
Investment in associate	155,318	113,812	-	-	-	-	-	-	155,318	113,812
Financial and other assets	5,075,578	4,431,351	96,074	70,741	19,315	11,021	(142,851)	(127,153)	5,048,116	4,385,960
Insurance/takaful contract assets	7,489	4,009	-	161	-	-	-	-	7,489	4,170
Reinsurance/retakaful contract assets	140,375	209,168	7,625	15,902	14,744	9,787	-	-	162,744	234,857
Tax recoverable	-	9,821	-	693	-	(285)	-	-	-	10,229
Cash and bank balances	82,908	134,346	265	2,389	1,299	123	-	-	84,472	136,858
Total assets	5,604,344	5,035,884	103,964	89,886	35,358	20,646	(142,851)	(127,153)	5,600,815	5,019,263
Liabilities										
Borrowing	251,000	251,000	-	-	-	-	-	-	251,000	251,000
Insurance/takaful contract liabilities	2,815,203	2,663,945	93,975	82,020	13,483	8,246	9,618	9,618	2,932,279	2,763,829
Reinsurance/retakaful contract liabilities	5,681	22	-	-	-	-	-	-	5,681	22
Other payables and provisions	151,612	135,625	9,306	7,860	22,581	12,382	(142,851)	(127,153)	40,648	28,714
Tax payable	7,879	-	-	-	-	-	-	-	7,879	-
Deferred tax liabilities	19,320	11,298	681	6	(707)	17	-	-	19,294	11,321
Zakat	3	3	-	-	-	-	-	-	3	3
Total liabilities	3,250,698	3,061,893	103,962	89,886	35,357	20,645	(133,233)	(117,535)	3,256,784	3,054,889

37. Shareholder's, reinsurance and retakaful funds (cont'd.)

(b) Statements of financial position by funds (cont'd.)

	General reinsurance and shareholder's fund		General retakaful fund		Family retakaful fund		Eliminations		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Equity										
Share capital	663,106	663,106	-	-	-	-	-	-	663,106	663,106
Merger deficit	-	-	-	-	-	-	(9,618)	(9,618)	(9,618)	(9,618)
Fair value reserve	35,332	38,621	-	-	-	-	-	-	35,332	38,621
Revaluation reserve	52,353	50,376	-	-	-	-	-	-	52,353	50,376
Retained profits	1,602,858	1,221,889	-	-	-	-	-	-	1,602,858	1,221,889
Total equity	2,353,649	1,973,992	-	-	-	-	(9,618)	(9,618)	2,344,031	1,964,374
Total liabilities and equity	5,604,347	5,035,885	103,962	89,886	35,357	20,645	(142,851)	(127,153)	5,600,815	5,019,263

(c) Statements of cash flows by funds

	General reinsurance and shareholder's fund		General retakaful fund		Family retakaful fund		Eliminations		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash flows from:										
Operating activities	(29,459)	(239,955)	(2,124)	2,343	1,176	58	-	-	(30,407)	(237,554)
Investing activities	(11,979)	(9,961)	-	-	-	-	-	-	(11,979)	(9,961)
Financing activities	(10,000)	200,000	-	-	-	-	-	-	(10,000)	200,000
Net (decrease)/increase in cash and cash equivalents	(51,438)	(49,916)	(2,124)	2,343	1,176	58	-	-	(52,386)	(47,515)
Cash and cash equivalent at the beginning of financial year	134,346	184,262	2,389	46	123	65	-	-	136,858	184,373
Cash and cash equivalent at the end of financial year	82,908	134,346	265	2,389	1,299	123	-	-	84,472	136,858