Notes to the financial statements - 31 March 2023

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 financial 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 170 (2022: 172). 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 21 June 2023.

2. Significant accounting policies

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 2022, as described fully in Note 2.25.

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. Significant accounting policies (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 41.

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.

2.3 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 19.

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

2. Significant accounting policies (cont'd.)

2.4 General reinsurance/retakaful underwriting results

The general reinsurance and retakaful underwriting results of the Company are determined for each class of business after taking into account premiums/contributions, retrocession/retrotakaful, movements in premium/contribution liabilities and claim liabilities and acquisition costs.

The general 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 revenue consists of gross premiums/contributions and investment income accounted for on an accrual basis. As for retakaful, the revenue 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.

(a) Premium and contribution recognition

Gross premiums/contributions are recognised in a financial year in respect of risks assumed during the particular financial year. Gross premiums/contributions include premium/contribution income in relation to inwards facultative business, inwards proportional treaty and inwards non-proportional treaty reinsurance/retakaful business.

Inwards facultative reinsurance premiums/retakaful contributions are recognised in the financial year in respect of the facultative risks assumed during the particular financial period following the individual risks' inception dates.

Inwards proportional treaty reinsurance premiums/retakaful contributions are recognised on the basis of periodic advices received from cedants given that the periodic advices reflect the individual underlying risks being incepted and reinsured at various inception dates of these risks and are contractually accounted for under the terms of the proportional reinsurance/retakaful treaty.

Premium/contribution income on inward non-proportional treaties, which cover losses occurring during a specified treaty period, are recognised based on the contractual premiums/contributions already established at the start of the treaty period under the terms and conditions of each contract.

(b) Premium and contribution liabilities

Premium/contribution liabilities represent the Company's future obligations on reinsurance/retakaful contracts as represented by premiums/contributions received for risks that have not yet expired. The movement in premium/contribution liabilities is released over the period of the reinsurance/retakaful contracts and is recognised as earned premium/contribution income.

2. Significant accounting policies (cont'd.)

2.4 General reinsurance/retakaful underwriting results (cont'd.)

(b) Premium and contribution liabilities (cont'd.)

In accordance with the valuation methods prescribed under the RBC/RBCT, premium/contribution liabilities are reported at the higher of the aggregate of the unearned premium reserves ("UPR")/unearned contribution reserves ("UCR") respectively for all lines of business or the best estimate value of the unexpired risk reserves ("URR") at the end of the financial year and a provision of risk margin for adverse deviation ("PRAD") calculated at 75% confidence level at the end of the financial year.

(i) Unexpired risk reserves ("URR")

The URR is a prospective estimate of the expected future payments arising from future events expected to be incurred under contracts in force as at the end of the financial year and also includes an allowance for expenses, including overheads and cost of reinsurance/retakaful, expected to be incurred during the unexpired period in administering these contracts and settling the relevant claims, and shall allow for expected future premium/contribution refunds.

URR is estimated via an actuarial valuation performed by the Appointed Actuary, using a mathematical method of estimation similar to incurred but not reported ("IBNR") claims.

(ii) Unearned premium reserves ("UPR") and unearned contribution reserves ("UCR")

The UPR/UCR represent the portion of the net premiums/contributions of reinsurance/retakaful contracts written that relate to the unexpired periods of the contracts at the end of the financial year. The methods of computation of the UPR/UCR are time-apportioned over the contracts' period as described below:

- For inward proportional treaty business, UPR/UCR is computed based on the $1/8^{th}$ method commencing from the quarter corresponding to the reporting quarter of the treaty statement;

- For inward non-proportional treaty business, UPR/UCR is computed at 50% of the last quarter Minimum Deposit Premiums received; and

- For inward facultative policies, UPR/UCR is computed based on the $1/8^{th}$ method commencing from the date of inception.

2. Significant accounting policies (cont'd.)

2.4 General reinsurance/retakaful underwriting results (cont'd.)

(c) Claim liabilities

The IBNR and Incurred But Not Enough Reserved ("IBNER") claims are estimated by the Appointed Actuary using standard actuarial methods for reserving which generally applies trending of claims development such as the chain ladder method and the additive loss ratio method, as well as a PRAD calculated at 75% confidence level at the end of the financial year. Where trends are not available or may not be suitable to explain future trend, the Expected Loss Ratio method is adopted.

(d) Liability adequacy test

At each financial year end, the Company reviews all insurance/takaful contract liabilities to ensure that the carrying amount of the liabilities is sufficient or adequate to cover the obligations of the Company, contractual or otherwise, with respect to reinsurance/retakaful contracts issued. In performing this review, the Company compares all contractual cash flows against the carrying value of insurance/takaful contract liabilities. Any deficiency is recognised in profit or loss.

The estimation of claim liabilities and premium/contribution liabilities performed at financial year end is part of the liability adequacy tests performed by the Company.

(e) Acquisition costs and commission expenses

The cost of acquiring and renewing reinsurance business net of income derived from ceding reinsurance premiums is recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

2.5 Family retakaful fund underwriting results

The family retakaful fund is maintained in accordance with the requirements of the IFSA 2013 and consists of fair value reserves and the accumulated surplus/deficit in the fund.

The surplus/deficit of family retakaful fund is determined by an annual actuarial valuation of the family retakaful fund. Any actuarial deficit in the family retakaful fund will be made good by the shareholder's fund via a Qard, a benevolent profit-free loan. Surplus distributable to the participants is determined after deducting benefits paid and payable, retrotakaful costs, changes in takaful contract liabilities, commission expenses, wakalah fee expenses and taxation. The surplus may be distributed to the shareholders and participants in accordance with the terms and conditions of the respective contracts or as prescribed by the GSC.

2. Significant accounting policies (cont'd.)

2.5 Family retakaful fund underwriting results (cont'd.)

Revenue of the family retakaful fund consists of gross retakaful contributions and investment income. Unearned revenue and receipts in advance are treated as liabilities in the statement of financial position.

(a) Contribution income recognition

Contributions are recognised in the financial period in respect of risks assumed during that particular financial period. Inward treaty retakaful contributions are recognised on the basis of statements received from ceding companies.

(b) Benefits payable and actuarial liabilities

Liabilities for benefits payable are recognised as advised by ceding companies. The actuarial liabilities of the family retakaful fund is the best estimate of the expenditure required together with related expenses less recoveries to settle the obligation at the end of the financial year. The estimation includes a PRAD at a 75% confidence level. The valuation of the actuarial liabilities is performed by a qualified actuary using a mathematical method of estimation based on, amongst others, actual claims development patterns.

(c) Liability adequacy test

At each financial year end, the Company reviews all takaful contract liabilities to ensure that the carrying amount of the liabilities is sufficient or adequate to cover the obligations of the fund, contractual or otherwise, with respect to retakaful contracts issued. In performing this review, the Company compares all contractual cash flows against the carrying value of takaful contract liabilities. Any deficiency will be recognised in profit or loss.

The estimation of actuarial liabilities performed at the financial year end is part of the liability adequacy tests performed by the Company.

(d) Commission expenses

Commission expenses, which are costs directly incurred in securing contributions on retakaful business, are recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

Commission expenses are borne by the family retakaful fund at an agreed percentage of the gross contribution.

2. Significant accounting policies (cont'd.)

2.6 Shareholder's fund

(a) Commission expenses

The cost of acquiring and renewing retakaful business net of income derived from ceding retakaful contributions is recognised as incurred and properly allocated to the periods in which it is probable that the expenses give rise to income.

(b) Expense liabilities of general retakaful fund

The expense liabilities of shareholder's fund consist of expense liabilities relating to the management of the general retakaful fund which are based on estimations performed by a qualified actuary. The expense liabilities are released over the term of the retakaful certificates and are recognised in profit or loss.

The expense liabilities are reported as the higher of the aggregate of the provision for Unearned Wakalah Fees ("UWF") and the best estimate value of Unexpired Expense Reserves ("UER") as at the end of the financial year including a PRAD calculated at the 75% confidence level at the total fund level.

Unearned wakalah fees

The UWF represent the portion of wakalah fee income that relate to the unexpired periods of the contracts at the end of the financial year. In determining the UWF, the method used is consistent with the methods used in the calculation of the UCR of the general retakaful fund as disclosed in Note 2.4(b)(ii).

Unexpired expense reserves

The UER is determined based on the expected future expenses payable from the shareholder's fund in managing the general retakaful fund for the full contractual obligations of unexpired retakaful certificates as at the end of the financial year. The expected future expenses are determined for certificate management expenses and claims handling expenses, including a PRAD calculated at a 75% confidence level. The method used to value the UER is consistent with the method used to value the URR of the general retakaful fund as disclosed in Note 2.4(b)(i).

2. Significant accounting policies (cont'd.)

2.6 Shareholder's fund (cont'd.)

(c) Expense liabilities of family retakaful fund

The valuation of expense liabilities in relation to contracts of the family retakaful fund is conducted separately by the Appointed Actuary in the shareholder's fund. The method used to value expense liabilities is consistent with the method used to value retakaful liabilities of the corresponding family retakaful contracts. In valuing the expense liabilities, the present value of expected future expenses payable by the shareholder's fund in managing the retakaful fund for the full contractual obligation of the retakaful contracts less any expected cash flows from future wakalah fee income, and any other income due to the shareholder's fund that can be determined with reasonable certainty, are taken into consideration. The estimation includes a PRAD at a 75% confidence level.

2.7 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.

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.

2. Significant accounting policies (cont'd.)

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

(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%

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. Significant accounting policies (cont'd.)

2.8 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.

(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. Significant accounting policies (cont'd.)

2.9 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.

(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 2.9(b) and 2.9(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.

2. Significant accounting policies (cont'd.)

2.9 Financial assets (cont'd.)

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

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.

(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.

2. Significant accounting policies (cont'd.)

2.9 Financial assets (cont'd.)

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

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

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.

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. Significant accounting policies (cont'd.)

2.9 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 derivative (except for a derivative 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. Significant accounting policies (cont'd.)

2.9 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.

(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.

2. Significant accounting policies (cont'd.)

2.9 Financial assets (cont'd.)

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

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.

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.

2. Significant accounting policies (cont'd.)

2.9 Financial assets (cont'd.)

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

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.

(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.

2. Significant accounting policies (cont'd.)

2.9 Financial assets (cont'd.)

(e) Derecognition (cont'd.)

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.

(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.

2.10 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 20 and 40.

2. Significant accounting policies (cont'd.)

2.10 Fair value measurement (cont'd.)

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 Company.

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:

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 40.

2. Significant accounting policies (cont'd.)

2.11 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 Performing	Stage 2 Non Performing	Stage 3 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. Significant accounting policies (cont'd.)

2.11 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. Significant accounting policies (cont'd.)

2.11 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.

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.

2. Significant accounting policies (cont'd.)

2.11 Impairment of assets (cont'd.)

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

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.

2.12 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. Significant accounting policies (cont'd.)

2.13 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.

2.14 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.

2.15 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.

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.

2.16 Insurance and takaful receivables

Insurance/takaful receivables are recognised when due and measured on initial recognition at the fair value of the consideration receivable. Subsequent to the initial recognition, insurance/takaful receivables are measured at amortised cost, using the effective interest/profit rate method.

2. Significant accounting policies (cont'd.)

2.16 Insurance and takaful receivables (cont'd.)

The Company recognises an allowance for ECL for insurance/takaful receivables and recognises the impairment loss in profit or loss. The basis for recognition of such impairment loss is as described in Note 2.11(a)(ii).

Insurance/takaful receivables are derecognised when the rights to receive cash flows from them have expired or transferred and the Company has also substantially transferred all risks and rewards of ownership.

2.17 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.

(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 2.11(b).

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

2. Significant accounting policies (cont'd.)

2.17 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. Significant accounting policies (cont'd.)

2.17 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.

2.18 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. Derivative 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. Significant accounting policies (cont'd.)

2.18 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.

2.19 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.

2.20 Income tax and deferred 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. Significant accounting policies (cont'd.)

2.20 Income tax and deferred 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.

2.21 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.

2.22 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.

2. Significant accounting policies (cont'd.)

2.22 Foreign currencies (cont'd.)

(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 RM4.4150 (2022: RM4.2052).

2.23 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.

(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. Significant accounting policies (cont'd.)

2.23 Revenue recognition (cont'd.)

(d) Wakalah fees

Wakalah fees are recognised as soon as the amount of contribution can be reliably measured in accordance with the principles of Shariah.

(e) Premiums and contributions income

Premiums/contributions are recognised in accordance with the policies stated in Notes 2.4(a) and 2.5(a).

(f) Commission income

Commission income derived from reinsurance/retakaful operators in the course of cession of premiums/contributions to retrocessionaire/retrotakaful operators are recognised in profit or loss when they are incurred. Commission income is properly allocated to the relevant periods.

The method of recognition for commission income earned from retakaful operators is in accordance with the principle of Wakalah as approved by the Group Shariah Committee and as agreed between the Company and its retakaful operators.

2.24 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. Significant accounting policies (cont'd.)

2.25 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 2022.

Description

Annual Improvements to MFRS Standards 2018−2020
i) MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*
ii) MFRS 9 *Financial Instruments*
iii) MFRS 16 *Leases*
iv) MFRS 141 *Agriculture*
Amendments to MFRS 3 *Business Combinations (Reference to Conceptual Framework)*
Amendments to MFRS 116 *Property, Plant and Equipment*
Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*

The adoption of the above pronouncements did not have any significant impact on the financial statements of the Company.

2.26 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 101 *Presentation of Financial Statements Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to MFRS 101 *Presentation of Financial Statements Disclosure of Accounting Policies*	1 January 2023
Amendments to MFRS 108 *Accounting Policies, Changes in* Accounting *Estimates and Errors - Definition of Accounting Estimates*	1 January 2023
MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Insurance Contracts Initial Application of MFRS 17 and* MFRS 9 - *Comparative Information*	1 January 2023
Amendments to MFRS 112 *Income Tax Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to MFRS 16 *Leases Lease Liability in a Sale and Leaseback*	1 January 2024

2. Significant accounting policies (cont'd.)

2.26 Standards issued but not yet effective (cont'd.)

Description	**Effective for annual periods beginning on or after**
Amendments to MFRS 101 *Presentation of Financial Statements Non-Current Liabilities with Covenants*	1 January 2024
Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investment in Associates and Joint Ventures*	To be announced by MASB

The Directors are of the opinion that the adoption of the above pronouncements are not expected to have a material impact on the financial statements of the Company in the period of initial application except for the following:

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. The Company will be applying MFRS 17 for the first time in the upcoming financial year ending 31 March 2024. 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 will not change the classification of the Company's insurance, takaful, reinsurance and retakaful contracts.

MFRS 17 establishes specific principles for the recognition and measurement of insurance/takaful contracts 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 insurance, takaful, 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 insurance/takaful and reinsurance/retakaful contracts and accounts for them in accordance with other applicable MFRS;

2. Significant accounting policies (cont'd.)

2.26 Standards issued but not yet effective (cont'd.)

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

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

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

- Recognise and measure groups of insurance/takaful and reinsurance/retakaful contracts 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/takaful and reinsurance/retakaful contracts 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

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

During the implementation period of MFRS 17, the Company has determined that its insurance/takaful contracts issued and reinsurance/retakaful contracts held are eligible for the measurement models below:

a) General Measurement Model ("GMM")

This is the default measurement model for insurance/takaful and reinsurance/retakaful contracts valued using fulfilment cash flows (the present value of expected future cash flows, plus a risk adjustment) offset by the CSM which represents the unearned profit which the Company will recognise as it provides services under the contracts.

b) Premium Allocation Approach ("PAA")

This model will be applied for policies which have contract boundaries (i.e. coverage periods) of less than 1 year as well as for policies with contract boundaries of more than 1 year but which are able to pass the PAA eligibility test.

2. Significant accounting policies (cont'd.)

2.26 Standards issued but not yet effective (cont'd.)

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

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

The Company will be applying the models above for the insurance/takaful contracts issued and reinsurance/retakaful contracts held.

(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 that are assets;
- Portfolios of reinsurance/retakaful contracts held that are assets;
- Portfolios of insurance/takaful contracts issued that are liabilities; and
- Portfolios of reinsurance/retakaful 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/takaful contracts 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 ending 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
- Finance/profit income or expenses
- Income or expenses from retakaful/reinsurance contracts held

2. Significant accounting policies (cont'd.)

2.26 Standards issued but not yet effective (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, an entity can choose between a Modified Retrospective Approach ("MRA") or a Fair Value Approach ("FVA").

Although the implementation progress has been encouraging as of the date of financial statements, quantitative impact arising from the adoption of MFRS 17 as at 1 April 2023 are still being reviewed and refined.

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

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) General reinsurance/retakaful business (Note 24)

The principal uncertainty in the general reinsurance/retakaful business arises from the technical provisions which include the provisions of premium/contribution liabilities and claim liabilities. Premium/contribution liabilities are recorded as the higher of UPR/UCR or URR while claim liabilities mainly comprise provision for claims reported, IBNER and IBNR as well as a PRAD at 75% confidence level.

Generally, claim liabilities are determined based upon previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Particularly relevant is past experience with similar cases, historical claims development trends, legislative changes, judicial decisions and economic conditions. It is certain that actual future premium/contribution and claim liabilities will not exactly develop as projected and may vary from the Company's projection.

The estimates of premium/contribution and claim liabilities are therefore sensitive to various factors and uncertainties. The establishment of technical provisions is an inherently uncertain process and, as a consequence of this uncertainty, the eventual settlement of premium/contribution and claim liabilities may vary from the initial estimates. The sensitivity of these assumptions and their impact to results and the equity position of the Company are disclosed in Note 36(e).

At each financial year end, the estimates of premium/contribution and claim liabilities are reassessed for adequacy by the Appointed Actuary and changes will be reflected as adjustments to these liabilities. The appointment of the Appointed Actuary is approved by BNM.

In setting provisions for claims, the Company relies on advice by the cedants and exercises discretion where the claim may develop more adversely than advised. An estimate will be made in the absence of a reported figure or in the event the loss is still preliminary and has not been fully assessed.

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

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

(a) General reinsurance/retakaful business (Note 24) (cont'd.)

The estimates of the ultimate incurred claims are subject to a great deal of uncertainty in the early stages as claims are still being intimated and developed, particularly so for large and catastrophic claims. These uncertainties reduce over time as the claims develop and progress towards the ultimate cost.

The methodology used in the valuation of general reinsurance/retakaful liabilities involves a more granular segregation of the business of the Company into specific portfolios with the intention of achieving greater accuracy in the estimation process. For overseas business, the valuation of general reinsurance liabilities is performed based on territorial grouping of risks to better reflect the underwriting performance.

(b) Family retakaful business (Note 24)

For those contracts that cover risks related to disability, estimates are made based on recent past experience and emerging trends. However, epidemics as well as wide ranging changes to lifestyle, could result in significant changes to the expected future exposures. The policy for estimating these liabilities is set out in Note 37(d).

All of this will give rise to estimation uncertainties on the projected ultimate liability of the family retakaful fund. At each financial year end, these estimates are reassessed for adequacy and changes will be reflected as adjustments to the liability by the Appointed Actuary. The appointment of the Appointed Actuary is approved by BNM. Note 37(d) provides sensitivity analysis of the valuation liabilities of the family retakaful fund for certain assumptions and the consequential effects to results and financial position of the fund.

(c) Expense liabilities (Note 25)

The expense liabilities of the shareholder's fund consist of expense liabilities of the general and family retakaful funds which are based on estimations performed by qualified actuaries. The estimation methods are explained in Notes 2.6(b) and 2.6(c). The qualified actuaries estimate the expected management expenses required to manage the general and family retakaful contracts less any expected cash flows from future wakalah fee income based on the qualified actuaries' assumptions and observations of the actual experiences. The estimates of expense liabilities are therefore sensitive to various factors and uncertainties.

The establishment of technical provisions is an inherently uncertain process and, as a consequence of this uncertainty, the eventual settlement of expense liabilities may vary from the initial estimates. At each financial year end, the estimates of expense liabilities are re-assessed for adequacy by the Appointed Actuaries and changes will be reflected as adjustments to these liabilities. The appointment of the Appointed Actuaries are approved by BNM.

4. Net earned premiums/contributions

	Note	2023 RM'000	2022 RM'000
(a) Gross earned premiums/ contributions			
Insurance/takaful contracts		1,947,475	1,745,824
Change in premium/contribution liabilities	24(ii)	(10,098)	(63,035)
		1,937,377	1,682,789
(b) Premiums/contributions ceded to reinsurers/retakaful operators			
Insurance/takaful contracts		(173,856)	(218,594)
Change in premium/contribution liabilities	24(ii)	(228)	3,926
		(174,084)	(214,668)
Net earned premiums/contributions		1,763,293	1,468,121

5. Investment income

	2023 RM'000	2022 RM'000
Financial assets at FVTPL:		
Designated upon initial recognition:		
Interest/profit income	174	244
Mandatorily measured:		
Interest/profit income	645	445
Dividend income:		
- quoted shares in Malaysia	5,727	7,409
- real estate investment trusts	720	510
- unit trust fund	745	601
Financial assets at FVOCI:		
Interest/profit income	46,269	53,263
Dividend income from unquoted shares in Malaysia	582	1,164

5. Investment income (cont'd.)

	2023 RM'000	2022 RM'000
Financial assets at amortised cost:		
Interest/profit income	72,645	30,064
Dividend income from investment in associate	1,336	1,247
Net amortisation of premiums on investments	(1,122)	(40)
Investment expenses	(170)	(77)
	127,551	94,830

6. Net realised (losses)/gains

	2023 RM'000	2022 RM'000
Financial assets at FVTPL:		
Quoted shares in Malaysia:		
- Shariah approved equities	(2,846)	907
- Others	125	370
Financial assets at FVOCI:		
Unquoted debt securities	694	3,047
Government investment issues	234	976
Malaysian government securities	31	924
	(1,762)	6,224

7. Net fair value losses

	2023 RM'000	2022 RM'000
Fair value losses on financial assets at FVTPL	(11,456)	(6,331)
Fair value (losses)/gains on investment in associate (Note 19)	(12,685)	2,431
	(24,141)	(3,900)

8. Fee and commission income

	2023 RM'000	2022 RM'000
Reinsurance/retakaful commission	3,053	1,468
Wakalah fees from retakaful funds	18,915	20,827
	21,968	22,295
Elimination of wakalah fees for general and family retakaful funds (Note 41(a))	(18,915)	(20,827)
	3,053	1,468

9. Other operating revenue

	2023 RM'000	2022 RM'000
Foreign exchange gains:		
Realised	5,017	1,129
Unrealised	6,709	-
Foreign exchange gains arising from investment in associate (Note 19)	6,128	1,670
Management fees from:		
Holding company	407	978
Fellow subsidiaries	511	374
Interest income on premium reserve and staff loans	630	1,403
Reversal of impairment losses on financial assets at:		
FVOCI	-	538
Amortised cost	1	31
Net rental income from property	4,596	3,629
Other operating revenue	4,797	3,297
	28,796	13,049

10. Fee and commission expenses

	2023 RM'000	2022 RM'000
Commission/brokerage fees	465,614	419,850
Wakalah fees expenses for general and family retakaful funds	18,915	20,827
	484,529	440,677
Elimination of wakalah fees expenses for general and family retakaful funds (Note 41(a))	(18,915)	(20,827)
	465,614	419,850

11. Management expenses

	2023 RM'000	2022 RM'000
Salaries, bonus and other related costs	24,311	22,313
President & CEO's, Directors' and GSC members' remuneration excluding benefits-in-kind (Note 12)	2,191	2,307
Pension costs - EPF	3,285	3,015
Social security costs	169	157
Retirement benefits	98	89
Short-term accumulating compensated absences	6	18
Auditors' remuneration:		
- statutory audit	608	546
- other assurance services	669	304
- regulatory-related	35	32
- other services	106	42
Depreciation of property, plant and equipment (Note 17)	3,744	2,879
Amortisation of intangible assets (Note 18)	869	1,267
Tax on premiums	2,265	2,269
Expenses relating to leases of low-value assets	315	238
Marketing and promotional costs	1,498	304
Professional and legal fees	4,640	5,055
Contributions and donations	4	608
Management fees to holding company	21,071	16,710
Management fees to fellow subsidiaries	4,836	4,153
Other management expenses	15,328	14,487
	86,048	76,793

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

	2023 RM'000	2022 RM'000
President & CEO of the Company:		
Salary and bonus	1,120	1,210
Pension costs - EPF	190	206
Benefits-in-kind	25	25
Others	253	218
	1,588	1,659

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

	2023 RM'000	2022 RM'000
Non-executive directors of the Company:		
Fees	426	483
Allowances	127	111
	553	594
GSC members:		
Fees	60	59
Allowances	15	20
	75	79
Total President & CEO's, Directors' and GSC members' remuneration excluding benefits-in-kind	2,191	2,307

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	
	2023	2022
President & CEO and Executive directors:		
RM1,500,001 to RM2,000,000	1	1
Non-executive directors:		
RM100,001 to RM150,000	3	3
RM150,001 to RM200,000	1	1

200401025686 (664194-V)

Malaysian Reinsurance Berhad
(Incorporated in Malaysia)

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

2023	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:						
Zainudin Ishak	1,120	-	190	25	253	1,588
Executive director:						
Zaharudin Daud*	-	-	-	-	-	-

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

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
Total Directors' remuneration	-	426	-	-	127	553
GSC members:						
Prof. Dr. Younes Soualhi (Appointed as Chairman with effect from November 3, 2022)	-	5	-	-	1	6
Dr. Shamsiah Mohamad	-	11	-	-	3	14
Shahrir Sofian	-	11	-	-	3	14
Sahibus Samahah Datuk Dr. Luqman Haji Abdullah	-	11	-	-	2	13

12. 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
2023 (cont'd.)						
GSC members (cont'd.):						
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
2022						
President & CEO:						
Zainudin Ishak	1,210	-	206	25	218	1,659
Executive directors:						
Zaharudin Daud*	-	-	-	-	-	-

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

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

2022 (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	-	115	-	-	27	142
Datin Zaimah Zakaria	-	125	-	-	32	157
Khalid Sufat	-	125	-	-	23	148
Velayudhan Harikes	-	118	-	-	29	147
	-	483	-	-	111	594
Total Directors' remuneration	-	483	-	-	111	594
GSC members:						
Assoc. Prof. Dr. Said Bouheraoua	-	12	-	-	4	16
Dr. Shamsiah Mohamad	-	11	-	-	4	15
Shahrir Sofian	-	11	-	-	4	15
Sahibus Samahah Datuk Dr. Luqman Haji Abdullah	-	11	-	-	3	14
Yang Amat Arif Dato' Setia Dr. Haji Mohd Naim Haji Mokhtar	-	11	-	-	4	15
Prof. Dato' Dr. Ahmad Hidayat Buang (Resigned with effect from 13 July 2021)	-	3	-	-	1	4
Total GSC members' remuneration	-	59	-	-	20	79
Total President & CEO's, Directors' and GSC members' remuneration	1,210	542	206	25	349	2,332

13. Other operating expenses

	2023 RM'000	2022 RM'000
Impairment losses on insurance/takaful receivables (Note 38(a))	1,852	545
Unrealised foreign exchange losses	-	4,300
Impairment losses on financial assets at FVOCI (Note 38(a))	6	-
Write off of intangible assets	1,484	408
Loss from participation in Lloyds' syndicate	1,572	1,025
Others	1,441	246
	6,355	6,524

14. Change in expense liabilities

	2023 RM'000	2022 RM'000
(Decrease)/increase in expense liabilities for general and family retakaful funds (Note 25)	(1,723)	686

15. Tax borne by participants

	2023 RM'000	2022 RM'000
Malaysian income tax:		
Tax (income)/expense for the year	(138)	971
Deferred tax:		
Relating to origination and reversal of temporary differences (Note 22)	(182)	137
	(320)	1,108

Income tax and deferred tax for the general and family retakaful funds of the Company are calculated at the statutory tax rate of 8% (2022: 8%) of the estimated assessable profit for the year.

16. Taxation

	2023 RM'000	2022 RM'000
Malaysian income tax:		
Tax expense for the year	8,999	6,618
(Over)/under provision of tax in previous years	(1,097)	1,506
	7,902	8,124
Deferred tax:		
Relating to origination and reversal of temporary differences (Note 22)	(212)	(68)
	7,690	8,056

Income tax is calculated at the Malaysian statutory tax rate of 8% (2022: 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:

	2023 RM'000	2022 RM'000
Profit before zakat and taxation	89,126	70,971
Taxation at Malaysian statutory tax rate of 8%	7,358	5,605
Taxation at Malaysian statutory tax rate of 24%	104	214
Income not subject to tax	(2,827)	(1,619)
Expenses not deductible for tax purposes	4,152	2,278
(Over)/under provision of tax in previous years	(1,097)	1,506
Tax expense for the year recognised in profit or loss	7,690	7,984

17. Property, plant and equipment

	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
2023							
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 11)	-	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

17. **Property, plant and equipment (cont'd.)**

2022	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 2021	36,800	76,200	799	11,614	614	783	126,810
Additions	-	-	73	537	-	5,019	5,629
Disposals	-	-	-	(14)	-	-	(14)
Revaluation surplus	-	2,640	-	-	-	-	2,640
Elimination of accumulated depreciation on revaluation	-	(2,301)	-	-	-	-	(2,301)
Reclassification	-	661	-	-	-	(661)	-
At 31 March 2022	36,800	77,200	872	12,137	614	5,141	132,764
Accumulated depreciation							
At 1 April 2021	-	-	206	10,651	458	-	11,315
Charge for the year (Note 11)	-	2,301	223	284	71	-	2,879
Disposals	-	-	-	(14)	-	-	(14)
Elimination of accumulated depreciation on revaluation	-	(2,301)	-	-	-	-	(2,301)
At 31 March 2022	-	-	429	10,921	529	-	11,879
Net carrying amount							
At 31 March 2022	36,800	77,200	443	1,216	85	5,141	120,885

17. 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 2023.

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 40.

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 2021	15,596	82,277	97,873
Reclassification from work-in-progress	-	661	661
At 31 March 2022	15,596	82,938	98,534
Reclassification from work-in-progress	-	1,356	1,356
At 31 March 2023	15,596	84,294	99,890
Accumulated depreciation			
At 1 April 2021	-	37,197	37,197
Charge for the year	-	2,301	2,301
At 31 March 2022	-	39,498	39,498
Charge for the year	-	2,353	2,353
At 31 March 2023	-	41,851	41,851
Net carrying amount			
At 31 March 2023	15,596	42,443	58,039
At 31 March 2022	15,596	43,440	59,036

18. Intangible assets

	Software development in progress RM'000	Computer software and licences RM'000	Total RM'000
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 11)	-	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
2022			
Cost			
At 1 April 2021	2,543	21,942	24,485
Additions	1,372	122	1,494
Write off	-	(921)	(921)
At 31 March 2022	3,915	21,143	25,058
Accumulated amortisation			
At 1 April 2021	-	16,673	16,673
Amortisation for the year (Note 11)	-	1,267	1,267
Write off	-	(513)	(513)
At 31 March 2022	-	17,427	17,427
Net carrying amount			
At 31 March 2022	3,915	3,716	7,631

19. Investment in associate

	2023 RM'000	2022 RM'000
At beginning of the year	120,369	116,268
Fair value (losses)/gains (Note 7)	(12,685)	2,431
Foreign exchange gains (Note 9)	6,128	1,670
At end of the year	113,812	120,369

Description of the fair value hierarchy for investment in associate and the significant inputs used in the valuation are provided in Note 40.

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% (2022: 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 2023 and 2022 are as follows:

	2023 RM'000	2022 RM'000
Assets and liabilities		
Current assets	2,679,602	2,484,543
Non-current assets	68,984	69,879
Total assets	2,748,586	2,554,422
Current liabilities	316,405	295,917
Non-current liabilities	1,826,826	1,603,933
Total liabilities	2,143,231	1,899,850
Equity	605,355	654,572
Results		
Revenue	614,181	576,798
(Loss)/profit for the year	(43,762)	7,064

20. 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:

	2023 RM'000	2022 RM'000
Financial assets at FVTPL (a)	205,577	224,783
Financial assets at FVOCI (b)	1,201,985	1,220,701
Financial assets at amortised cost and other assets (c)	2,997,783	2,253,527
	4,405,345	3,699,011
Malaysian government securities	89,773	99,358
Government investment issues	390,102	285,306
Unquoted corporate debt securities	641,450	762,479
Islamic commercial paper	-	9,951
Commercial paper	-	34,849
Equity securities:		
Unquoted shares in Malaysia	87,184	87,254
Quoted shares in Malaysia	116,925	128,132
Unquoted perpetual bond in Malaysia	4,884	4,930
Real estate investment trusts	9,597	10,155
Unit trust funds	67,578	67,870
Deposits	2,892,081	2,082,708
Derivatives	69	-
Other receivables and prepayments	105,702	126,019
	4,405,345	3,699,011

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

	2023 RM'000	2022 RM'000
(a) Financial assets at FVTPL		
At fair value:		
(i) Designated upon initial recognition:		
Unquoted corporate debt securities	302	1,134
Government investment issues	646	4,857
(ii) Mandatorily measured:		
Quoted shares in Malaysia:		
Shariah approved equities	60,629	62,046
Others	56,296	66,086
Unquoted perpetual bond in Malaysia	4,884	4,930
Unquoted corporate debt securities	5,576	7,705
Shariah approved real estate investment trusts	903	882
Non-Shariah approved real estate investment trusts	8,694	9,273
Shariah approved unit trust funds	67,578	67,870
Derivatives [1]	69	-
	205,577	224,783

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

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

(i) The table below shows the fair values of derivative financial instruments, recorded as assets (being derivatives which are in a net gain position) or liabilities (being derivatives which are in a net loss position), together with their notional amounts. The notional amount, recorded gross, is the amount of a derivatives' underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives 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.

	2023		
	Notional Amount RM'000	**Asset RM'000**	**Liability RM'000**
Hedging derivative:			
Forward foreign exchange contracts	195,766	69	-

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

	2023 RM'000	**2022 RM'000**
Unquoted corporate debt securities	635,572	753,640
Government investment issues	389,456	280,449
Malaysian government securities	89,773	99,358
Unquoted shares in Malaysia (i)	87,119	87,189
Golf club membership	65	65
	1,201,985	1,220,701

(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.

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

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

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 2021	82,162	2,443	84,605
Movement during the year	2,486	98	2,584
As at 31 March 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

Disclosures on expected credit losses recognised for financial assets at FVOCI are disclosed in Note 38(a).

(c) Financial assets at amortised cost and other assets

	2023 RM'000	2022 RM'000
At amortised cost:		
Deposit placements with licensed:		
Commercial banks	114,400	81,149
Foreign banks	530,511	234,607
Islamic banks	2,131,636	1,695,491
Development bank	115,534	71,461
Islamic commercial paper	-	9,951
Commercial paper	-	34,849
Secured staff loans:		
Receivable within 12 months	183	544
Receivable after 12 months	1,154	688
Amount due from Insurance Pool accounts	-	8,516
Income due and accrued	22,327	20,238
Due from Lloyds' syndicate*	50,812	62,666
Due from related companies**:		
Due from holding company	-	3,647
Due from associate and fellow subsidiaries	6,312	12
Sundry receivables***	23,874	28,148
	2,996,743	2,251,967
Other assets:		
Prepayments	1,040	1,560
	2,997,783	2,253,527

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

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

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 41(b). The amounts eliminated were as follows:

	2023 RM'000	2022 RM'000
Seed capital of the Retakaful Division	87,384	87,384
Qard due from the Retakaful Division, net of impairment	4,065	4,188
Amount due from Retakaful Division#	39,769	85,993
	131,218	177,565

\# 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:

	2023 %	2022 %
Debt securities	4.0	3.8
Loan receivables	3.0	3.0
Deposits with financial institutions	3.0	1.8

21. Insurance/takaful receivables

	2023 RM'000	2022 RM'000
Due from brokers and ceding companies	575,689	511,720
Allowance for impairment losses	(6,521)	(4,669)
	569,168	507,051

<u>Offsetting insurance/takaful receivables and payables</u>

	2023 RM'000	2022 RM'000
Gross amounts of recognised insurance/takaful receivables	1,855,230	1,013,691
Less: Gross amounts of recognised insurance/takaful payables set off in the statement of financial position	(1,279,541)	(501,971)
Net amounts of recognised insurance/takaful receivables	575,689	511,720

Included in the gross amounts due from brokers and ceding companies are balances amounting to RM60,524 (2022: RM81,820) and RM5,544,236 (2022: RM1,154,577) due from an associate, Labuan Reinsurance (L) Ltd., as well as from a fellow subsidiary, Takaful IKHLAS General, respectively. The amounts receivable are subject to settlement terms stipulated in the reinsurance/retakaful contracts.

The carrying amount disclosed above approximates fair value due to its relatively short-term nature.

Disclosures on the movement of the allowance for impairment losses on insurance/takaful receivables are presented in Note 38(a).

22. Deferred taxation

	2023 RM'000	2022 RM'000
At beginning of the year	3,156	2,961
Recognised in:		
Participants' fund (Note 15)	(182)	137
Profit or loss (Note 16)	(212)	(68)
Other comprehensive income	1,933	126
At end of the year	4,695	3,156

22. Deferred taxation (cont'd.)

Presented after appropriate offsetting as follows:

	2023 RM'000	2022 RM'000
Deferred tax liabilities	8,706	7,138
Deferred tax assets	(4,011)	(3,982)
	4,695	3,156

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

Deferred tax liabilities

	Premium/ contribution 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 2021	523	2,324	404	3,426	6,677
Recognised in:					
Participants' fund	-	(22)	-	-	(22)
Profit or loss	95	-	262	-	357
Other comprehensive income	-	(2,140)	-	2,266	126
At 31 March 2022	618	162	666	5,692	7,138
Recognised in:					
Participants' fund	(204)	(8)	-	-	(212)
Profit or loss	264	-	(417)	-	(153)
Other comprehensive income	-	1,736	-	197	1,933
At 31 March 2023	678	1,890	249	5,889	8,706

22. Deferred taxation (cont'd.)

Deferred tax assets

	Fair value of financial assets at FVTPL RM'000	Expense liabilities RM'000	Others RM'000	Total RM'000
At 1 April 2021	(2,286)	(253)	(1,177)	(3,716)
Recognised in:				
Participants' fund	(15)	-	174	159
Profit or loss	(354)	(55)	(16)	(425)
At 31 March 2022	(2,655)	(308)	(1,019)	(3,982)
Recognised in:				
Participants' fund	(6)	-	36	30
Profit or loss	(905)	138	708	(59)
At 31 March 2023	(3,566)	(170)	(275)	(4,011)

23. Borrowing

	2023 RM'000	2022 RM'000
At amortised cost:		
Medium Term Notes ("MTN")	251,000	51,000
At fair value:		
Medium Term Notes ("MTN")	252,316	50,568

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.

24. Insurance/takaful contract liabilities

	2023			2022		
	Gross RM'000	Reinsurance/ retakaful RM'000	Net RM'000	Gross RM'000	Reinsurance/ retakaful RM'000	Net RM'000
Claim liabilities (i)	3,019,835	(419,105)	2,600,730	2,781,052	(599,010)	2,182,042
Premium/contribution liabilities (ii)	384,915	(11,533)	373,382	374,817	(11,761)	363,056
Participants' fund (iii)	28,679	-	28,679	32,021	-	32,021
	3,433,429	(430,638)	3,002,791	3,187,890	(610,771)	2,577,119
i. Claim liabilities						
At beginning of the year	2,781,052	(599,010)	2,182,042	1,995,112	(169,991)	1,825,121
Adjustment to claims incurred:						
- Outstanding reserves for current underwriting year	433,272	(62,739)	370,533	786,351	(391,708)	394,643
- Movements in outstanding reserve from prior underwriting years	727,350	(48,463)	678,887	520,587	(31,535)	489,052
- Movements in IBNR and PRAD	233,273	(34,477)	198,796	165,617	(48,978)	116,639
- Claims paid during the year	(1,155,112)	325,584	(829,528)	(686,615)	43,202	(643,413)
At end of year	3,019,835	(419,105)	2,600,730	2,781,052	(599,010)	2,182,042
ii. Premium/contribution liabilities						
At beginning of the year	374,817	(11,761)	363,056	311,782	(7,835)	303,947
Premiums/contributions written during the year	1,947,475	(173,856)	1,773,619	1,745,824	(218,594)	1,527,230
Premiums/contributions earned during the year	(1,937,377)	174,084	(1,763,293)	(1,682,789)	214,668	(1,468,121)
At end of year	384,915	(11,533)	373,382	374,817	(11,761)	363,056

Included in the claims liabilities balances amounting to RM60,524 (2022: RM81,820) from a fellow subsidiary, Takaful IKHLAS General. The amounts receivable are subject to settlement terms stipulated in the reinsurance/retakaful contracts.

24. Insurance/takaful contract liabilities (cont'd.)

iii. Participants' fund

	2023 RM'000	2022 RM'000
Accumulated surplus		
At beginning of year	31,949	19,225
Net (deficit)/surplus of the general/family retakaful fund (Note 41(a))	(3,219)	12,724
At end of year	28,730	31,949
Fair value reserve		
At beginning of year	72	331
Net losses on fair value changes	(131)	(281)
Deferred tax on fair value changes (Note 22)	8	22
At end of year	(51)	72
Total	28,679	32,021

In accordance to Section 95 of the IFSA 2013, when the retakaful funds are in deficit, the retakaful operator shall provide Qard or other forms of financial support to the retakaful funds from the shareholder's fund for an amount and on such terms and conditions as may be specified by BNM.

The accumulated surplus includes Qard due from the Retakaful Division which was eliminated in order to arrive at the Company level balances as disclosed under Note 41(b).

In order to arrive at the Company level balances, the gross change in contract liabilities had included elimination of the net surplus from the general and family retakaful funds as disclosed under Note 41(a).

25. Expense liabilities

	2023 RM'000	2022 RM'000
At beginning of the year	3,845	3,159
Wakalah fee received during the year	18,915	20,827
Wakalah fee earned during the year	(20,638)	(20,141)
Movement in unearned wakalah fees (Note 14)	(1,723)	686
At end of the year	2,122	3,845

26. Insurance/takaful payables

	2023 RM'000	2022 RM'000
Due to brokers and retrocessionaires	189,470	210,680

Offsetting insurance/takaful receivables and payables

	2023 RM'000	2022 RM'000
Gross amounts of recognised insurance/takaful payables	1,469,011	712,651
Less: Gross amounts of recognised insurance/takaful receivables set off in the statement of financial position	(1,279,541)	(501,971)
Net amounts of recognised insurance/takaful payables	189,470	210,680

Included in the gross amounts due to brokers and retrocessionaires as at 31 March 2023 are balances amounting to RM689,041 (2022: RM239,135) and RM96,814 (2022: RM6,907) due to the Company's associate, Labuan Reinsurance (L) Ltd. and its fellow subsidiary, Takaful IKHLAS General, respectively. The amounts payable are subject to settlement terms stipulated in the reinsurance/retakaful contracts.

The carrying amount disclosed above approximates fair value due to its relatively short-term nature.

27. Other payables and provisions

	2023 RM'000	2022 RM'000
Due to related companies*:		
Due to holding company	683	-
Due to associate and fellow subsidiaries	-	869
Amount due to Insurance Pool accounts	8,790	-
Provisions	6,136	4,952
Sundry payables and accruals**	14,968	5,638
	30,577	11,459

27. Other payables and provisions (cont'd.)

* 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 41(b). The amounts eliminated were the following:

	2023 RM'000	2022 RM'000
Seed capital of the Retakaful Division	87,384	87,384
Amount owing by Retakaful Division#	39,769	85,993
	127,153	173,377

\# 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.

28. Share capital

	Number of ordinary shares		Amount	
	2023 '000	2022 '000	2023 RM'000	2022 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

29. Merger deficit

	2023 RM'000	2022 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.

30. 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:

	2023 RM'000	2022 RM'000
Net profit for the year (RM'000)	81,347	62,802
Number of ordinary shares in issue ('000)	663,106	663,106
Basic and diluted earnings per share (sen)	12.27	9.47

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

31. Dividend

The dividends paid by the Company were as follows:

	2023 RM'000	2022 RM'000
Dividends declared and paid in respect of financial year ended 31 March 2022 final single-tier dividend is 8.29%	-	55,000

32. Lease

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:

	2023 RM'000	2022 RM'000
Within 1 year	4,082	3,240
After 1 year and not more than 5 years	3,768	1,064
	7,850	4,304

33. Capital commitments

	2023 RM'000	2022 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	3,423	1,169
Intangible assets	-	382
	3,423	1,551
Approved but not contracted for:		
Property, plant and equipment	9,422	1,778
Intangible assets	13	1,105
	9,435	2,883

34. 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.

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

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

	2023 RM'000	2022 RM'000
Income/(expenses):		
Transactions with Labuan Reinsurance (L) Ltd., an associate:		
Reinsurance inward (net of claims)	4,886	324
Transactions with Takaful IKHLAS Family, a fellow subsidiary:		
Gross contribution paid for takaful cover	(270)	(274)
Rental and other income from property	-	142
Management fees expenses	(219)	(495)
Management fees income	-	51
Management expenses chargeback	140	103
Transactions with Takaful IKHLAS General, a fellow subsidiary:		
Gross contribution paid for takaful cover	(104)	(100)
Retakaful inward (net of claims)	4,608	(22,974)
Management fees income	476	74
Management expenses chargeback	179	26
Rental income	1,145	-
Transactions with MNRB Holdings Berhad, the holding company:		
Management fees expenses	(21,071)	(16,710)
Management fees income	407	978
Management expenses chargeback	(2,799)	(2,157)
Interest paid	(2,239)	(156)
Rental and other income from property	1,102	1,019
Transactions with MMIP Services Sdn. Bhd., a fellow subsidiary:		
Rental and other income from property	189	267
Management fees income	35	226
Management expenses chargeback	22	26
Transactions with Malaysian Re (Dubai) Ltd., a fellow subsidiary:		
Management fees for marketing activities	(4,617)	(3,658)
Management fees income	-	23

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties. Balances with related parties as at 31 March 2023 are as disclosed in Notes 20, 21, 26 and 27.

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

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

	2023 RM'000	2022 RM'000
Non-executive directors' remuneration (Note 12):		
Fees	426	483
Meeting allowances	127	111
GSC members' remuneration (Note 12):		
Fees	60	59
Meeting allowances	15	20
President & CEO's remuneration (Note 12):		
Salaries and bonus	1,120	1,210
Pension costs - EPF	190	206
Benefits-in-kind	25	25
Others	253	218
Other key management personnel:		
Salaries and bonus	4,750	4,639
Pension costs - EPF	780	759
Allowances	854	636
	8,600	8,366

35. 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.

35. Risk management framework (cont'd.)

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) Give 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) Ensure appropriate strategies are in place to mitigate risks and maximise opportunities;

(vi) Allows the Company and operating entities 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;

(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.

35. Risk management framework (cont'd.)

(a) Risk management governance

The Risk Management governance structure is as follows:

(i) The Board had established a dedicated Board Committee known as the 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 was established to complement the role of the Board by providing independent assessments 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;

(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”) will oversee 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 the Business Risk Management Department, the Heads of Department and supported by the embedded risk managers of each department, guided by various components of the RM Framework.

35. Risk management framework (cont'd.)

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

The Board had also established a dedicated Group Investment Committee to further oversee risks associated with investments and asset allocation strategies. Further, the Company has established an Investment Policy to ensure proper risk management by investing in low-risk assets, deposits with licensed financial institutions, debt securities and other marketable securities.

(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 Guidelines 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.

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 and RBCT Frameworks.

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 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.

(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.

35. Risk management framework (cont'd.)

(c) Regulatory framework (cont'd.)

The total capital available of the Company as at 31 March 2023, as prescribed and reported under the RBC and RBCT Frameworks, is provided below:

	2023 RM'000	2022 RM'000
Eligible Tier 1 Capital		
Share capital	663,106	663,106
Retained profits	1,145,646	1,064,299
Valuation (deficit)/surplus maintained in the retakaful funds	(165)	3,016
	1,808,587	1,730,421
Eligible Tier 2 Capital		
Revaluation reserve	50,376	49,576
Fair value reserve	38,621	38,766
Subordinated term debt	250,400	50,600
General reserves (merger deficit)	(9,618)	(9,618)
	329,779	129,324
Deductions	(106,909)	(100,018)
Total Capital Available	2,031,457	1,759,727

(d) Asset-liability management (“ALM”) Framework

The main risk that the Company faces due to the nature of its investments and liabilities is the mismatch of assets to liabilities (investment risks). The Company manages these positions within the ALM framework to achieve long-term investment returns in excess of its obligations. The principal technique identified is to match assets to the liabilities arising from reinsurance and retakaful contracts. Amongst the mechanism to manage the ALM framework is the assessment and monitoring of the investment portfolio duration against the liability duration for specific risks, as well as investing in foreign currencies denominated fixed income securities to match its foreign currency denominated liabilities.

An Asset-Liability Committee ("ALCO") has been established to manage and monitor asset-liability mismatch risks. The ALCO ultimately reports to the Board through the Group Investment Committee.

36. Insurance/takaful risk of general reinsurance/retakaful

(a) Nature of risk

The Company principally underwrites general reinsurance and retakaful contracts by the following main classes of business: Fire, Motor, Marine, and Miscellaneous. 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 above risks are mitigated by diversification across the Company's business portfolio 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 main classes of business, by local and overseas risks and by reinsurance and retakaful:

Insurance/takaful contract liabilities	**Gross RM'000**	**Re-insurance/ retakaful RM'000**	**Net RM'000**
2023			
Fire	1,747,371	(301,189)	1,446,182
Motor	517,968	(8,223)	509,745
Marine	297,974	(48,359)	249,615
Miscellaneous	823,809	(59,272)	764,537
	3,387,122	(417,043)	2,970,079
Local	1,753,258	(263,389)	1,489,869
Overseas	1,633,864	(153,654)	1,480,210
	3,387,122	(417,043)	2,970,079
Reinsurance	3,258,338	(406,950)	2,851,388
Retakaful	128,784	(10,093)	118,691
	3,387,122	(417,043)	2,970,079

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

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

Insurance/takaful contract liabilities

2022	Gross RM'000	Re-insurance/ retakaful RM'000	Net RM'000
Fire	1,661,863	(534,434)	1,127,429
Motor	465,166	(5,735)	459,431
Marine	292,103	(32,148)	259,955
Miscellaneous	724,767	(28,860)	695,907
	3,143,899	(601,177)	2,542,722
Local	1,839,394	(542,687)	1,296,707
Overseas	1,304,505	(58,490)	1,246,015
	3,143,899	(601,177)	2,542,722
Reinsurance	3,035,408	(569,574)	2,465,834
Retakaful	108,491	(31,603)	76,888
	3,143,899	(601,177)	2,542,722

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 and GMRCC and subsequently, as delegated by the Board, recommended to the RMCB for approval. Prudent standards are applied in the selection of the Company's key retrocessionaires/retrotakaful providers.

Stress testing is performed on a quarterly basis. 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. The Stress testing is designed to stimulate drastic changes in major parameters such as new business volume, claims experience, expenses and investment return.

36. Insurance/takaful risk of general reinsurance/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. The consequences of the risk is 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 contributions charged are insufficient to meet expected claims and expenses. This risk is mitigated by adhering to the pricing policy and ceding the risk above our risk appetite to retrocessionaires/retrotakaful providers with strong financial standing.

(d) Reserving risk

The Company's claim liabilities, and consequently some of the inputs used in determining its premium/contribution liabilities and expense liabilities, are based upon previous claims experience, existing knowledge of events, the terms and conditions of relevant policies and interpretation of circumstances. Upon notification of a claim by its cedants or receipt of notification of market loss events, the Company sets aside reserves to meet the expected ultimate loss arising from these claims. These claim reserves are updated periodically for further developments via advice from cedants and any updates on market loss events.

At each financial year end, the Company performs a test on the adequacy of its liabilities that is certified by the Appointed Actuary for the purpose of ensuring that claim and premium liabilities are objectively assessed and adequately provided for. Any deficiency is recognised in the statement of comprehensive income.

(e) Impact on liabilities, 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.

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

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

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 of the Company by increasing or decreasing the said ratio by 5%. The increase/(decrease) was applied to the earned exposure in the last 2 years, where the uncertainty of the ultimate loss is higher as claim is at an early stage of development. 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%:

2023

	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit before tax * RM'000	Impact on equity ** RM'000
Increase 5%	<------- Increase ------->		<------ Decrease ------>	
Fire	81,667	79,562	(76,034)	(69,951)
Marine	14,492	14,115	(13,583)	(12,497)
Motor	27,682	26,966	(26,966)	(24,809)
Miscellaneous	43,504	42,374	(40,733)	(37,474)
	167,345	163,017	(157,316)	(144,731)

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

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

Sensitivity analysis (cont'd.)

2023 (cont'd.)

Decrease 5%	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit before tax * RM'000	Impact on equity ** RM'000
	<------- Decrease ------->		<------ Increase ------>	
Fire	(81,667)	(79,562)	76,034	69,951
Marine	(14,492)	(14,115)	13,583	12,497
Motor	(27,682)	(26,966)	26,966	24,809
Miscellaneous	(43,504)	(42,374)	40,733	37,474
	(167,345)	(163,017)	157,316	144,731

2022

Increase 5%	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit before tax * RM'000	Impact on equity ** RM'000
	<------- Increase ------->		<------ Decrease ------>	
Fire	61,259	60,493	(57,590)	(52,982)
Marine	14,655	14,503	(13,869)	(12,759)
Motor	24,640	24,320	(24,320)	(22,374)
Miscellaneous	37,247	36,831	(35,159)	(32,347)
	137,801	136,147	(130,938)	(120,462)

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

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

Sensitivity analysis (cont'd.)

2022 (cont'd.)

Decrease 5%	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit before tax * RM'000	Impact on equity ** RM'000
	<------- Decrease ------->		<------ Increase ------>	
Fire	(61,032)	(60,493)	57,590	52,982
Marine	(14,630)	(14,503)	13,869	12,759
Motor	(24,538)	(24,320)	24,320	22,374
Miscellaneous	(37,155)	(36,831)	35,159	32,347
	(137,355)	(136,147)	130,938	120,462

* The impact on profit before tax has included consideration of the impact on estimated reinstatement premium receivables.

** The impact on equity reflects the impact after tax of 8% (2022: 8%).

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

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 ("UWY") 2023 will only be available once the Company has completed the underwriting of its business for the period from 1 January 2023 to 31 December 2023.

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

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

Gross general reinsurance/retakaful claim liabilities for 2023:

Underwriting year	Before 2015 RM'000	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 underwriting year		707,937	684,259	782,335	849,676	942,404	1,005,332	1,576,477	1,286,678	
One year later		762,054	824,967	707,863	960,687	909,028	1,053,165	1,690,061	-	
Two years later		816,207	786,520	692,333	903,133	859,348	1,016,896	-	-	
Three years later		805,460	791,267	692,481	892,418	833,848	-	-	-	
Four years later		822,505	778,764	666,230	871,951	-	-	-	-	
Five years later		823,647	771,898	670,933	-	-	-	-	-	
Six years later		810,074	773,956	-	-	-	-	-	-	
Seven years later		815,952	-	-	-	-	-	-	-	
Current estimate of booked ultimate claims incurred (a)	**4,388,173**	**814,857**	**772,196**	**668,331**	**869,052**	**826,940**	**1,002,993**	**1,612,825**	**759,934**	
At the end of underwriting year		48,141	50,779	47,943	105,412	72,521	63,936	113,191	65,460	
One year later		467,060	369,592	395,793	542,780	388,690	354,479	737,010	-	
Two years later		593,458	550,346	516,091	689,939	526,889	549,118	-	-	
Three years later		667,552	640,952	563,218	733,724	623,122	-	-	-	
Four years later		724,810	670,036	577,617	749,240	-	-	-	-	
Five years later		741,602	694,511	600,524	-	-	-	-	-	
Six years later		755,199	717,076	-	-	-	-	-	-	
Seven years later		773,237	-	-	-	-	-	-	-	
Cumulative payments to-date (b)	**4,200,007**	**773,237**	**717,076**	**600,524**	**749,240**	**623,122**	**549,118**	**737,010**	**65,460**	
Expected claim liabilities (a) - (b)	188,166	41,620	55,120	67,807	119,812	203,818	453,875	875,815	694,474	2,700,507
Other portfolios										91,188
Best estimate of claim liabilities										2,791,695
Claim handling expenses										19,821
Fund PRAD at 75% confidence interval										210,757
Foreign exchange										(20,066)
Gross general reinsurance/retakaful claim liabilities										3,002,207

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

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

Net general reinsurance/retakaful claim liabilities for 2023:

Underwriting year	Before 2015 RM'000	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 underwriting year		703,964	863,017	783,472	851,093	926,223	998,303	1,562,128	1,257,586	
One year later		877,687	823,576	707,596	939,331	900,746	1,044,267	1,672,883	-	
Two years later		817,079	785,839	689,271	878,022	842,883	979,135	-	-	
Three years later		806,237	791,205	691,601	871,472	827,847	-	-	-	
Four years later		823,471	778,758	666,068	852,695	-	-	-	-	
Five years later		823,650	771,898	670,933	-	-	-	-	-	
Six years later		810,074	773,956	-	-	-	-	-	-	
Seven years later		815,952	-	-	-	-	-	-	-	
Current estimate of booked ultimate claims incurred (a)	**4,364,218**	**814,857**	**772,196**	**668,331**	**849,795**	**820,938**	**965,113**	**1,596,893**	**739,065**	
At the end of underwriting year		48,141	50,779	47,943	105,412	72,432	63,606	112,978	59,481	
One year later		467,060	369,592	395,793	539,287	384,880	353,658	733,486	-	
Two years later		593,458	550,346	516,091	669,253	521,181	542,901	-	-	
Three years later		667,555	640,952	563,218	713,915	617,588	-	-	-	
Four years later		724,812	670,036	577,617	729,983	-	-	-	-	
Five years later		741,604	694,511	600,524	-	-	-	-	-	
Six years later		755,199	717,076	-	-	-	-	-	-	
Seven years later		773,237	-	-	-	-	-	-	-	
Cumulative payments to-date (b)	**4,176,981**	**773,237**	**717,076**	**600,524**	**729,983**	**617,588**	**542,901**	**733,486**	**59,481**	
Expected claim liabilities (a) - (b)	187,237	41,620	55,120	67,807	119,812	203,350	422,212	863,407	679,584	2,640,149
Other portfolios										91,174
Best estimate of claim liabilities										2,731,323
Claim handling expenses										19,821
Fund PRAD at 75% confidence interval										172,778
Foreign exchange										(20,082)
Less: Retrocession recoveries										(307,143)
Net general reinsurance/retakaful claim liabilities										2,596,697

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

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

Gross general reinsurance/retakaful claim liabilities for 2022

Underwriting year	Before 2014 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	Subtotal RM'000
At the end of underwriting year		703,952	707,937	684,259	782,335	849,676	942,403	1,005,332	1,576,477	
One year later		722,287	762,054	824,967	707,863	960,687	909,028	1,053,165	-	
Two years later		729,885	816,207	786,520	692,333	903,133	859,348	-	-	
Three years later		734,344	805,460	791,266	692,481	892,418	-	-	-	
Four years later		723,221	822,505	778,764	666,230	-	-	-	-	
Five years later		801,843	823,647	771,898	-	-	-	-	-	
Six years later		799,548	810,074	-	-	-	-	-	-	
Seven years later		787,274	-	-	-	-	-	-	-	
Current estimate of booked ultimate claims incurred (a)	**6,786,688**	**783,364**	**808,137**	**768,250**	**662,478**	**887,889**	**846,826**	**990,851**	**1,061,643**	
At the end of underwriting year		50,464	48,141	50,779	47,943	105,412	72,520	63,937	113,191	
One year later		394,520	467,060	369,591	395,792	542,781	388,690	354,479	-	
Two years later		521,806	593,458	550,347	516,091	689,938	526,889	-	-	
Three years later		577,362	667,552	640,952	563,218	733,724	-	-	-	
Four years later		618,482	724,810	670,036	577,617	-	-	-	-	
Five years later		684,641	741,602	694,511	-	-	-	-	-	
Six years later		696,148	755,199	-	-	-	-	-	-	
Seven years later		706,649	-	-	-	-	-	-	-	
Cumulative payments to-date (b)	**6,646,726**	**706,649**	**755,199**	**694,511**	**577,617**	**733,724**	**526,889**	**354,479**	**113,191**	
Expected claim liabilities (a) - (b)	139,962	76,716	52,938	73,740	84,861	154,165	319,937	636,372	948,453	2,487,144
Other portfolios										74,273
Best estimate of claim liabilities										2,561,417
Claim handling expenses										16,811
Fund PRAD at 75% confidence interval										186,187
Foreign exchange										4,667
Gross general reinsurance/retakaful claim liabilities										2,769,082

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

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

Net general reinsurance/retakaful claim liabilities for 2022:

Underwriting year	Before 2014 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	Subtotal RM'000
At the end of underwriting year		705,370	703,964	863,017	783,471	851,093	926,223	998,304	1,562,128	
One year later		712,346	877,687	823,576	707,596	939,331	900,746	1,044,267	-	
Two years later		763,018	817,079	785,839	689,271	878,022	842,883	-	-	
Three years later		734,168	806,237	791,205	691,601	871,472	-	-	-	
Four years later		723,955	823,471	778,759	666,068	-	-	-	-	
Five years later		801,563	823,650	771,898	-	-	-	-	-	
Six years later		799,699	810,074	-	-	-	-	-	-	
Seven years later		787,274	-	-	-	-	-	-	-	
Current estimate of booked ultimate claims incurred (a)	**6,693,054**	**783,364**	**808,137**	**768,250**	**662,316**	**866,943**	**830,426**	**983,376**	**1,054,997**	
At the end of underwriting year		50,464	48,141	50,779	47,943	105,412	72,432	63,606	112,978	
One year later		394,520	467,060	369,591	395,792	539,287	384,880	353,658	-	
Two years later		521,806	593,458	550,347	516,091	669,253	521,181	-	-	
Three years later		577,362	667,555	640,952	563,218	713,915	-	-	-	
Four years later		618,482	724,812	670,036	577,617	-	-	-	-	
Five years later		684,641	741,604	694,511	-	-	-	-	-	
Six years later		696,148	755,199	-	-	-	-	-	-	
Seven years later		706,649	-	-	-	-	-	-	-	
Cumulative payments to-date (b)	**6,554,103**	**706,649**	**755,199**	**694,511**	**577,617**	**713,915**	**521,181**	**353,658**	**112,978**	
Expected claim liabilities (a) - (b)	138,951	76,716	52,938	73,740	84,699	153,028	309,245	629,718	942,020	2,461,055

	RM'000
Other portfolios	74,264
Best estimate of claim liabilities	2,535,319
Claim handling expenses	16,811
Fund PRAD at 75% confidence interval	143,485
Foreign exchange	4,362
Less: Retrocession recoveries	(520,311)
Net general reinsurance/retakaful claim liabilities	2,179,666

37. Takaful risk of family retakaful

(a) Nature of risk

The family retakaful business of the Company principally consists of Individual Family Retakaful Plans and Group Family Retakaful Plans, 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 table below discloses the concentration of takaful contract liabilities by types of business and by local and overseas exposures:

	Gross RM'000	Re-insurance/ Retakaful RM'000	Net RM'000
2023			
Family Individual	16,664	(12,742)	3,922
Family Group	964	(853)	111
	17,628	(13,595)	4,033
Local	17,135	(13,465)	3,670
Overseas	493	(130)	363
	17,628	(13,595)	4,033

	Gross RM'000	Retakaful RM'000	Net RM'000
2022			
Family Individual	11,970	(9,594)	2,376
Family Group	-	-	-
	11,970	(9,594)	2,376
Local	11,536	(9,498)	2,038
Overseas	434	(96)	338
	11,970	(9,594)	2,376

The underwritten risks are further managed through retrotakaful arrangements.

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

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

Stress testing is performed on a quarterly basis. The purpose of the stress testing is to test the solvency and financial viability of the family retakaful fund under various scenarios as guided by regulatory guidelines. The Stress testing is designed to simulate drastic changes in major parameters such as new business volume, claims experience, expenses, investment return and mortality/morbidity patterns.

(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 liabilities, 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 20%. The table below shows the impact on the family retakaful fund’s gross and net liabilities, surplus/(deficit) before tax and family retakaful fund should the ultimate loss ratio be increased/(decreased) by 20%:

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

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

	Change in assumptions	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on surplus before tax RM'000	Impact on family retakaful fund* RM'000
		<- Decrease/(increase)->		<- Increase/(decrease)->	
2023					
Loss ratio	-20%	4,354	889	889	818
Loss ratio	+20%	(24,555)	(8,568)	(8,568)	(7,882)
2022					
Loss ratio	-20%	3,465	703	703	647
Loss ratio	+20%	(19,631)	(7,613)	(7,613)	(7,004)

* The impact on the family retakaful fund reflects the impact after tax of 8% (2022: 8%).

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

38. 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 of a counterparty failing to perform its obligations.

Credit risk includes the following major elements:

(i) 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 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. As at the reporting date, the Company do transact in derivatives and was exposed to this risk;

38. 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

(iv) Reinsurance premium credit risk which is the risk of financial loss arising from the non-payment of premiums.

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 fixed income securities that may be held. In addition, the policies are further aimed at investing in a diverse portfolio of fixed income securities in order to reduce the potential impact that may arise from individual companies defaulting;

(iii) Counterparty limits are set for investments and cash deposits to ensure that there is no concentration of credit risk;

(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.

38. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Credit exposure by credit rating (cont'd.)

2023	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
Financial assets at FVTPL						
Designated upon initial recognition:						
Unquoted 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
Unquoted perpetual bond in Malaysia	-	4,884	-	-	-	4,884
Unquoted 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						
Unquoted 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

38. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Credit exposure by credit rating (cont'd.)

2023 (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
Financial assets at amortised cost						
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 bank	-	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	-	-	-	-	23,874	23,874
Reinsurance/retakaful assets # *	-	123,741	13,728	-	281,636	419,105
Insurance/takaful receivables*	-	106,534	176,612	-	286,022	569,168
Cash and bank balances	-	136,858	-	-	-	136,858
Financial and insurance/takaful assets	630,716	3,827,637	190,340	282,142	598,601	5,529,436

\# 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.

38. 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
2022						
Financial assets at FVTPL						
Designated upon initial recognition:						
Unquoted corporate debt securities	-	1,134	-	-	-	1,134
Government investment issues	4,857	-	-	-	-	4,857
Mandatorily measured:						
Quoted shares in Malaysia:						
Shariah approved equities	-	-	-	62,046	-	62,046
Others	-	-	-	66,086	-	66,086
Unquoted perpetual bond in Malaysia	-	4,930	-	-	-	4,930
Unquoted corporate debt securities	-	-	7,705	-	-	7,705
Shariah approved real estate investment trusts	-	-	-	882	-	882
Non-Shariah approved real estate investment trusts	-	-	-	9,273	-	9,273
Shariah approved unit trust funds	-	-	-	67,870	-	67,870
Financial assets at FVOCI						
Unquoted corporate debt securities	210,292	543,348	-	-	-	753,640
Government investment issues	280,449	-	-	-	-	280,449
Malaysian government securities	99,358	-	-	-	-	99,358
Unquoted shares in Malaysia	-	-	-	87,189	-	87,189
Golf club membership	-	-	-	65	-	65
Financial assets at amortised cost						
Deposit placements with licensed:						
Commercial banks	-	81,149	-	-	-	81,149
Foreign banks	-	234,607	-	-	-	234,607

38. 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
2022 (cont'd.)						
Financial assets at amortised cost (cont'd.)						
Deposit placements with licensed (cont'd.):						
Islamic banks	-	1,695,491	-	-	-	1,695,491
Development banks	-	71,461	-	-	-	71,461
Islamic commercial paper	-	9,951	-	-	-	9,951
Commercial paper	-	34,849	-	-	-	34,849
Secured staff loans:						
Receivable within 12 months	-	-	-	-	544	544
Receivable after 12 months	-	-	-	-	688	688
Amount due from Insurance Pool accounts	-	-	-	-	8,516	8,516
Income due and accrued	5,519	13,151	116	1,272	180	20,238
Due from Lloyds' Syndicate	-	62,666	-	-	-	62,666
Due from related companies:						
Due from holding company	-	3,647	-	-	-	3,647
Due from associate company	-	12	-	-	-	12
Sundry receivables	-	-	-	-	28,148	28,148
Reinsurance/retakaful assets # *	-	329,091	8,124	-	261,795	599,010
Insurance/takaful receivables *	-	143,173	96,900	-	266,978	507,051
Cash and bank balances	-	184,373	-	-	-	184,373
Financial and insurance/takaful assets	600,475	3,413,033	112,845	294,683	566,849	4,987,885

\# 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.

38. 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 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 ("ECL")

The Company assesses the possible default events within 12 months for the calculation of the 12-month ECL in Stage 1. 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 38(a).

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

	2023	**2022**
	RM'000	**RM'000**
Total carrying amount of financial assets at AC	2,996,743	2,251,967
Total ECL recognised on financial assets at AC	-	1

38. 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 fair value of the Company's financial assets measured at FVOCI that are subject to by credit risk and the expected credit loss amount recognised.

	2023 RM'000	2022 RM'000
Financial investments at FVOCI		
Government guaranteed	625,198	590,099
AAA to BBB	489,603	543,348
Total carrying amount	1,114,801	1,133,447
Total ECL recognised on financial investments at FVOCI	107	101

As at the financial year end, all financial investments measured at FVOCI held by the Company is classified as Stage 1.

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

	FVOCI RM'000	AC RM'000	Total RM'000
Balance as at 1 April 2021	639	32	671
Net adjustment of loss allowances	(538)	(31)	(569)
Balance as at 31 March 2022	101	1	102
Net adjustment of loss allowances	6	(1)	5
Balance as at 31 March 2023	107	-	107

38. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Other financial assets - Reconciliation of allowance account

Other financial assets consist of reinsurance/retakaful assets, insurance/takaful receivables and other receivables.

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.

38. 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 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
31 March 2022							
ECL rate	0.10%	0.24%	1.78%	7.40%	20.37%	48.03%	
Gross carrying amount	331,662	151,877	18,698	1,595	967	6,921	511,720
Allowance for ECL	341	357	332	118	197	3,324	4,669

38. 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			
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
2022			
As at 1 April 2021	374,207	7,844	382,051
Increase/(decrease) during the year	132,323	(2,654)	129,669
As at 31 March 2022	506,530	5,190	511,720
Allowance for ECL			
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
2022			
As at 1 April 2021	1,502	2,622	4,124
Net (reversal)/increase during the year	(267)	812	545
As at 31 March 2022	1,235	3,434	4,669

38. 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
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
2022			
As at 1 April 2021	1,624	2,500	4,124
Increase of impairment losses during the year	537	8	545
As at 31 March 2022	2,161	2,508	4,669

(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.

38. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

As part of its liquidity management strategy, the Company has in place a Group Liquidity Management Policy & Plan 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 Company’s reinsurance/retakaful funds; and

(v) Liquidity risk position.

In order 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.

Each fund specifies a percentage of minimum holding for certain types of investments with no limit for deposits. 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 financial and insurance/takaful 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 the estimated timing of net cash outflows from the recognised insurance/takaful liabilities. The reinsurers'/retakaful operators' share of expense liabilities, unearned premium reserves and unearned contribution reserves have been excluded from the analysis as they are not contractual obligations.

38. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

2023	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:						
Unquoted corporate debt securities	302	303	-	-	-	303
Government investment issues	646	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
Unquoted perpetual bond in Malaysia	4,884	-	-	-	5,482	5,482
Unquoted 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						
Unquoted 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

38. 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 (cont'd.)						
Malaysian government securities	89,773	3,398	42,725	70,617	-	116,740
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
Due from associate and fellow subsidiaries	6,312	6,312	-	-	-	6,312
Sundry receivables	23,874	23,874	-	-	-	23,874

38. 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.)						
Reinsurance/retakaful assets#	419,105	149,482	234,397	35,226	-	419,105
Insurance/takaful receivables	569,168	569,168	-	-	-	569,168
Cash and bank balances	136,858	136,858	-	-	-	136,858
Financial and insurance/takaful assets	5,529,436	4,014,098	931,472	597,915	286,835	5,830,320
Borrowing	(251,000)	(12,694)	(51,495)	(291,545)	-	(355,734)
Insurance/takaful contract liabilities	(3,048,514)	(1,057,118)	(1,731,912)	(259,484)	-	(3,048,514)
Insurance/takaful payables	(189,470)	(189,470)	-	-	-	(189,470)
Other payables (excluding provisions)	(24,441)	(24,441)	-	-	-	(24,441)
Financial and insurance/takaful liabilities	(3,513,425)	(1,283,723)	(1,783,407)	(551,029)	-	(3,618,159)
Surplus/(deficit)	2,016,011	2,730,375	(851,935)	46,886	286,835	2,212,161

Balances excluding premium/contribution liabilities

38. 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
2022						
Financial assets at FVTPL						
Designated upon initial recognition:						
Unquoted corporate debt securities	1,134	56	1,103	-	-	1,159
Government investment issues	4,857	4,911	-	-	-	4,911
Mandatorily measured:						
Quoted shares in Malaysia:						
Shariah approved equities	62,046	-	-	-	62,046	62,046
Others	66,086	-	-	-	66,086	66,086
Unquoted perpetual bond in Malaysia	4,930	-	-	-	5,000	5,000
Unquoted corporate debt securities	7,705	464	2,222	42,470	-	45,156
Shariah approved real estate investment trusts	882	-	-	-	882	882
Non-Shariah approved real estate investment trusts	9,273	-	-	-	9,273	9,273
Shariah approved unit trust funds	67,870	-	-	-	67,870	67,870
Financial assets at FVOCI						
Unquoted corporate debt securities	753,640	287,735	345,293	230,129	-	863,157
Government investment issues	280,449	35,516	108,244	201,305	-	345,065
Malaysian government securities	99,358	3,837	24,937	103,140	-	131,914
Unquoted shares in Malaysia	87,189	-	-	-	87,189	87,189
Golf club membership	65	-	-	-	65	65

38. 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
2022 (cont'd.)						
Financial assets at amortised cost						
Deposit placements with licensed:						
Commercial banks	81,149	81,263	-	-	-	81,263
Foreign banks	234,607	236,568	-	-	-	236,568
Islamic banks	1,695,491	1,703,626	-	-	-	1,703,626
Development bank	71,461	71,869	-	-	-	71,869
Islamic commercial paper	9,951	10,000	-	-	-	10,000
Commercial paper	34,849	35,000	-	-	-	35,000
Secured staff loans:						
Receivable within 12 months	544	544	-	-	-	544
Receivable after 12 months	688	-	688	-	-	688
Due from Insurance Pool accounts	8,516	8,516	-	-	-	8,516
Income due and accrued	20,238	20,238	-	-	-	20,238
Due from Lloyds' syndicate	62,666	-	62,666	-	-	62,666

38. 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
2022 (cont'd.)						
Financial assets at amortised cost (cont'd.)						
Due from related companies:						
Due from holding company	3,647	3,647	-	-	-	3,647
Due from associate company	12	12	-	-	-	12
Sundry receivables	28,148	28,148	-	-	-	28,148
Reinsurance/retakaful assets#	599,010	203,970	347,406	47,634	-	599,010
Insurance/takaful receivables	507,051	507,051	-	-	-	507,051
Cash and bank balances	184,373	184,373	-	-	-	184,373
Financial and insurance/takaful assets	4,987,885	3,427,344	892,559	624,678	298,411	5,242,992
Borrowing	(51,000)	(2,190)	(8,766)	(56,480)	-	(67,436)
Insurance/takaful contract liabilities	(2,813,073)	(955,410)	(1,633,269)	(224,394)	-	(2,813,073)
Insurance/takaful payables	(210,680)	(210,680)	-	-	-	(210,680)
Other payables (excluding provisions)	(6,507)	(6,507)	-	-	-	(6,507)
Financial and insurance/takaful liabilities	(3,081,260)	(1,174,787)	(1,642,035)	(280,874)	-	(3,097,696)
Surplus/(deficit)	1,906,625	2,252,557	(749,476)	343,804	298,411	2,145,296

Balances excluding premium/contribution liabilities

38. 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.

Sensitivity analysis

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.

38. 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)-->	
2023			
Price/NAV	+5%	6,326	10,176
Price/NAV	-5%	(6,326)	(10,176)
2022			
Price/NAV	+5%	10,308	13,843
Price/NAV	-5%	(10,308)	(13,843)

* The impact on equity reflects adjustments for tax at 8% (2022: 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.

<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 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.

38. Financial risk (cont'd.)

(c) Market risk (cont'd.)

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

	Changes in variable	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit before tax RM'000	Impact on equity * RM'000
		<- Increase/(decrease) ->		<- (Decrease)/increase->	
2023					
Foreign currency	+5%	72,774	66,061	(621)	(572)
Foreign currency	-5%	(72,774)	(66,061)	621	572
2022					
Foreign currency	+5%	55,063	52,524	(7,849)	(7,221)
Foreign currency	-5%	(55,063)	(52,524)	7,849	7,221

* The impact on equity reflects adjustments for tax at 8% (2022: 8%), where applicable.

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

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. However, the Company does not have floating rate assets or liabilities on its book.

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 and hence is the source of portfolio volatility.

38. Financial risk (cont'd.)

(c) Market risk (cont'd.)

Interest/profit rate risk (cont'd.)

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 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
2023			
Interest/profit rates	+25 bps	(136)	(11,929)
Interest/profit rates	-25 bps	136	11,929
2022			
Interest/profit rates	+25 bps	(224)	(10,245)
Interest/profit rates	-25 bps	224	10,245

* The impact on equity reflects adjustments for tax at 8% (2022: 8%), where applicable.

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

38. 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.

39. 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.

39. 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 and section 33E(1) of the Development Financial Institutions Act (“DFIA”) 2002;

(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 Framework (“SRM Framework”), 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.

ESG risk arise from the potential impact that the Group’s operations may have on the environment, society, and the quality its governance. These include issues relating to climate change, labour practices as well as the Group’s ethics and transparency.

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 Policy and Group Sustainability Roadmap.

40. 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.

40. Fair values of assets and liabilities (cont'd.)

Description of significant unobservable inputs:

	Significant unobservable inputs	Range
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
2022		
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 17, 19 and 20 respectively.

Fair value hierarchy:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2023				
Assets measured at fair value on a recurring basis:				
(a) Property, plant and equipment				
Freehold land (Note 17)	-	-	36,800	36,800
Building (Note 17)	-	-	77,200	77,200
	-	-	114,000	114,000

40. Fair values of assets and liabilities (cont'd.)

Fair value hierarchy (cont'd.):

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2023 (cont'd.)				
Assets measured at fair value on a recurring basis: (cont'd.)				
(b) Investment in associate (Note 19)	-	-	113,812	113,812
(c) Financial assets at FVTPL (Note 20)				
Designated upon initial recognition:				
Unquoted 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
Unquoted perpetual bond in Malaysia	-	4,884	-	4,884
Unquoted 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
	194,100	11,477	-	205,577
(d) Financial assets at FVOCI (Note 20)				
Unquoted corporate debt securities	-	635,572	-	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
	-	1,114,801	87,184	1,201,985
	194,100	1,126,278	314,996	1,635,374

40. Fair values of assets and liabilities (cont'd.)

Fair value hierarchy (cont'd.)

2023 (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 23)	-	252,316	-	252,316

2022

	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 17)	-	-	36,800	36,800
Building (Note 17)	-	-	77,200	77,200
	-	-	114,000	114,000
(b) Investment in associate (Note 19)	-	-	120,369	120,369
(c) Financial assets at FVTPL (Note 20)				
Designated upon initial recognition:				
Unquoted corporate debt securities	-	1,134	-	1,134
Government investment issues	-	4,857	-	4,857
Mandatorily measured:				
Quoted shares in Malaysia:				
Shariah approved equities	62,046	-	-	62,046
Others	66,086	-	-	66,086
Unquoted perpetual bond in Malaysia	-	4,930	-	4,930
Unquoted corporate debt securities	-	7,705	-	7,705
Shariah approved real estate investment trusts	882	-	-	882
Non-Shariah approved real estate investment trusts	9,273	-	-	9,273
Shariah approved unit trust funds	67,870	-	-	67,870
	206,157	18,626	-	224,783

40. Fair values of assets and liabilities (cont'd.)

Fair value hierarchy (cont'd.)

2022 (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 20)				
Unquoted corporate debt securities	-	753,640	-	753,640
Government investment issues	-	280,449	-	280,449
Malaysian government securities	-	99,358	-	99,358
Unquoted shares in Malaysia	-	-	87,189	87,189
Golf club membership	-	-	65	65
	-	1,133,447	87,254	1,220,701
	206,157	1,152,073	321,623	1,679,853

Liabilities for which fair values are disclosed

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Borrowing (Note 23)	-	50,568	-	50,568

41. 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Gross earned premiums/contributions	1,845,592	1,610,115	73,032	62,657	18,753	10,017	-	-	1,937,377	1,682,789
Premiums/contributions ceded to reinsurers/retakaful operators	(150,442)	(196,275)	(10,400)	(9,908)	(13,242)	(8,485)	-	-	(174,084)	(214,668)
Net earned premiums/contributions	**1,695,150**	**1,413,840**	**62,632**	**52,749**	**5,511**	**1,532**	-	-	**1,763,293**	**1,468,121**
Investment income	125,353	92,675	1,878	1,789	320	366	-	-	127,551	94,830
Net realised (losses)/gains	(1,762)	6,224	-	-	-	-	-	-	(1,762)	6,224
Net fair value losses	(24,071)	(3,797)	-	-	(70)	(103)	-	-	(24,141)	(3,900)
Fee and commission income	21,796	22,065	172	230	-	-	(18,915)	(20,827)	3,053	1,468
Other operating revenue	28,237	22,064	557	322	2	17	-	(9,354)	28,796	13,049
Other revenue	**149,553**	**139,231**	**2,607**	**2,341**	**252**	**280**	(18,915)	(30,181)	**133,497**	**111,671**
Gross claims paid	(1,093,593)	(660,587)	(46,404)	(18,038)	(15,115)	(7,990)	-	-	(1,155,112)	(686,615)
Claims ceded to reinsurers/ retakaful operators	277,366	33,322	36,292	1,688	11,926	8,192	-	-	325,584	43,202
Gross change to contract liabilities	(214,342)	(749,569)	(18,783)	(34,131)	(5,658)	(2,240)	3,219	(3,370)	(235,564)	(789,310)
Change in contract liabilities ceded to reinsurers/retakaful operators	(162,141)	398,690	(21,765)	28,293	4,001	2,036	-	-	(179,905)	429,019
Net claims incurred	**(1,192,710)**	**(978,144)**	**(50,660)**	**(22,188)**	**(4,846)**	**(2)**	3,219	(3,370)	**(1,244,997)**	**(1,003,704)**
Fee and commission expenses	(465,614)	(419,850)	(17,867)	(20,413)	(1,048)	(414)	18,915	20,827	(465,614)	(419,850)
Management expenses	(86,048)	(76,793)	-	-	-	-	-	-	(86,048)	(76,793)
Finance cost	(6,693)	(156)	-	-	-	-	-	-	(6,693)	(156)
Other operating expenses	(6,235)	(6,471)	(120)	(53)	-	-	-	-	(6,355)	(6,524)
Change in expense liabilities	1,723	(686)	-	-	-	-	-	-	1,723	(686)
Tax borne by/(credited to) participants	-	-	317	(1,004)	3	(104)	-	-	320	(1,108)
Other expenses	**(562,867)**	**(503,956)**	**(17,670)**	**(21,470)**	**(1,045)**	**(518)**	18,915	20,827	**(562,667)**	**(505,117)**
Operating profit	**89,126**	**70,971**	**(3,091)**	**11,432**	**(128)**	**1,292**	**3,219**	**(12,724)**	**89,126**	**70,971**
Surplus/(loss) attributable to retakaful participants	-	-	3,091	(11,432)	128	(1,292)	(3,219)	12,724	-	-
Profit before zakat and taxation	**89,126**	**70,971**	**-**	**-**	**-**	**-**	-	-	**89,126**	**70,971**
Zakat	(89)	(113)	-	-	-	-	-	-	(89)	(113)
Taxation	(7,690)	(8,056)	-	-	-	-	-	-	(7,690)	(8,056)
Net profit for the year	**81,347**	**62,802**	**-**	**-**	**-**	**-**	-	-	**81,347**	**62,802**

41. 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Assets										
Property, plant and equipment	127,476	120,885	-	-	-	-	-	-	127,476	120,885
Intangible assets	5,901	7,631	-	-	-	-	-	-	5,901	7,631
Investment in associate	113,812	120,369	-	-	-	-	-	-	113,812	120,369
Financial and other assets	4,435,415	3,742,689	70,741	104,401	11,021	10,100	(111,832)	(158,179)	4,405,345	3,699,011
Reinsurance/retakaful assets	406,949	569,574	10,094	31,603	13,595	9,594	-	-	430,638	610,771
Insurance/takaful receivables	499,682	468,481	63,934	33,371	5,552	5,199	-	-	569,168	507,051
Tax recoverable	9,821	23,800	693	560	(285)	(289)	-	-	10,229	24,071
Cash and bank balances	134,346	184,262	2,389	46	123	65	-	-	136,858	184,373
Total assets	5,733,402	5,237,691	147,851	169,981	30,006	24,669	(111,832)	(158,179)	5,799,427	5,274,162
Liabilities										
Borrowing	251,000	51,000	-	-	-	-	-	-	251,000	51,000
Insurance/takaful contract liabilities	3,258,337	3,035,409	132,405	115,557	17,748	12,108	24,939	24,816	3,433,429	3,187,890
Expense liabilities	2,122	3,845	-	-	-	-	-	-	2,122	3,845
Insurance/takaful payables	183,179	199,193	5,431	11,487	860	-	-	-	189,470	210,680
Other payables and provisions	136,340	129,536	10,009	42,754	11,381	12,546	(127,153)	(173,377)	30,577	11,459
Deferred tax liabilities	4,672	2,958	6	183	17	15	-	-	4,695	3,156
Zakat	3	3	-	-	-	-	-	-	3	3
Total liabilities	3,835,653	3,421,944	147,851	169,981	30,006	24,669	(102,214)	(148,561)	3,911,296	3,468,033

41. 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 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	38,621	38,766	-	-	-	-	-	-	38,621	38,766
Revaluation reserve	50,376	49,576	-	-	-	-	-	-	50,376	49,576
Retained profits	1,145,646	1,064,299	-	-	-	-	-	-	1,145,646	1,064,299
Total equity	1,897,749	1,815,747	-	-	-	-	(9,618)	(9,618)	1,888,131	1,806,129
Total liabilities and equity	5,733,402	5,237,691	147,851	169,981	30,006	24,669	(111,832)	(158,179)	5,799,427	5,274,162

(c) Statements of cash flows by funds

	General reinsurance and shareholder's fund		General retakaful fund		Family retakaful fund		Eliminations		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from:										
Operating activities	(239,955)	134,927	2,343	(80)	58	(42)	-	-	(237,554)	134,805
Investing activities	(9,961)	(7,123)	-	-	-	-	-	-	(9,961)	(7,123)
Financing activities	200,000	(5,000)	-	-	-	-	-	-	200,000	(5,000)
Net (decrease)/increase in cash and cash equivalents	(49,916)	122,804	2,343	(80)	58	(42)	-	-	(47,515)	122,682
Cash and cash equivalent at the beginning of financial year	184,262	61,458	46	126	65	107	-	-	184,373	61,691
Cash and cash equivalent at the end of financial year	134,346	184,262	2,389	46	123	65	-	-	136,858	184,373