Notes to the financial statements - 31 March 2025

1. Corporate information

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 June 2025.

2. Material accounting policy

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with MFRS accounting standards, IFRS accounting standards 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 MFRS Accounting Standards applicable for annual financial periods beginning on or after 1 January 2024, as described fully in Note 2.21.

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 Risk-Based Capital Framework for Insurers ("RBC") and Risk-Based Capital Framework for Takaful Operators ("RBCT") issued by BNM.

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

2. Material accounting policy (cont'd.)

2.1 Basis of preparation (cont'd.)

Retakaful operations and its funds

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

In accordance with the IFSA 2013, the assets and liabilities of the retakaful funds are segregated from those of the retakaful operator; a concept known as segregation of funds. However, in compliance with MFRS 10 *Consolidated Financial Statements* , the assets, liabilities, income and expenses of the retakaful funds are consolidated with those of the retakaful operator to represent the control possessed by the retakaful operator over the respective funds. Upon consolidation, the related interfund balances and transactions are eliminated in full.

The analysis by funds for the income statement, the statements of financial position and statements of cash flow of the general and family retakaful fund, general reinsurance fund and the shareholder's fund are presented in Note 38.

2. Material accounting policy (cont'd.)

2.2 Investment in associate

An associate is an entity over which the Company has significant influence, but not control or joint control, in accordance with MFRS 128 *Investments in Associates and Joint Ventures*. Significant influence is presumed to exist when the Company holds 20% or more of the voting power of the investee, unless this presumption can be clearly rebutted.

The Company holds a 20% equity interest in Labuan Reinsurance (L) Ltd. ("LRE"), which qualifies as an associate based on the indicators of significant influence, including board representation and ongoing strategic involvement in operational and financial matters.

In the Company's separate financial statements, the investment in LRE is measured at fair value through profit or loss in accordance with MFRS 9 *Financial Instruments*, as permitted under MFRS 127 *Separate Financial Statements*. The Company has elected not to apply the equity method on the basis that it qualifies for the exemption provided in paragraph 17 of MFRS 128, as it is a wholly owned subsidiary whose parent prepares publicly available consolidated financial statements that comply with MFRS Accounting Standards.

Accordingly, changes in fair value are recognised in the income statement. The results of the associate are not equity accounted in these separate financial statements.

On disposal of the investment, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

2.3 Insurance/takaful service result

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

2. Material accounting policy (cont'd.)

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

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

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

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

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

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

2. Material accounting policy (cont'd.)

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

(b) Level of aggregation

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

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

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

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

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

The insurance contracts and takaful certificates portfolios are divided into:

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

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

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

2. Material accounting policy (cont'd.)

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

(c) Recognition

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

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

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

- If the reinsurance contracts/retakaful certificates provide proportionate coverage, at the later of the beginning of the coverage period of the group, or the initial recognition of any underlying contract.

- In all other cases, from the beginning of the coverage period of the first contract in the group.

(d) Onerous groups of contracts

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

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

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

2. Material accounting policy (cont'd.)

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

(e) Contract boundary

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

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

- Both of the following criteria are satisfied:

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

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

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

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

2. Material accounting policy (cont'd.)

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

(f) Measurement

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

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

(i) Initial measurement

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

- The fulfilment cash flows, which comprise estimates of future cash flows, an adjustment to reflect time value of money and associated financial risks, and a risk adjustment for non-financial risk; and

- A contractual service margin ("CSM"), representing the unearned profit that the Company will recognise as it provides reinsurance contract services in the future.

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

When estimating future cash flows, the Company includes all cash flows that are within the contract boundary including:
- Premiums/contributions and related cash flows.
- Claims and benefits, including reported claims not yet paid, incurred claims not yet reported, expected future claims, surplus to participants.
- An allocation of reinsurance/retakaful acquisition cash flows attributable to the portfolio to which the contract belongs.

2. Material accounting policy (cont'd.)

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

(f) Measurement (cont'd.)

Insurance contracts/takaful certificates (cont'd.)

(i) Initial measurement (cont'd.)

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

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

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

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

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

2. Material accounting policy (cont'd.)

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

(f) Measurement (cont'd.)

Insurance contracts/takaful certificates (cont'd.)

(i) Initial measurement (cont'd.)

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

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

(ii) Subsequent measurement

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

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

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

2. Material accounting policy (cont'd.)

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

(f) Measurement (cont'd.)

Insurance contracts/takaful certificates (cont'd.)

(ii) Subsequent measurement (cont'd.)

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

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

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

- Experience adjustments that arise from the difference between the premium/contribution receipts (and any related cash flows such as insurance/takaful acquisition cash flows and insurance/takaful premium/contribution taxes) and the estimate, at the beginning of the period, of the amounts expected. Differences related to premiums/contributions received (or due) related to current or past services are recognised immediately in Income Statement while differences related to premiums/contributions received (or due) for future services are adjusted against the CSM;

- Changes in estimates of the present value of future cash flows in the liability for remaining coverage, except those relating to the time value of money and changes in financial risk (recognised in the income statement and other comprehensive income rather than adjusting the CSM);

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

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

2. Material accounting policy (cont'd.)

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

(f) Measurement (cont'd.)

Insurance contracts/takaful certificates (cont'd.)

(ii) Subsequent measurement (cont'd.)

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

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

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

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

Reinsurance contracts/retakaful certificates held

(i) Initial measurement

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

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

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

2. Material accounting policy (cont'd.)

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

(f) Measurement (cont'd.)

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

(i) Initial measurement (cont'd.)

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

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

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

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

2. Material accounting policy (cont'd.)

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

(f) Measurement (cont'd.)

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

(ii) Subsequent measurement

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

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

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

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

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

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

2. Material accounting policy (cont'd.)

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

(f) Measurement (cont'd.)

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

(ii) Subsequent measurement (cont'd.)

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

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

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

(h) Insurance/takaful acquisition cashflows

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

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

2. Material accounting policy (cont'd.)

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

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

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

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

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

- An impairment test at the level of an existing or future group of insurance contracts/takaful certificates; and
- An additional impairment test specifically covering the insurance contracts/takaful acquisition cash flows allocated to expected future contract renewals.

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

2. Material accounting policy (cont'd.)

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

(i) Presentation

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

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

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

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

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

(i) Insurance/takaful revenue

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

2. Material accounting policy (cont'd.)

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

(i) Presentation (cont'd.)

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

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

(ii) Loss components

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

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

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

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

2. Material accounting policy (cont'd.)

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

(i) Presentation (cont'd.)

(iii) Loss-recovery components

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

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

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

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

2. Material accounting policy (cont'd.)

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

(i) Presentation (cont'd.)

(iv) Insurance/takaful service expenses

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

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

(v) Insurance/takaful finance income and expense

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

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

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

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

2. Material accounting policy (cont'd.)

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

(i) Presentation (cont'd.)

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

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

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

2.4 Property and equipment and depreciation

(a) Recognition and measurement

All items of property and equipment are initially recorded at cost. The cost of an item of property 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 and equipment are stated at cost less accumulated depreciation and any impairment losses, whilst properties (which comprise land and buildings) are stated at revalued amount less subsequent accumulated depreciation and any impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

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

2. Material accounting policy (cont'd.)

2.4 Property and equipment and depreciation (cont'd.)

(a) Recognition and measurement (cont'd.)

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 income statement, in which case the increase is recognised in income statement. A revaluation deficit is recognised in income statement, 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 and equipment, the difference between net proceeds and the carrying amount is recognised in income statement and the unutilised portion of the revaluation surplus on that item, if any, is transferred directly to retained profits.

(b) Subsequent costs

The cost of replacing part of an item of property 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 and equipment are recognised in income statement 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 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 and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

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

2. Material accounting policy (cont'd.)

2.4 Property and equipment and depreciation (cont'd.)

(c) Depreciation (cont'd.)

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

2.5 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 income statement.

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 income statement.

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

2. Material accounting policy (cont'd.)

2.5 Intangible assets (cont'd.)

(a) Software development in progress

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

(b) Computer software and licences

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

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

2.6 Financial assets

Financial assets are recognised in the statement 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 income statement.

2. Material accounting policy (cont'd.)

2.6 Financial assets (cont'd.)

(a) Classification of financial assets

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them, as described in Notes 2.6(b) and 2.6(c). All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

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

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

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

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

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

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

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

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

2. Material accounting policy (cont'd.)

2.6 Financial assets (cont'd.)

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

(i) Financial assets at AC

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

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

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

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

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

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

2. Material accounting policy (cont'd.)

2.6 Financial assets (cont'd.)

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

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

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

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

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

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

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

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

2. Material accounting policy (cont'd.)

2.6 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 income statement 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 income statement.

(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 income statement. Dividends are recognised as investment income in income statement when the right to receive payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

2. Material accounting policy (cont'd.)

2.6 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 income statement. 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 income statement 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 income statement.

2. Material accounting policy (cont'd.)

2.6 Financial assets (cont'd.)

(b) Business model assessment

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

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

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

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

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

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

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

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

2. Material accounting policy (cont'd.)

2.6 Financial assets (cont'd.)

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

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

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

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

(c) The SPPI Test

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

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

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

(d) Reclassifications

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

2. Material accounting policy (cont'd.)

2.6 Financial assets (cont'd.)

(e) Derecognition

A financial asset is derecognised when:

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

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

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

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

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

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

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

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

2. Material accounting policy (cont'd.)

2.6 Financial assets (cont'd.)

(f) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

2.7 Fair value measurement

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

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

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

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

2. Material accounting policy (cont'd.)

2.7 Fair value measurement (cont'd.)

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

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

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

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

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

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

2. Material accounting policy (cont'd.)

2.8 Impairment of assets

(a) Financial assets

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

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

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

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

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

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

2. Material accounting policy (cont'd.)

2.8 Impairment of assets (cont'd.)

(a) Financial assets (cont'd.)

Forward-looking information and ECL measurement

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

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

- PD — The ***Probability of Default*** is an estimate of the likelihood of default over a given time horizon. It is estimated with consideration of economic scenarios and forward-looking information.

- EAD — The ***Exposure at Default*** is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the financial year end, including repayments of principal and interest/profit, whether scheduled by contract or otherwise, and accrued interest from missed payments.

- LGD — The ***Loss Given Default*** is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive. It is usually expressed as a percentage of the EAD.

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

(i) Debt instruments/sukuks at AC and FVOCI

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

2. Material accounting policy (cont'd.)

2.8 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 income statement. The accumulated gain recognised in OCI is recycled to the income statement upon derecognition of the assets.

(ii) Insurance/takaful receivables

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

(b) Non-financial assets

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

2. Material accounting policy (cont'd.)

2.8 Impairment of assets (cont'd.)

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

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

Impairment losses are recognised in income statement. 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 income statement in the period in which the reversals are recognised.

(c) Write-offs

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

2. Material accounting policy (cont'd.)

2.9 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 income statement.

Impairment losses are subsequently reversed in income statement if objective evidence exists that the Qard is no longer impaired.

2.10 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.

2.11 Cash and cash equivalents

Cash and cash equivalents presented in the statement of cash flows comprise cash on hand, balances with banks, and short-term, highly liquid deposits with original maturities of three months or less, which are held to meet short-term cash commitments. These instruments are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Short-term deposits with original maturities of three months or less that are held for investment purposes, rather than for meeting short-term cash obligations, do not meet the definition of cash equivalents in accordance with MFRS 107 *Statement of Cash Flows* and are therefore excluded from cash and cash equivalents.

2.12 Product classification

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

2. Material accounting policy (cont'd.)

2.12 Product classification (cont'd.)

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

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

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

2.13 Leases

(a) Classification

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

(b) The Company as a lessee

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

2. Material accounting policy (cont'd.)

2.13 Leases (cont'd.)

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

(i) Right-of-use assets

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

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

The ROU assets are also subject to impairment as disclosed under Note 2.13(b).

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

2. Material accounting policy (cont'd.)

2.13 Leases (cont'd.)

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

(ii) Lease liabilities

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

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

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

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

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

2. Material accounting policy (cont'd.)

2.13 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 income statement 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.

2.14 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 income statement. Net gains or losses on derivatives include exchange differences.

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

2. Material accounting policy (cont'd.)

2.14 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 income statement 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 income statement.

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 income statement.

2.15 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.

2.16 Income tax

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

2. Material accounting policy (cont'd.)

2.16 Income tax (cont'd.)

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the financial year. Deferred tax is recognised in income statement, 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.

2.17 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 income statement as incurred.

2. Material accounting policy (cont'd.)

2.18 Foreign currencies

(a) Functional and presentation currency

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

(b) Foreign currency transactions

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in income statement for the period.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in income statement 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 RM4.4346 (2024: RM4.7259).

2.19 Revenue recognition

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

(a) Interest and profit income

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

2. Material accounting policy (cont'd.)

2.19 Revenue recognition

(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.

2.20 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.

2.21 New and amended standards and interpretations

At the beginning of the current financial year, the Company adopted the following Amendments to Standards which are mandatory for annual periods beginning on or after 1 January 2024:

Description	**Effective for annual periods beginning on or after**
Supplier Finance Arrangements (Amendments to MFRS 107 *Statement of Cash Flows and* MFRS 7 Financial Instruments: Disclosures)	1 January 2024
Lease Liability in a Sale and Leaseback (Amendments to MFRS 16 *Leases*)	1 January 2024
Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 *Presentation of Financial Statements*)	1 January 2024
Non-current Liabilities with Covenants (Amendments to MFRS 101 *Presentation of Financial Statements*)	1 January 2024

The adoption of the above Amendments to Standards did not have any significant financial impact to the Company's financial statements.

2. Material accounting policy (cont'd.)

2.22 Standards and annual improvements to standards issued but not yet effective

The following are Standards and Amendments to Standards issued by the Malaysian Accounting Standards Board ("MASB"), but which are not yet effective, up to the date of issuance of the Company's financial statements. The Company intends to adopt these Standards and Amendments to Standards, if applicable, when they become effective:

Description	**Effective for annual periods beginning on or after**
Lack of Exchangeability (Amendments to MFRS *121 The Effects of Changes in Foreign Exchange Rates*)	1 January 2025
Annual Improvements to MFRS Accounting Standards - Volume 11 (Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*)	1 January 2026
Amendments to the Classification and Measurement of Financial Instruments (Amendments to MFRS 9 *Financial Instruments and MFRS 7 Financial Instruments: Disclosures*)	1 January 2026
Contracts Referencing Nature-dependent Electricity (Amendments to MFRS 9 *Financial Instruments and* MFRS 7 *Financial Instruments: Disclosures*)	1 January 2026
MFRS 18 *Presentation and Disclosure in Financial Statements*	1 January 2027
MFRS 19 *Subsidiaries without Public Accountability: Disclosures*	1 January 2027
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	To be determined by MASB

The adoption of the above Standards and Amendments to Standards are not expected to have significant impact on the Company, with the exception of MFRS 18 in which the Company is in the midst of assessing the impact of this Standard on its financial statements.

3. Material accounting estimates and judgements

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

3.1 Critical judgements made in applying accounting policies

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

3.2 Key sources of estimation uncertainty

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

(a) Estimates of future cash flows

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

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

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

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

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

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

(b) Discount rate

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

Discount rates applied thereon are summarised below:

BOP	31/3/2024	1	1	3	3	5	5	7	7	10	10	15	15
EOP	31/3/2025	31/3/2025	31/3/2024	31/3/2025	31/3/2024	31/3/2025	31/3/2024	31/3/2025	31/3/2024	31/3/2025	31/3/2024	31/3/2025	31/3/2024
		1 year		3 years		5 years		7 years		10 years		15 year	
		FYE24	FYE23	FYE24	FYE23	FYE24	FYE23	FYE24	FYE23	FYE24	FYE23	FYE24	FYE23
	Local												
MYR	Reinsurance	3.27%	3.41%	3.61%	3.52%	3.89%	3.86%	3.97%	4.32%	4.04%	4.08%	4.36%	4.28%
MYR	Retakaful	3.28%	3.25%	3.77%	3.57%	3.69%	3.92%	4.27%	4.23%	3.80%	4.08%	4.40%	4.32%
	Overseas												
CNY	CNY	1.56%	1.82%	1.79%	2.30%	1.74%	2.47%	2.22%	2.66%	1.62%	2.09%	0.92%	1.67%
EUR	EUR	2.30%	3.50%	2.41%	2.04%	2.95%	2.29%	2.98%	2.29%	3.60%	2.61%	3.51%	2.93%
IDR	IDR	6.37%	6.41%	6.67%	6.60%	7.00%	6.74%	7.06%	6.80%	7.16%	6.77%	7.10%	7.28%
INR	INR	6.51%	7.05%	6.69%	7.09%	6.67%	7.06%	7.06%	7.03%	6.59%	7.05%	7.29%	7.11%
USD	USD	4.05%	5.03%	3.98%	4.03%	4.28%	4.08%	4.54%	4.35%	4.66%	4.29%	5.09%	4.91%

(c) Risk adjustments for non-financial risk

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

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

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

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

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

(d) Contractual service margin

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

(e) Estimates of assets or liabilities for incurred claims

For general reinsurance/retakaful contracts, estimates have to be made for both the expected ultimate cost of claims reported at the end of the reporting period and for the expected ultimate cost of claims incurred but not reported ("IBNR") at the end of the reporting period for gross and reinsurance basis.

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

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

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

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

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

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

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

(f) Own-used Property – Bangunan Malaysian Re

Bangunan Malaysian Re is carried at historical cost and depreciated over its estimated useful life in accordance with MFRS 116. The depreciation period follows the straight-line method, with 33 years applied to the building structure. Associated land is not depreciated.

The property is a 12-storey commercial office building that serves primarily as the head office for the Company, with a portion leased to third parties and other entities within the MNRB Group. As at 31 March 2025, approximately 80% of the total gross floor area is used internally by the Company and affiliated entities for administrative and operational purposes or consists of shared support facilities. Vacant areas are not held for rental or capital appreciation.

Leased areas represent 20% of the total space, comprising both related-party and third-party tenants. However, the property is held under a single undivided title, and the rental activity is deemed incidental to the building’s core function. Given that internal use significantly exceeds 25% of the total area, the property continues to be classified as Property and Equipment. No reclassification to investment property is made.

4. Insurance/takaful service result

(a) Insurance/takaful revenue

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

	2025 RM'000	2024 RM'000
Amounts relating to changes in liabilities for remaining coverage:		
Expected claims and insurance/takaful service expenses incurred in the period	1,157,109	1,086,007
Change in the risk adjustment for non-financial risk	119,656	127,158
Amount of CSM recognised in income statement	493,942	415,614
Other amounts including experience adjustments	31,646	116,021
Amounts relating to recovery of insurance/takaful acquisition cash flows:		
Allocation of the portion of premiums/contributions that relate to the recovery of acquisition cash flows	106,971	118,663
Total insurance/takaful revenue	1,909,324	1,863,463

(b) Insurance/takaful service expenses

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

	2025 RM'000	2024 RM'000
Incurred claims and other insurance/takaful service expenses	1,550,657	1,449,846
Amortisation of acquisition cash flows	106,971	118,663
Experience variance from amortisation of acquisition cash flows	2,130	(10,379)
Losses on onerous contracts and reversal of losses on onerous contracts	(30,800)	32,827
Changes to liabilities for incurred claims	(176,755)	(159,268)
Total insurance/takaful service expenses	1,452,203	1,431,689

a. The wakalah fees paid to the Shareholder's Fund during the year is RM12.5 million (2024: RM27.1 million).

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

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

The breakdown of expenses incurred:

	2025 RM'000	2024 RM'000
Salaries, bonus and other related costs	21,214	33,330
President & CEO's, Directors' and GSC members' remuneration excluding benefits-in-kind (Note 11)	2,507	2,007
Pension costs - EPF	2,854	4,643
Social security costs	249	169
Retirement benefits	125	88
Short-term accumulating compensated absences	7	3
Auditors' remuneration:		
- statutory audit and audit related	872	1,614
- regulatory-related	262	262
- other services	370	49
Depreciation of property and equipment (Note 16)	4,629	4,633
Amortisation of intangible assets (Note 17)	729	517
Tax on premiums	2,875	3,575
Marketing and promotional costs	1,793	1,959
Professional and legal fees	7,850	4,752
Contributions and donations	504	254
Electronic data processing line	13,441	5,239
Management fees to holding company	25,067	19,635
Management fees to fellow subsidiaries	1,122	4,373
Other management expenses	12,671	13,087
Other operating expenses (Note 13)	5,096	488
Total expenses excluding commissions	104,237	100,677
Fees and commissions	523,692	592,969
Less: Commission deducted from premium	(414,206)	(481,819)
Net commissions	109,486	111,150
Total expenses including commissions	213,723	211,827
Less: Amount attributed to acquisition cash flows	(109,101)	(108,284)
Add: Amortisation of acquisition cash flows	109,101	108,284
	213,723	211,827

Represented by:

Other insurance/takaful service expenses	77,791	83,941
Acquisition expenses	109,101	108,284
Other expenses	26,831	19,602
	213,723	211,827

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

(c) Allocation of reinsurance premiums/retakaful contributions

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

	2025 RM'000	2024 RM'000
Amounts relating to the changes in the assets for remaining coverage		
Expected recovery for insurance/takaful service expenses incurred in the period	(203,174)	(158,550)
Changes in the risk adjustment for non-financial risk	(10,299)	(10,878)
Net cost/gain recognised in income statement	(105,069)	(93,551)
Other amount including experience adjustment	(931)	(610)
Allocation of reinsurance premiums/retakaful contributions	(319,473)	(263,589)

(d) Amounts recoverable from reinsurers/retakaful operators for incurred claims

	2025 RM'000	2024 RM'000
Amounts recoverable for claims and other expenses incurred in the period:		
Amounts recoverable for claims	192,792	110,173
Changes in fulfilment cash flows which relate to onerous underlying contracts	(18,375)	23,468
Changes in amounts recoverable arising from changes in liability for incurred claims	36,432	39,643
Amounts recoverable from reinsurers/retakaful operators	210,849	173,284
Net expense from reinsurance contracts/retakaful certificates held	(108,624)	(90,305)

5. Investment income

(a) Interest/profit income calculated using the effective interest/profit method

	2025 RM'000	2024 RM'000
Financial assets at amortised cost:		
Interest/profit income	106,019	134,086
	106,019	134,086

(b) Other investment income

	2025 RM'000	2024 RM'000
Financial assets at FVTPL:		
Designated upon initial recognition:		
Interest/profit income	87,822	46,747
Mandatorily measured:		
Interest/profit income	348	467
Dividend income:		
- Quoted shares in Malaysia	8,916	3,555
- Real estate investment trusts	482	654
- Unit trust fund	559	678
Financial assets at FVOCI:		
Dividend income from unquoted shares in Malaysia	841	82
Dividend income from investment in associate	6,887	-
Net accretion of discounts/(amortisation of premiums) on investments	1,079	(779)
Investment expenses	(1,501)	(674)
	105,433	50,730

6. Net realised losses

	2025 RM'000	2024 RM'000
Financial assets at FVTPL:		
Quoted shares in Malaysia:		
- Shariah approved equities	2,064	(8,067)
- Other equities	2,243	(5,281)
Real estate investment trusts	(516)	(522)
Unit trust funds	(186)	465
Corporate debt securities	(14,582)	69
Government investment issues	(1,621)	1,762
Malaysian government securities	575	(21)
	(12,023)	(11,595)

7. Net fair value gains

	2025 RM'000	2024 RM'000
Fair value gains on financial assets at FVTPL	12,605	20,445
Fair value (losses)/gains on investment in associate (Note 18)	(3,318)	41,506
	9,287	61,951

8. Allowance for impairment on financial assets

	2025 RM'000	2024 RM'000
Impairment losses on financial assets at amortised cost	(59)	(22)
	(59)	(22)

9. Net foreign exchange (losses)/gains on investments

	2025 RM'000	2024 RM'000
Foreign exchange (losses)/gains:		
Realised	(75,851)	44,583
Unrealised	(6,586)	3,426
	(82,437)	48,009

10. Insurance/takaful financial result

	2025 RM'000	2024 RM'000
Insurance/takaful finance expenses from insurance contracts/takaful certificates issued		
Interest/profit accreted to insurance contracts/ takaful certificates using current financial assumptions	(138,039)	(82,409)
Interest/profit accreted to insurance contracts/ takaful certificates using locked-in rate	(19,180)	(19,498)
Net foreign exchange income/(expenses)	83,720	(54,151)
Total insurance/takaful finance expenses from contracts/certificates issued	**(73,499)**	**(156,058)**
Reinsurance/retakaful finance income/(expenses) from reinsurance contracts/retakaful certificates held		
Interest/profit accreted to reinsurance contracts/retakaful certificates using current financial assumptions	11,366	(3,758)
Interest/profit accreted to reinsurance contracts/retakaful certificates using locked-in rate	6,659	5,393
Net foreign exchange income/(expenses)	(12,235)	(5,339)
Total insurance/takaful finance income from contracts/certificates held	**5,790**	**(3,704)**
Unallocated surplus attributable to participants	**(7,207)**	**(19,170)**
Net insurance/takaful financial result	**(74,916)**	**(178,932)**

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

	2025 RM'000	2024 RM'000
President & CEO of the Company:		
Salary and bonus	1,183	918
Pension costs - EPF	201	160
Benefits-in-kind	31	18
Others	118	87
	1,533	1,183
Non-executive directors of the Company:		
Fees	656	554
Allowances	239	180
	895	734
GSC members:		
Fees	86	81
Allowances	24	27
	110	108
Total President & CEO's, Directors' and GSC members' remuneration excluding benefits-in-kind	2,507	2,007

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 2025	Number of directors 2024
President & CEO:		
RM1,000,001 to RM2,000,000	1	1
Non independence non-executive directors:		
RM1 to RM50,000	1	-
RM50,001 to RM100,000	-	1
RM100,001 to RM150,000	1	-
Non-executive directors:		
RM50,001 to RM100,000	-	1
RM100,001 to RM150,000	3	3
RM150,001 to RM200,000	2	1

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

2025	Salary and bonus RM'000	Fees RM'000	Pension cost RM'000	Benefits-in-kind RM'000	Allowances/ others RM'000	Total RM'000
President & CEO:						
Ahmad Noor Azhari Abdul Manaf	1,183	-	201	31	118	1,533
Executive directors:						
Zaharudin Daud*	-	-	-	-	-	-
(Resigned with on 1 October 2024)						
* The Executive Director, Zaharudin Daud is not entitled to receive any Directors remuneration.						
Non independent non-executive directors:						
Dato' Sulaiman Mohd Tahir	-	13	-	-	2	15
(Appointed as Chairman with effect from 14 February 2025)						
Datuk Johar Che Mat	-	90	-	-	27	117
(Resigned on 12 February 2025)						
Total Non independent non-executive directors	-	103	-	-	29	132
Non-executive directors:						
Khalid Sufat	-	131	-	-	53	184
(Deceased on 24 June 2025)						
Velayudhan Harikes	-	118	-	-	44	162
Datin Joanne Marie Lopez	-	107	-	-	41	148
Wan Zamri Wan Zain	-	94	-	-	30	124
George Oommen	-	103	-	-	42	145
(Resigned with on 28 February 2025)						
Total Directors' remuneration	-	656	-	-	239	895

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

	Salary and bonus RM'000	Fees RM'000	Pension cost RM'000	Benefits-in-kind RM'000	Allowances/ others RM'000	Total RM'000
GSC members:						
Prof. Dr. Younes Soualhi	-	16	-	-	4	20
Shahrir Sofian	-	14	-	-	4	18
Assoc. Prof. Datuk Dr. Luqman Haji Abdullah	-	14	-	-	4	18
Dr. Shamsiah Mohamad	-	14	-	-	4	18
Dr. Khairul Anuar Ahmad	-	14	-	-	4	18
Wan Rumaizi Wan Husin	-	14	-	-	4	18
Total GSC members' remuneration	-	86	-	-	24	110
Total President & CEO's, Directors' and GSC members' remuneration	1,183	742	201	31	381	2,538
2024						
President & CEO:						
Ahmad Noor Azhari Abdul Manaf	918	-	160	18	87	1,183
Executive directors:						
Zaharudin Daud*	-	-	-	-	-	-

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

	Salary and bonus RM'000	Fees RM'000	Pension cost RM'000	Benefits-in-kind RM'000	Allowances/ others RM'000	Total RM'000
Non independent non-executive directors:						
Datuk Johar Che Mat	-	65	-	-	18	83

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

2024 (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	-	102	-	-	32	134
Khalid Sufat	-	121	-	-	45	166
Velayudhan Harikes	-	109	-	2	35	146
Datin Joanne Marie Lopez	-	99	-	-	32	131
Wan Zamri Wan Zain	-	58	-	-	18	76
Total Directors' remuneration	-	554	-	2	180	736
GSC members:						
Prof. Dr. Younes Soualhi	-	16	-	-	5	21
Shahrir Sofian	-	14	-	-	5	19
Sahibus Samahah Assoc. Prof. Datuk Dr. Luqman Haji Abdullah	-	14	-	-	5	19
Dr. Shamsiah Mohamad	-	14	-	-	5	19
Dr. Khairul Anuar Ahmad	-	14	-	-	3	17
Wan Rumaizi Wan Husin	-	9	-	-	4	13
Total GSC members' remuneration	-	81	-	-	27	108
Total President & CEO's, Directors' and GSC members' remuneration	918	635	160	20	294	2,027

12. Other income

	2025 RM'000	2024 RM'000
Management fees from:		
Holding company	-	256
Fellow subsidiaries	-	640
Interest income on premium reserve and staff loans	822	910
Net rental income from property	4,451	4,472
Other operating income	4,682	4,836
	9,955	11,114

13. Other expense

	2025 RM'000	2024 RM'000
Realised loss on disposal of asset	5	-
Impairment on computer equipment (Note 16)	815	-
Impairment on intangible assets (Note 17)	3,786	-
Others	490	488
	5,096	488

14. Taxation attributable to participants

	2025 RM'000	2024 RM'000
Malaysian income tax:		
Tax expense/(income) for the year	1,589	(15)
Deferred tax:		
Relating to origination and reversal of temporary differences (Note 20)	90	28
	1,679	13

Income tax and deferred tax for the general and family retakaful funds of the Company are calculated at the statutory tax rate of 8% (2024: 8%) of the estimated assessable profit for the year.

15. Taxation

	2025 RM'000	2024 RM'000
Malaysian income tax:		
Tax expense for the year	29,208	29,262
Under provision of tax in prior year	9,239	632
	38,447	29,894
Deferred tax:		
Relating to origination and reversal of temporary differences (Note 20)	4,811	5,935
(Over)/under provision of deferred tax in prior year	(27)	121
	43,231	35,950

Income tax is calculated at the Malaysian statutory tax rate of 8% (2024: 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:

	2025 RM'000	2024 RM'000
Profit before zakat and taxation	370,248	424,514
Taxation at Malaysian statutory tax rate of 8%	29,486	34,154
Income not subject to tax	(2,955)	(4,070)
Expenses not deductible for tax purposes	8,246	5,113
(Over)/under provision of deferred tax in prior year	(785)	121
Under provision of tax in prior years	9,239	632
Tax expense for the year recognised in income statement	43,231	35,950

16. Property 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
2025							
Valuation/Cost							
At 1 April 2024	36,800	88,200	1,892	20,286	910	4,683	152,771
Additions	-	-	1,304	3	-	6,353	7,660
Disposals	-	-	(178)	(1,370)	(627)	-	(2,175)
Revaluation surplus	1,000	2,646	-	-	-	-	3,646
Elimination of accumulated depreciation on revaluation	-	(2,646)	-	-	-	-	(2,646)
Reclassifications	9,200	(9,200)	815	-	-	(815)	-
At 31 March 2025	47,000	79,000	3,833	18,919	283	10,221	159,256
Accumulated depreciation and impairment							
At 1 April 2024	-	-	1,132	13,723	672	-	15,527
Charge for the year (Note 4)	-	2,646	542	1,388	53	-	4,629
Disposals	-	-	(178)	(1,365)	(607)	-	(2,150)
Impairment	-	-	815	-	-	-	815
Elimination of accumulated depreciation on revaluation	-	(2,646)	-	-	-	-	(2,646)
At 31 March 2025	-	-	2,311	13,746	118	-	16,175
Net carrying amount after impairment							
At 31 March 2025	47,000	79,000	1,522	5,173	165	10,221	143,081

16. Property and equipment (cont'd.)

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

16. Property 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 2025.

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

The Company has assessed that the current use of the freehold land and building represents their highest and best use, in accordance with the principles of fair value measurement.

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 2023	15,596	84,294	99,890
Reclassification	-	10,692	10,692
At 31 March 2024	15,596	94,986	110,582
Reclassification	9,200	(9,200)	-
At 31 March 2025	24,796	85,786	110,582
Accumulated depreciation			
At 1 April 2023	-	41,851	41,851
Charge for the year	-	2,376	2,376
At 31 March 2024	-	44,227	44,227
Charge for the year	-	2,646	2,646
At 31 March 2025	-	46,873	46,873
Net carrying amount			
At 31 March 2025	24,796	38,913	63,709
At 31 March 2024	15,596	50,759	66,355

17. Intangible assets

	Software development in progress RM'000	Computer software and licences RM'000	Total RM'000
2025			
Cost			
At 1 April 2024	4,649	16,162	20,811
Additions	1,035	2,045	3,080
Write off	-	(282)	(282)
Reclassification	(3,560)	3,560	-
At 31 March 2025	2,124	21,485	23,609
Accumulated amortisation (include impairment)			
At 1 April 2024	-	15,379	15,379
Amortisation for the year (Note 4)	-	729	729
Impairment	-	3,786	3,786
Write off	-	(281)	(281)
Adjustments	-	264	264
At 31 March 2025	-	19,877	19,877
Net carrying amount after impairment			
At 31 March 2025	2,124	1,608	3,732
2024			
Cost			
At 1 April 2023	4,210	16,553	20,763
Additions	148	114	262
Reclassification	291	(291)	-
Adjustment	-	(214)	(214)
At 31 March 2024	4,649	16,162	20,811
Accumulated amortisation			
At 1 April 2023	-	14,862	14,862
Amortisation for the year (Note 4)	-	517	517
At 31 March 2024	-	15,379	15,379
Net carrying amount			
At 31 March 2024	4,649	783	5,432

18. Investment in associate

	2025 RM'000	2024 RM'000
At beginning of the year	155,318	113,812
Fair value gains (Note 7)	6,648	33,404
Foreign exchange (losses)/gains (Note 7)	(9,966)	8,102
Net fair value (losses)/gains	(3,318)	41,506
At end of the year	152,000	155,318

As at 31 March 2025, the Company holds a 20% (2024: 20%) equity interest in LRE, a company incorporated in the Federal Territory of Labuan, Malaysia. LRE is principally engaged in the underwriting of all classes of general reinsurance and general retakaful businesses under a licence granted by the Labuan Financial Services Authority pursuant to the Labuan Financial Services and Securities Act 2010. LRE's financial year end is 31 December.

The investment in LRE is recognised in the Company's separate financial statements at FVTPL in accordance with MFRS 9, as permitted under MFRS 127. The Company has elected not to apply the equity method, having met the exemption criteria under MFRS 128 (paragraphs 17-19), including being a wholly owned subsidiary of a parent that prepares publicly available consolidated financial statements in compliance with MFRS Accounting Standards.

Accordingly, the results of the associate are not equity accounted in the Company's financial statements.

The investment is classified within Level 3 of the fair value hierarchy under MFRS 13. Additional information on valuation techniques and significant unobservable inputs is disclosed in Note 36.

18. Investment in associate (cont'd)

The summarised financial information of the associate as at 31 March 2025 and 31 March 2024, is as follows:

	2025 RM'000	2024 RM'000
Assets and liabilities		
Current assets	2,502,212	2,420,085
Non-current assets	48,252	51,896
Total assets	2,550,464	2,471,981
Current liabilities	317,139	308,440
Non-current liabilities	1,376,404	1,298,994
Total liabilities	1,693,543	1,607,434
Equity	856,921	864,547
Results		
Revenue	119,863	648,217
Profit/(Loss) for the year	48,977	(46,844)

MNRB, the ultimate holding company, includes the results of LRE in its consolidated financial statements using the equity method in accordance with MFRS 128.

19. Financial and other assets

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

	2025 RM'000	2024 RM'000
Financial assets at FVTPL (a)	2,755,324	1,542,325
Financial assets at FVOCI (b)	92,771	87,731
Financial assets at amortised cost and other assets (c)	2,658,734	3,418,060
	5,506,829	5,048,116
Government investment issues	904,036	380,314
Malaysian government securities	355,091	301,812
Corporate debt securities	1,226,292	740,218
Equity securities:		
Unquoted shares in Malaysia	92,771	87,731
Quoted shares in Malaysia	257,359	84,175
Perpetual bond in Malaysia	4,992	4,964
Real estate investment trusts	2,977	9,953
Commercial papers	172,468	59,569
Unit trust funds	4,577	21,208
Deposits	2,394,989	3,264,558
Derivatives	-	(319)
Other receivables and prepayments	91,277	93,933
	5,506,829	5,048,116

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

	2025 RM'000	2024 RM'000
(a) Financial assets at FVTPL		
At fair value:		
(i) Designated upon initial recognition:		
Corporate debt securities	1,226,292	734,642
Government investment issues	904,036	380,314
Malaysian government securities	355,091	301,812
(ii) Mandatorily measured:		
Quoted shares in Malaysia:		
Shariah approved equities	178,047	71,938
Other equities	79,312	12,237
Perpetual bond in Malaysia	4,992	4,964
Corporate debt securities	-	5,576
Shariah approved real estate investment trusts	195	903
Non-Shariah approved real estate investment trusts	2,782	9,050

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

	2025 RM'000	2024 RM'000
(a) Financial assets at FVTPL (cont'd.)		
At fair value (cont'd.):		
(ii) Mandatorily measured (cont'd.):		
Shariah approved unit trust funds	4,577	21,208
Derivatives	-	(319)
	2,755,324	1,542,325

(b) Financial assets at FVOCI

	2025 RM'000	2024 RM'000
Unquoted shares in Malaysia [(i)]	92,706	87,666
Golf club membership	65	65
	92,771	87,731

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

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

	Financial Park (Labuan) Sdn. Bhd. RM'000	Malaysian Rating Corporation Berhad RM'000	Total RM'000
Fair value			
At 1 April 2023	84,612	2,506	87,118
Movement during the year	354	194	548
At 31 March 2024	84,966	2,700	87,666
Movement during the year	4,830	210	5,040
At 31 March 2025	89,796	2,910	92,706

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

(c) Financial assets at amortised cost and other assets

	2025 RM'000	2024 RM'000
At amortised cost:		
Deposit placements with licensed:		
Commercial banks	639,145	190,239
Foreign banks	334,568	776,868
Islamic banks	1,409,479	2,114,967
Development bank	11,797	182,484
Commercial Papers	172,468	59,569
Secured staff loans:		
Receivable within 12 months	84	54
Receivable after 12 months	945	1,102
Income due and accrued	36,387	47,589
Sundry receivables***	9,598	3,230
	2,614,471	3,376,102
Other assets:		
Amount due from Insurance Pool accounts	16,696	23
Due from Lloyds' syndicate*	26,698	40,573
Due from associate and related companies**	-	650
Prepayments	869	712
	2,658,734	3,418,060

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

	2025 RM'000	2024 RM'000
Seed capital of the Retakaful Division	87,384	87,384
Amount due from Retakaful Division#	45,067	55,467
	132,451	142,851

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

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

(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:

	2025 %	2024 %
Debt securities	4.1	4.1
Loan receivables	3.0	3.0
Deposits with financial institutions	4.2	4.1

20. Deferred taxation

	2025 RM'000	2024 RM'000
At beginning of the year	19,294	11,321
Recognised in:		
Participants' fund (Note 14)	90	28
income statement (Note 15)	4,784	6,056
Other comprehensive income	503	1,889
At end of the year	24,671	19,294

Presented after appropriate offsetting as follows:

	2025 RM'000	2024 RM'000
Deferred tax liabilities	29,746	22,579
Deferred tax assets	(5,075)	(3,285)
	24,671	19,294

20. Deferred taxation (cont'd.)

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

Deferred tax liabilities

	Investment in associate RM'000	Insurance/ takaful contract liabilities RM'000	FVOCI reserves RM'000	Accelerated capital allowances RM'000	Revaluation of land and buildings RM'000	Total RM'000
At 1 April 2023	-	7,307	1,890	249	5,889	15,335
Recognised in:						
Participants' fund	-	28	-	-	-	28
Income statement	3,320	1,976	-	31	-	5,327
Other comprehensive income	-	-	1,182	-	707	1,889
At 31 March 2024	3,320	9,311	3,072	280	6,596	22,579
At 1 April 2024	3,320	9,311	3,072	280	6,596	22,579
Recognised in:						
Participants' fund	-	81	-	-	-	81
Income statement	2,850	4,013	-	(280)	-	6,583
Other comprehensive income	-	-	403	-	100	503
At 31 March 2025	6,170	13,405	3,475	-	6,696	29,746

20. Deferred taxation (cont'd.)

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

Deferred tax assets

	Fair value of financial assets at FVTPL RM'000	Accelerated capital allowances RM'000	Others RM'000	Total RM'000
At 1 April 2023	(3,566)	-	(448)	(4,014)
Recognised in:				
Income statement	1,913	-	(1,184)	729
At 31 March 2024	(1,653)	-	(1,632)	(3,285)
At 1 April 2024	(1,653)	-	(1,632)	(3,285)
Recognised in:				
Participants' fund	9	-	-	9
Income statement	732	(62)	(2,469)	(1,799)
At 31 March 2025	(912)	(62)	(4,101)	(5,075)

21. Borrowing

	2025 RM'000	2024 RM'000
At amortised cost:		
Medium Term Notes ("MTN")	251,000	251,000
At fair value:		
Medium Term Notes ("MTN")	258,590	254,585

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

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

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

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

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

	2025			2024		
	Assets RM'000	**Liabilities RM'000**	**Net RM'000**	**Assets RM'000**	**Liabilities RM'000**	**Net RM'000**
Insurance/takaful contracts issued:						
Local	5,019	(1,601,571)	(1,596,552)	7,489	(1,518,415)	(1,510,926)
Overseas	1,120	(1,615,303)	(1,614,183)	-	(1,413,864)	(1,413,864)
Total insurance/takaful contracts issued	6,139	(3,216,874)	(3,210,735)	7,489	(2,932,279)	(2,924,790)
Reinsurance/retakaful contracts held:						
Local	77,917	(2,997)	74,920	120,817	(5,681)	115,136
Overseas	198,607	(996)	197,611	41,927	-	41,927
Total reinsurance/retakaful contracts held	276,524	(3,993)	272,531	162,744	(5,681)	157,063

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

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

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

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

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

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

Insurance/takaful contracts issued

2025	Liabilities for remaining coverage: Excluding loss component RM'000	Liabilities for remaining coverage: Loss component RM'000	Liabilities for incurred claims RM'000	Unallocated surplus RM'000	Total RM'000
Insurance/takaful contract liabilities as at 1 April 2024	(458,671)	72,620	3,261,553	56,777	2,932,279
Insurance/takaful contract assets as at 1 April 2024	(15,056)	204	7,363	-	(7,489)
Net insurance/takaful contract (assets)/liabilities as at 1 April 2024	**(473,727)**	**72,824**	**3,268,916**	**56,777**	**2,924,790**
Insurance/takaful revenue	(1,909,324)	-	-	-	(1,909,324)
Contracts under the fair value approach	(460,227)	-	-	-	(460,227)
New contracts and contracts under full retrospective approach	(1,449,097)	-	-	-	(1,449,097)
Insurance/takaful service expenses	109,101	(30,800)	1,373,902	-	1,452,203
Incurred claims and other insurance/takaful service expenses	-	-	1,550,657	-	1,550,657
Amortisation of acquisition cash flows	106,971	-	-	-	106,971
Experience variance from amortisation of acquisition cash flows	2,130	-	-	-	2,130
Reversal of onerous contracts	-	(30,800)	-	-	(30,800)
Changes to liabilities for incurred claims	-	-	(176,755)	-	(176,755)
Insurance/takaful service result	**(1,800,223)**	**(30,800)**	**1,373,902**	-	**(457,121)**
Insurance/takaful finance expenses	**51,189**	**9,632**	**96,398**	**7,207**	**164,426**
Effect of movements in exchange rates	**65,776**	**(2,971)**	**(146,525)**	-	**(83,720)**
Total changes in the income statement	**(1,683,258)**	**(24,139)**	**1,323,775**	**7,207**	**(376,415)**

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

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

Insurance/takaful contracts issued (cont'd.)

	Liabilities for remaining coverage				
2025 (cont'd.)	**Excluding loss component RM'000**	**Loss component RM'000**	**Liabilities for incurred claims RM'000**	**Unallocated surplus RM'000**	**Total RM'000**
Cash flows					
Premium/contributions received	1,605,324	-	-	-	1,605,324
Claims and other expenses paid	-	-	(774,081)	-	(774,081)
Insurance/takaful acquisition cash flows	(109,101)	-	-	-	(109,101)
Total cash flows	**1,496,223**	**-**	**(774,081)**	**-**	**722,142**
Other movements	**1,480**	**-**	**(74,898)**	**13,636**	**(59,782)**
Net insurance/takaful contract (assets)/liabilities as at 31 March 2025	**(659,282)**	**48,685**	**3,743,712**	**77,620**	**3,210,735**
Insurance/takaful contract liabilities as at 31 March 2025	(539,425)	47,728	3,630,951	77,620	3,216,874
Insurance/takaful contract assets as at 31 March 2025	(119,857)	957	112,761	-	(6,139)
Net Insurance/takaful contract (assets)/liabilities as at 31 March 2025	**(659,282)**	**48,685**	**3,743,712**	**77,620**	**3,210,735**

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

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

Insurance/takaful contracts issued (cont'd.)

	Liabilities for remaining coverage				
2024	**Excluding loss component RM'000**	**Loss component RM'000**	**Liabilities for incurred claims RM'000**	**Unallocated surplus RM'000**	**Total RM'000**
Insurance/takaful contracts liabilitie as at 1 April 2023	(257,200)	36,266	2,947,206	37,557	2,763,829
Insurance/takaful contract assets as at 1 April 2023	(6,638)	31	2,437	-	(4,170)
Net insurance/takaful contract (assets)/liabilities as at 1 April 2023	**(263,838)**	**36,297**	**2,949,643**	**37,557**	**2,759,659**
Insurance/takaful revenue	(1,863,463)	-	-	-	(1,863,463)
Contracts under the fair value approach	(660,004)	-	-	-	(660,004)
New contracts and contracts under full retrospective approach	(1,203,459)	-	-	-	(1,203,459)
Insurance/takaful service expenses	116,126	32,827	1,282,736	-	1,431,689
Incurred claims and other insurance/takaful service expenses	-	-	1,449,846	-	1,449,846
Amortisation of acquisition cash flows	118,663	-	-	-	118,663
Experience variance from amortisation of acquisition cash flows	(2,537)	-	(7,842)	-	(10,379)
Losses on/(reversal of) on onerous contracts	-	32,827	-	-	32,827
Changes to liabilities for incurred claims	-	-	(159,268)	-	(159,268)
Insurance/takaful service result	**(1,747,337)**	**32,827**	**1,282,736**	**-**	**(431,774)**
Insurance/takaful finance expenses	**45,106**	**1,436**	**55,364**	**19,170**	**121,076**
Effect of movements in exchange rates	**(40,301)**	**2,264**	**92,188**	**-**	**54,151**
Total changes in the income statement	**(1,742,532)**	**36,527**	**1,430,288**	**19,170**	**(256,547)**

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

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

Insurance/takaful contracts issued (cont'd.)

	Liabilities for remaining coverage				
2024 (cont'd.)	**Excluding loss component RM'000**	**Loss component RM'000**	**Liabilities for incurred claims RM'000**	**Unallocated surplus RM'000**	**Total RM'000**
Cash flows					
Premium/contributions received	1,672,646	-	-	-	1,672,646
Qard received/(paid)	-	-	-	50	50
Claims and other expenses paid	-	-	(1,035,643)	-	(1,035,643)
Insurance/takaful acquisition cash flows	(118,663)	-	-	-	(118,663)
Total cash flows	**1,553,983**	**-**	**(1,035,643)**	**50**	**518,390**
Other movements	**(21,340)**	**-**	**(75,372)**	**-**	**(96,712)**
Net insurance/takaful contract (assets)/liabilities as at 31 March 2024	**(473,727)**	**72,824**	**3,268,916**	**56,777**	**2,924,790**
Insurance/takaful contract liabilities as at 31 March 2024	(458,671)	72,620	3,261,553	56,777	2,932,279
Insurance/takaful contract assets as at 31 March 2024	(15,056)	204	7,363	-	(7,489)
Net Insurance/takaful contract (assets)/liabilities as at 31 March 2024	**(473,727)**	**72,824**	**3,268,916**	**56,777**	**2,924,790**

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

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

Insurance/takaful contracts issued (cont'd.)

Qard

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

	General Retakaful Fund		**Family Retakaful Fund**	
	2025	**2024**	**2025**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Opening balance	36,061	36,061	32,205	20,727
(Reversal)/Provision of Qard during the year	(10,761)	-	-	11,478
Closing balance	**25,300**	**36,061**	**32,205**	**32,205**

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

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

Reinsurance/retakaful contracts held

	Assets for remaining coverage			
2025	**Excluding loss recovery component RM'000**	**Loss recovery component RM'000**	**Liabilities for incurred claims RM'000**	**Total RM'000**
Reinsurance/retakaful contract assets as at 1 April 2024	(140,877)	29,319	274,302	162,744
Reinsurance/retakaful contract liabilities as at 1 April 2024	(5,697)	-	16	(5,681)
Net reinsurance/retakaful contract assets/(liabilities) as at 1 April 2024	**(146,574)**	**29,319**	**274,318**	**157,063**
Allocation of reinsurance premiums/retakaful contributions	(319,473)	-	-	(319,473)
Expected recovery for insurance/takaful service expenses incurred in the period	(203,174)	-	-	(203,174)
Changes in the risk adjustment for non-financial risk	(10,299)	-	-	(10,299)
Net cost/gain recognised in profit or loss	(105,069)	-	-	(105,069)
Other amount including experience adjustments	(931)	-	-	(931)
Amounts recoverable from reinsurers/retakaful operators	-	(18,375)	229,224	210,849
Amounts recoverable for claims	-	-	192,792	192,792
Loss recovery on onerous underlying certificates	-	(18,375)	-	(18,375)
Changes in amounts recoverable arising from changes in liability for incurred claims	-	-	36,432	36,432
Net income or expense from reinsurance/retakaful contracts held	**(319,473)**	**(18,375)**	**229,224**	**(108,624)**
Reinsurance/retakaful finance income	**12,538**	**356**	**5,213**	**18,107**
Effect of changes in non-performance risk of reinsurers/retakaful operators	**-**	**-**	**(82)**	**(82)**
Effect of movements in exchange rates	**2,916**	**(1,542)**	**(13,609)**	**(12,235)**
Total changes in the income statement	**(304,019)**	**(19,561)**	**220,746**	**(102,834)**

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

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

Reinsurance/retakaful contracts held (cont'd.)

	Assets for remaining coverage			
2025 (cont'd.)	**Excluding loss recovery component RM'000**	**Loss recovery component RM'000**	**Liabilities for incurred claims RM'000**	**Total RM'000**
Cash flows				
Premium and similar expenses paid	361,132	-	-	361,132
Amounts received	-	-	(142,643)	(142,643)
Total cash flows	**361,132**	**-**	**(142,643)**	**218,489**
Other movements	**(187)**	**-**	**-**	**(187)**
Net reinsurance/retakaful contract assets/(liabilities) as at 31 March 2025	**(89,648)**	**9,758**	**352,421**	**272,531**
Reinsurance/retakaful contract assets as at 31 March 2025	(84,892)	9,758	351,658	276,524
Reinsurance/retakaful contract liabilities as at 31 March 2025	(4,756)	-	763	(3,993)
Net reinsurance/retakaful contract assets/(liabilities) as at 31 March 2025	**(89,648)**	**9,758**	**352,421**	**272,531**

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

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

Reinsurance/retakaful contracts held (cont'd.)

	Assets for remaining coverage			
2024	**Excluding loss recovery component RM'000**	**Loss recovery component RM'000**	**Liabilities for incurred claims RM'000**	**Total RM'000**
Reinsurance/retakaful contract assets as at 1 April 2023	(49,453)	4,851	279,459	234,857
Reinsurance/retakaful contract liabilities as at 1 April 2023	(22)	-	-	(22)
Net reinsurance/retakaful contract assets/(liabilities) as at 1 April 2023	**(49,475)**	**4,851**	**279,459**	**234,835**
Allocation of reinsurance/retakaful premium/contributions	(263,589)	-	-	(263,589)
Expected recovery for insurance/takaful service expenses incurred in the period	(158,550)	-	-	(158,550)
Changes in the risk adjustment for non-financial risk	(10,878)	-	-	(10,878)
Net cost/gain recognised in income statement	(93,551)	-	-	(93,551)
Other amount	(610)	-	-	(610)
Amounts recoverable from reinsurers/retakaful operators	-	23,468	149,816	173,284
Amounts recoverable for claims	-	-	110,173	110,173
Loss recovery on onerous underlying contracts	-	23,468	-	23,468
Changes in amounts recoverable arising from changes in liability for incurred claims	-	-	39,643	39,643
Net income or expense from reinsurance/retakaful contracts held	**(263,589)**	**23,468**	**149,816**	**(90,305)**

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

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

Reinsurance/retakaful contracts held (cont'd.)

	Assets for remaining coverage			
2024 (cont'd.)	**Excluding loss recovery component RM'000**	**Loss recovery component RM'000**	**Liabilities for incurred claims RM'000**	**Total RM'000**
Reinsurance/retakaful finance income	(3,304)	168	4,772	1,636
Effect of movements in exchange rates	**(11,174)**	**832**	**5,001**	**(5,341)**
Total changes in the income statement and other comprehensive income	**(278,067)**	**24,468**	**159,589**	**(94,010)**
Cash flows				
Premium and similar expenses paid	180,968	-	(8,673)	172,295
Amounts received	-	-	(156,057)	(156,057)
Total cash flows	**180,968**	**-**	**(164,730)**	**16,238**
Net reinsurance/retakaful contract assets/(liabilities) as at 31 March 2024	**(146,574)**	**29,319**	**274,318**	**157,063**
Reinsurance/retakaful contract assets as at 31 March 2024	(140,877)	29,319	274,302	162,744
Reinsurance/retakaful contract liabilities as at 31 March 2024	(5,697)	-	16	(5,681)
Net reinsurance/retakaful contract assets/(liabilities) as at 31 March 2024	**(146,574)**	**29,319**	**274,318**	**157,063**

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

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

Insurance/takaful contracts issued

2025	**Estimates of present value of future cash flows RM'000**	**Risk adjustment RM'000**	**Contractual service margin RM'000**	**Unallocated surplus RM'000**	**Total RM'000**
Insurance/takaful contract liabilities as at 1 April 2024	2,130,693	345,562	399,247	56,777	2,932,279
Insurance/takaful contract assets as at 1 April 2024	(15,804)	1,995	6,320	-	(7,489)
Net insurance/takaful contract (assets)/liabilities as at 1 April 2024	**2,114,889**	**347,557**	**405,567**	**56,777**	**2,924,790**
Changes that relate to current services					
Contractual service margin recognised for services provided	-	-	(493,943)	-	(493,943)
Risk adjustment for the risk expired	-	(425)	-	-	(425)
Experience adjustments	244,802	-	-	-	244,802
Changes that relate to future services					
Contracts initially recognised in the period	(619,683)	177,297	478,466	-	36,080
Changes in estimates that adjust the contractual service margin	(128,035)	29,559	98,476	-	-
Changes in estimates that do not adjust the contractual service margin	(38,232)	(28,648)	-	-	(66,880)
Changes that relate to past services					
Changes in amounts recoverable arising from changes in liability for incurred claims	(104,036)	(72,719)	-	-	(176,755)
Insurance/takaful service result	**(645,184)**	**105,064**	**82,999**	**-**	**(457,121)**
Insurance/takaful finance expense	**123,539**	**14,261**	**19,419**	**7,207**	**164,426**
Effect of movements in exchange rates	**(59,345)**	**(15,413)**	**(8,962)**	**-**	**(83,720)**
Total changes in the income statement	**(580,990)**	**103,912**	**93,456**	**7,207**	**(376,415)**

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

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

Insurance/takaful contracts issued (cont'd.)

2025 (cont'd.)	Estimates of present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Unallocated surplus RM'000	Total RM'000
Cash flows					
Premium/contributions received	1,605,324	-	-	-	1,605,324
Claims and other expenses paid	(774,081)	-	-	-	(774,081)
Insurance/takaful acquisition cash flows	(109,101)	-	-	-	(109,101)
Total cash flows	**722,142**	**-**	**-**	**-**	**722,142**
Other movements	**(73,418)**	**-**	**-**	**13,636**	**(59,782)**
Net insurance/takaful contract (assets)/liabilities as at 31 March 2025	**2,182,623**	**451,469**	**499,023**	**77,620**	**3,210,735**
Insurance/takaful contract liabilities as at 31 March 2025	2,190,367	450,670	498,217	77,620	3,216,874
Insurance/takaful contract assets as at 31 March 2025	(7,744)	799	806	-	(6,139)
Net Insurance/takaful contract (assets)/liabilities as at 31 March 2025	**2,182,623**	**451,469**	**499,023**	**77,620**	**3,210,735**

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

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

Insurance/takaful contracts issued (cont'd.)

2024	Estimates of present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Unallocated surplus RM'000	Total RM'000
Insurance/takaful contract liabilitie as at 1 April 2023	1,895,214	348,431	482,627	37,557	2,763,829
Insurance/takaful contract assets as at 1 April 2023	(13,006)	2,081	6,755	-	(4,170)
Net insurance/takaful contract (assets)/liabilities as at 1 April 2023	**1,882,208**	**350,512**	**489,382**	**37,557**	**2,759,659**
Changes that relate to current services					
Contractual service margin recognised for services provided	-	-	(415,615)	-	(415,615)
Risk adjustment for the risk expired	-	(47,852)	-	-	(47,852)
Experience adjustments	158,134	-	-	-	158,134
Changes that relate to future services					
Contracts initially recognised in the period	(349,491)	101,440	273,467	-	25,416
Changes in estimates that adjust the contractual service margin	(38,777)	5,292	33,485	-	-
Changes in estimates that do not adjust the contractual service margin	17,642	(10,231)	-	-	7,411
Changes that relate to past services					
Changes in amount recoverable arising from changes in liability for incurred claims	(86,108)	(73,160)	-	-	(159,268)
Insurance/takaful service result	**(298,600)**	**(24,511)**	**(108,663)**	**-**	**(431,774)**
Insurance/takaful finance expense	**71,968**	**10,440**	**19,498**	**19,170**	**121,076**
Effect of movements in exchange rates	**35,862**	**11,116**	**7,173**	**-**	**54,151**
Total changes in the income statement	**(190,770)**	**(2,955)**	**(81,992)**	**19,170**	**(256,547)**

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

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

Insurance/takaful contracts issued (cont'd.)

2024 (cont'd.)	Estimates of present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Unallocated surplus RM'000	Total RM'000
Cash flows					
Premium/contributions received	1,672,646	-	-	-	1,672,646
Qard received/(paid)	-	-	-	50	50
Claims and other expenses paid	(1,035,643)	-	-	-	(1,035,643)
Insurance/takaful acquisition cash flows	(118,663)	-	-	-	(118,663)
Total cash flows	**518,340**	**-**	**-**	**50**	**518,390**
Other movements	**(94,889)**	**-**	**(1,823)**	**-**	**(96,712)**
Net insurance/takaful contract (assets)/liabilities as at 31 March 2024	**2,114,889**	**347,557**	**405,567**	**56,777**	**2,924,790**
Insurance/takaful contract liabilities as at 31 March 2024	2,130,693	345,562	399,247	56,777	2,932,279
Insurance/takaful contract assets as at 31 March 2024	(15,804)	1,995	6,320	-	(7,489)
Net Insurance/takaful contract (assets)/liabilities as at 31 March 2024	**2,114,889**	**347,557**	**405,567**	**56,777**	**2,924,790**

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

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

Insurance/takaful contracts issued (cont'd.)

Qard

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

	General Retakaful Fund		Family Retakaful Fund	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Opening balance	36,061	36,061	32,205	20,727
(Reversal)/Provision of Qard during the year	(10,761)	-	-	11,478
Closing balance	**25,300**	**36,061**	**32,205**	**32,205**

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

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

Reinsurance/retakaful contracts held

	2025				2024			
	Estimates of present value of future cash flows RM'000	**Risk adjustment RM'000**	**Contractual service margin RM'000**	**Total RM'000**	**Estimates of present value of future cash flows RM'000**	**Risk adjustment RM'000**	**Contractual service margin RM'000**	**Total RM'000**
Reinsurance/retakaful contract assets as at 1 April	85,350	22,179	55,215	162,744	183,480	27,250	24,127	234,857
Reinsurance/retakaful contract liabilities as at 1 April	(13,047)	1,152	6,214	(5,681)	(24)	-	2	(22)
Net reinsurance/retakaful contract assets/(liabilities) as at 1 April	**72,303**	**23,331**	**61,429**	**157,063**	**183,456**	**27,250**	**24,129**	**234,835**
Changes that relate to current services								
Contractual service margin recognised for services received	-	-	(105,069)	(105,069)	-	-	(93,551)	(93,551)
Risk adjustment for the risk expired	-	9,204	-	9,204	-	(3,967)	-	(3,967)
Experience adjustments	(30,815)	-	-	(30,815)	(55,466)	-	-	(55,466)
Changes that relate to future services								
Contracts initially recognised in the period	(160,193)	20,556	174,131	34,494	(189,806)	20,097	181,469	11,760
Changes in estimates that adjust the contractual service margin	67,408	18,562	(85,970)	-	42,437	15,401	(57,838)	-
Changes in estimates that do not adjust the CSM	(39,168)	(13,702)	-	(52,870)	27,985	(16,277)	-	11,708
Changes that relate to past services								
Changes in amounts recoverable arising from changes in liability for incurred claims	47,543	(11,111)	-	36,432	50,337	(10,960)	-	39,377

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

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

Reinsurance/retakaful contracts held (cont'd.)

	2025				2024			
	Estimates of present value of future cash flows	Risk adjustment	Contractual service margin	Total	Estimates of present value of future cash flows	Risk adjustment	Contractual service margin	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Reinsurance/retakaful finance income	**10,334**	**1,114**	**6,659**	**18,107**	**5,103**	**(8,860)**	**5,393**	**1,636**
Effect of changes in non-performance risk of reinsurers/retakaful operators	**(82)**	**-**	**-**	**(82)**	**(166)**	**-**	**-**	**(166)**
Effect of movements in exchange rates	**(8,038)**	**(1,489)**	**(2,708)**	**(12,235)**	**(7,815)**	**647**	**1,827**	**(5,341)**
Total changes in the income statement	**(113,011)**	**23,134**	**(12,957)**	**(102,834)**	**(127,391)**	**(3,919)**	**37,300**	**(94,010)**
Cash flows								
Premium and similar expenses paid	361,132	-	-	361,132	172,295	-	-	172,295
Amounts received	(142,643)	-	-	(142,643)	(156,057)	-	-	(156,057)
Total cash flows	**218,489**	**-**	**-**	**218,489**	**16,238**	**-**	**-**	**16,238**
Other movements	**(243)**	**243**	**(187)**	**(187)**	**-**	**-**	**-**	**-**
Net reinsurance/retakaful contract assets/(liabilities) as at 31 March	**177,538**	**46,708**	**48,285**	**272,531**	**72,303**	**23,331**	**61,429**	**157,063**
Reinsurance/retakaful contract assets as at 31 March	181,647	46,592	48,285	276,524	85,350	22,179	55,215	162,744
Reinsurance/retakaful contract liabilities as at 31 March	(4,109)	116	-	(3,993)	(13,047)	1,152	6,214	(5,681)
Net reinsurance/retakaful contract assets/(liabilities) as at 31 March	**177,538**	**46,708**	**48,285**	**272,531**	**72,303**	**23,331**	**61,429**	**157,063**

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

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

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

Insurance/takaful contracts issued

	2025			2024		
	Contracts using the fair value approach	New contracts and contracts under full retrospective approach	Total	Contracts using the fair value approach	New contracts and contracts under full retrospective approach	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
CSM as at 1 April	**167,798**	**237,769**	**405,567**	**269,927**	**219,455**	**489,382**
Changes that relate to current services						
CSM recognised for services provided	(171,494)	(322,449)	(493,943)	(171,261)	(244,354)	(415,615)
Changes that relate to future services						
Contracts initially recognised in the period	-	478,466	478,466	-	273,467	273,467
Changes in estimates that adjust the CSM	85,687	12,789	98,476	61,913	(28,428)	33,485
Insurance/takaful service result	(85,807)	168,806	82,999	(109,348)	685	(108,663)
Insurance/takaful finance expense	5,612	13,807	19,419	6,954	12,544	19,498
Effect of movements in exchange rates	(66)	(8,896)	(8,962)	265	6,908	7,173
Total changes in the statement of profit or loss	(80,261)	173,717	93,456	(102,129)	20,137	(81,992)
Other movements	-	-	-	-	(1,823)	(1,823)
CSM as at 31 March	**87,537**	**411,486**	**499,023**	**167,798**	**237,769**	**405,567**

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

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

Reinsurance/retakaful contracts issued

	2025			2024		
	Contracts using the fair value approach	New contracts and contracts under full retrospective approach	Total	Contracts using the fair value approach	New contracts and contracts under full retrospective approach	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
CSM as at 1 April	**189**	**61,240**	**61,429**	**61**	**24,068**	**24,129**
Changes that relate to current services						
CSM recognised for services provided	46	(105,115)	(105,069)	22	(93,573)	(93,551)
Changes that relate to future services						
Contracts initially recognised in the period	-	174,131	174,131	-	181,469	181,469
Changes in estimates that adjust the CSM	(178)	(85,792)	(85,970)	106	(57,944)	(57,838)
Reinsurance/retakaful service result	(132)	(16,776)	(16,908)	128	29,952	30,080
Reinsurance/retakaful finance expense	(1)	6,660	6,659	-	5,393	5,393
Effect of movements in exchange rates	-	(2,708)	(2,708)	-	1,827	1,827
Total changes in the income statement	(133)	(12,824)	(12,957)	128	37,172	37,300
Other movements	-	(187)	(187)	-	-	-
CSM as at 31 March	**56**	**48,229**	**48,285**	**189**	**61,240**	**61,429**

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

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

The components of new business

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

Insurance/takaful contracts issued

2025	Contracts issued: Non-onerous RM'000	Contracts issued: Onerous RM'000	Total RM'000
Insurance/takaful contract liabilities			
Estimate of present value of future cash outflows, excluding insurance/takaful acquisition cash flows	2,419,453	273,599	2,693,052
Estimates of insurance/takaful acquisition cash flows	81,598	7,742	89,340
Estimate of present value of future cash outflows	2,501,051	281,341	2,782,392
Estimates of present value of future cash inflows	(3,128,559)	(273,516)	(3,402,075)
Risk adjustment	149,042	28,255	177,297
CSM	478,466	-	478,466
Losses on onerous contracts at initial recognition	**-**	**36,080**	**36,080**

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

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

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

The components of new business

Reinsurance/retakaful contracts held

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

	2025 Contracts purchased RM'000	2024 Contracts purchased RM'000
Reinsurance/retakaful contract assets		
Estimates of present value of future cash outflows	(369,509)	(460,078)
Estimates of present value of future cash inflows	209,316	270,272
Risk adjustment	20,556	20,097
CSM	174,131	181,469
Recovery of losses on onerous contracts at initial recognition	**34,494**	**11,760**

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

CSM recognition in income statement

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

	Less than 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	More than 5 years RM'000	Total RM'000
31 March 2025							
Insurance/takaful contracts issued	302,236	92,443	72,721	21,842	1,376	8,405	499,023
Reinsurance/retakaful contracts held	(41,381)	(6,443)	(196)	(119)	(101)	(45)	(48,285)
	260,855	86,000	72,525	21,723	1,275	8,360	450,738
31 March 2024							
Insurance/takaful contracts issued	347,963	52,906	2,687	834	374	803	405,567
Reinsurance/retakaful contracts held	(58,028)	(3,491)	38	18	26	8	(61,429)
	289,935	49,415	2,725	852	400	811	344,138

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

23. Other payables and provisions

	2025 RM'000	2024 RM'000
Due to holding company*	3,188	1,597
Due to associate and related companies	126	-
Provisions	11,121	17,660
Accruals	15,596	9,479
Sundry payables**	13,508	11,912
	43,539	40,648

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

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

	2025 RM'000	2024 RM'000
Seed capital of the Retakaful Division	87,384	87,384
Amount owing by Retakaful Division#	45,067	55,467
	132,451	142,851

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

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

24. Share capital

	Number of ordinary shares		Amount	
	2025 '000	2024 '000	2025 RM'000	2024 RM'000
Issued and fully paid; at no par value:				
At beginning/ end of the year	663,106	663,106	663,106	663,106

25. Merger deficit

	2025 RM'000	2024 RM'000
Merger deficit	(9,618)	(9,618)

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

26. Earnings per share

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

	2025	2024
Net profit for the year (RM'000)	325,190	388,424
Number of ordinary shares in issue ('000)	663,106	663,106
Basic and diluted earnings per share (sen)	49.0	58.6

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

27. Dividend

	2025 RM'000	2024 RM'000
The dividends paid by the Company were as follows:		
In respect of the financial year ended 31 March 2024:		
Final single-tier dividend of 15.1% on 663,106 ordinary shares, declared on 10 October 2024 and paid on 15 October 2024	100,000	-
In respect of the financial year ended 31 March 2023:		
Final single-tier dividend of 1.5% on 663,106 ordinary shares, declared on 17 October 2023 and paid on 20 October 2023	-	10,000

28. The Company as a lessor

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

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

	2025 RM'000	2024 RM'000
Within 1 year	4,169	4,104
After 1 year and not more than 5 years	3,148	2,507
	7,317	6,611

29. Capital commitments

	2025 RM'000	2024 RM'000
Capital expenditure		
Approved and contracted for:		
Property and equipment	4,284	3,607
Intangible assets	522	-
	4,806	3,607
Approved but not contracted for:		
Property and equipment	322	1,179
Intangible assets	1,068	-
	1,390	1,179

30. Significant related party disclosures

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

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

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

(a) Related party transactions

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

	2025 RM'000	2024 RM'000
Income/(expenses):		
Transactions with Labuan Reinsurance (L) Ltd., an associate:		
Reinsurance inward (net of claims)	(83)	(1,427)
Dividend received	6,887	-
Transactions with Takaful IKHLAS Family, a fellow subsidiary:		
Management fees expenses	(460)	(120)
Management expenses chargeback	406	21
Gross contribution paid for takaful cover	(512)	(535)
Retakaful inward (net of claims)	17,719	13,801
Transactions with Takaful IKHLAS General, a fellow subsidiary:		
Management fees income	39	309
Management expenses chargeback	148	176
Rental income	1,145	1,145
Gross contribution paid for takaful cover	(102)	(112)
Retakaful inward (net of claims)	11,683	7,092
Transactions with MNRB, the holding company:		
Management fees expenses	(25,067)	(19,635)
Management fees income	-	256
Management expenses chargeback	(3,887)	(3,188)
Interest paid	(2,240)	(2,246)
Dividend paid	(100,000)	(10,000)
Rental and other income from property	1,250	1,389
Purchase of computer software	(343)	-
Transactions with MMIP Services Sdn. Bhd., a fellow subsidiary:		
Rental and other income from property	210	180
Management fees income	-	21
Management expenses chargeback	14	37
Transactions with Malaysian Re (Dubai) Ltd., a fellow subsidiary:		
Management fees for marketing activities	(482)	(4,253)

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

(b) Related party balances

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

	2025 RM'000	2024 RM'000
Insurance/takaful (payables)/receivables:		
Takaful IKHLAS General	(5,666)	(10,546)
Takaful IKHLAS Family	28,579	394
Labuan Reinsurance (L) Ltd	(921)	(921)
Other (payables)/receivable:		
MNRB	(54,078)	(52,597)
Takaful IKHLAS General	126	(14)
Takaful IKHLAS Family	(250)	238
Malaysian Re (Dubai)	1	328
MMIP Services Sdn. Bhd	(15)	3
Labuan Reinsurance (L) Ltd	12	-

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

	2025 RM'000	2024 RM'000
Non-executive directors' remuneration (Note 11):		
Fees	656	554
Meeting allowances	239	180
GSC members' remuneration (Note 11):		
Fees	86	81
Meeting allowances	24	27
President & CEO's remuneration (Note 11):		
Salaries and bonus	1,183	918
Pension costs - EPF	201	160
Benefits-in-kind	31	18
Others	118	87
Other key management personnel:		
Salaries and bonus	6,118	5,079
Pension costs - EPF	982	830
Allowances	759	817

31. Risk management framework

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

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

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

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

Risk management is the process of identifying, assessing, measuring, controlling, mitigating, and continuously monitoring the risks in respect of the Company as a whole. It involves regular self-assessments of all reasonably foreseeable and material risks that the Company faces, including their inter-relationships and the maintenance of a link between ongoing risk management and mid to long-term business goals, strategies and capital needs.

The RM Framework aims to serve as a guide for the effective management of risks throughout the Company. The RM Framework is intended to provide guidance to the Company in performing its risk management roles and responsibilities and ultimately aims to support the achievement of the Company's strategic and financial objectives.

The primary objectives of the RM Framework are as follows:

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

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

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

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

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

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

31. Risk management framework (cont'd.)

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

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

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

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

(a) Risk management governance

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

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

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

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

(i) The Board has 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 strong risk management culture;

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

31. Risk management framework (cont'd.)

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

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

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

(v) The GMRCC, which comprises the President & Group Chief Executive Officer ("PGCEO"), the President & Chief Executive Officers ("PCEOs") of the main operating subsidiaries and selected members of Senior Management from MNRB Group is established 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 Information Technology Steering Committee (“ITSC”), chaired by the President & Chief Executive Officer, is established to oversee the implementation of IT strategic plans and provide direction in support of IT related initiatives and activities;

(vii) Group Business Continuity Management Committee (“GBCMC”) has been established and responsible to review and recommend changes to the Group BCM Framework, evaluates the Business Continuity, Crisis Management, and Disaster Recovery Plans, approves the BCM programme workplan, and deliberates on issues related to crisis management and recovery centers;

(viii) The Group Chief Risk Officer (“GCRO”) oversees risk governance across the Group and is supported by the Head of Risk Management of the main operating subsidiaries. Together, they assist the GMRCC and the respective Risk Committees of the Board in ensuring effective implementation and maintenance of RM Framework and its sub-framework. Primarily, the main operating subsidiaries provide the necessary infrastructure to carry out the risk management function and the Risk Management Department acts as the central contact and guide for risk management issues within the respective entities; and

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

31. Risk management framework (cont'd.)

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

A dedicated GIC has been established to oversee investment risks and assets allocation, reporting directly to the Board. The GIC is supported by the Group Investment Management Committee (“GIMC”) which includes key senior executives such as the President and CEOs of main operating subsidiaries, the Group Chief Financial Officer, and the Group Chief Investment Officer.

To ensure effective risk management, the Group has implemented a Group Investment Policy ("GIP"), which provides a high-level framework for investment decisions. The policy governs investments in government and corporate bonds/Sukuk, deposits with licensed financial institutions, and other marketable securities.

To enhance clarity and governance, the GIP is supplemented by a separate Group Investment Guidelines ("GIG") document. This separation distinguishes the GIP’s strategic objectives from the IG’s detailed investment management rules, ensuring alignment with relevant regulatory frameworks of RBC and RBCT.

An Asset-Liability Committee ("ALCO") has been established to oversee and monitor asset-liability mismatches, duration gaps, credit risk profiles, cashflow analysis and overall asset management. The ALCO reports directly to the Board through the GIC.

(b) Capital management

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

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

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

31. Risk management framework (cont'd.)

(b) Capital management (cont'd.)

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 the 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, the IFSA 2013, the Companies Act 2016. any other relevant Acts, and as applicable, Policy Documents issued by BNM from time to time.

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

The total capital available of the Company as at 31 March 2025, as prescribed and reported under the RBC and RBCT Frameworks, is provided below:

	2025 RM'000	2024 RM'000
Eligible Tier 1 Capital		
Share capital	663,106	663,106
Retained profits	1,805,471	1,563,874
Valuation (deficit)/surplus maintained in the retakaful funds	(1,372)	8,027
	2,467,205	2,235,007
Eligible Tier 2 Capital		
Revaluation reserve	55,899	52,353
Fair value reserve	55,599	47,983
Subordinated term debt	250,000	250,200
General reserves (merger deficit)	(9,618)	(9,618)
	351,880	340,918
Deductions	(151,128)	(144,524)
Total Capital Available	2,667,957	2,431,401

32. Insurance/takaful risk of general reinsurance/retakaful

(a) Nature of risk

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

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

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

Insurance/takaful contract liabilities

	Gross RM'000	Re-insurance/ retakaful RM'000	Net RM'000
2025			
VC and Auto Fac	(708,729)	(10,412)	(719,141)
Facultative	(243,229)	(2,307)	(245,536)
Treaty - Proportional	(1,725,735)	204,136	(1,521,599)
Treaty - Non proportional	(455,422)	81,114	(374,308)
Qard and UW Surplus	(77,620)	-	(77,620)
	(3,210,735)	272,531	(2,938,204)
Local	(1,596,552)	74,920	(1,521,632)
Overseas	(1,614,183)	197,611	(1,416,572)
	(3,210,735)	272,531	(2,938,204)
Reinsurance	(3,061,739)	261,501	(2,800,238)
Retakaful	(148,996)	11,030	(137,966)
	(3,210,735)	272,531	(2,938,204)

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

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

Insurance/takaful contract liabilities

	Gross RM'000	Re-insurance/ retakaful RM'000	Net RM'000
2024			
VC and Auto Fac	(688,392)	(20,904)	(709,296)
Facultative	(239,371)	(2,532)	(241,903)
Treaty - Proportional	(1,652,053)	30,862	(1,621,191)
Treaty - Non proportional	(288,197)	149,637	(138,560)
Qard and UW Surplus	(56,777)	-	(56,777)
	(2,924,790)	157,063	(2,767,727)
Local	(1,510,926)	115,136	(1,395,790)
Overseas	(1,413,864)	41,927	(1,371,937)
	(2,924,790)	157,063	(2,767,727)
Reinsurance	(2,800,572)	134,694	(2,665,878)
Retakaful	(124,218)	22,369	(101,849)
	(2,924,790)	157,063	(2,767,727)

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

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

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

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

Insurance/takaful contract liabilities (cont'd.)

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

(b) Reserving risk

Reserving risk relates to the risk arising from inadequate reserves to meet the net claims amount payable. The determination of the Company's insurance contract liabilities relies on the information derived from various sources such as historical claims experience, existing knowledge of events that have occurred, the terms and conditions of relevant contracts and interpretation of prevailing circumstances. Upon notification of a claim, the Company sets aside both case and technical reserves to meet the expected ultimate loss arising from this claim. Case reserves are amounts set aside for individual reported claims, estimated based on the expected cost to settle each claim. Technical reserves, on the other hand, include provisions for claims that have occurred but have not yet been reported (Incurred But Not Reported - IBNR), as well as reserves for any adverse developments in existing claims. These claim reserves are updated periodically taking into account the development of the claims.

At each reporting date end, the Company performs a valuation of liabilities for the purpose of ensuring that liabilities for remaining coverage and liabilities for incurred claims are objectively assessed and adequately provided for.

(c) Catastrophe Risk

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

(d) Premium/Contribution Risk

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

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

(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.

The insurance contract/takaful certificate 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.

Sensitivity analysis

The analysis below is performed on possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net of retrocession/retrotakaful for liabilities, profit before tax and shareholder's equity. The correlations of assumptions will have a significant effect on the sensitivity analysis but to demonstrate the impact due to changes in specific assumptions, the sensitivity analysis is performed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current business profile and economic assumptions.

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

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

Sensitivity analysis (cont'd.)

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.

	Change in assumptions %*	Impact on profit before tax gross of reinsurance/ retakaful** RM'000	Impact on profit before tax net of reinsurance/ retakaful** RM'000	Impact on equity gross of reinsurance/ retakaful*** RM'000	Impact on equity net of reinsurance/ retakaful*** RM'000	Impact on liabilities gross of reinsurance/ retakaful RM'000	Impact on liabilities net of reinsurance/ retakaful RM'000
		<------ Increase / (Decrease)					------>
2025							
Ultimate loss ratio	+5%	(173,242)	(157,267)	(159,382)	(144,685)	178,281	162,068
Discount rates	+25 bp	(1,225)	(3,228)	(1,127)	(2,970)	(28,674)	(26,150)
Foreign currency	+5%	2,111	1,904	1,942	1,752	104,415	94,160
Ultimate loss ratio	-5%	170,615	155,173	156,965	142,759	(175,660)	(159,944)
Discount rates	-25 bp	1,385	3,885	805	3,142	29,056	26,499
Foreign currency	-5%	(2,111)	(1,904)	(1,942)	(1,752)	(104,415)	(94,160)
2024							
Ultimate loss ratio	+5%	(172,633)	(158,496)	(158,822)	(145,818)	175,647	161,355
Discount rates	+25 bp	3,816	3,511	1,810	1,666	(19,880)	(17,810)
Foreign currency	+5%	18,957	17,175	17,440	15,800	102,289	92,669
Ultimate loss ratio	-5%	163,695	149,775	150,599	137,793	(166,532)	(152,464)
Discount rates	-25 bp	(3,736)	(3,437)	(1,705)	(1,568)	20,099	18,003
Foreign currency	-5%	(18,957)	(17,175)	(17,440)	(15,800)	(102,289)	(92,669)

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

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

Sensitivity analysis (cont'd.)

*	The stress factor for ultimate loss ratio and forex is a multiplicative function.
**	The impact on profit before tax includes impact of financial instruments (assets), changes in fulfilment cash flows relating to loss components and/or changes in fulfilment cash flows that are recognised as insurance finance income or expenses in profit or loss.
***	Impact on equity reflects the effect on profit before tax above and adjustments for tax, when applicable.

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

(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 considers 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 2025 will only be available once the Company has completed the underwriting of its business for the period from 1 January 2025 to 31 December 2025.

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

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

Gross liability for Incurred Claims ("LIC") for 2025:

Underwriting year	Before 2018 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	Subtotal RM'000
At the end of accident year		-	-	-	1,015,635	801,407	646,564	778,748	
One year later		-	-	926,423	1,443,904	1,486,803	1,329,484	-	
Two years later		-	803,946	916,687	1,560,518	1,242,535	-	-	
Three years later		839,794	796,453	890,144	1,542,289	-	-	-	
Four years later		823,012	787,445	853,381	-	-	-	-	
Five years later		813,669	753,715	-	-	-	-	-	
Six years later		792,856	-	-	-	-	-	-	
Current estimate of booked ultimate claims incurred (a) + (b)		**792,856**	**753,715**	**853,381**	**1,542,289**	**1,242,535**	**1,329,485**	**778,748**	
At the end of accident year		-	-	-	98,272	59,557	120,159	97,769	
One year later		-	-	332,955	634,343	441,457	469,308	-	
Two years later		-	504,333	519,684	1,010,685	670,054	-	-	
Three years later		689,320	598,163	633,530	1,162,708	-	-	-	
Four years later		705,750	649,437	679,363	-	-	-	-	
Five years later		731,274	661,684	-	-	-	-	-	
Six years later		726,707	-	-	-	-	-	-	
Cumulative payments to-date (b)		**726,707**	**661,684**	**679,363**	**1,162,708**	**670,054**	**469,308**	**97,769**	
Gross undiscounted LIC (a)	208,896	66,149	92,031	174,018	379,581	572,481	860,177	680,979	3,034,312
Latest UWY BE LIC									60,648
Claim handling expenses									21,400
Total Best Estimate of LIC									**3,116,360**
Risk Adjustment at 75% Confidence Interval									279,565
Discounting impact									(90,121)
Forex Impact									(112,622)
Trade balances									415,179
Incurred claims from Family Retakaful and Shareholder funds									135,352
Total Gross LIC									**3,743,712**

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

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

Net LIC for 2025:

Underwriting year	**Before 2018 RM'000**	**2018 RM'000**	**2019 RM'000**	**2020 RM'000**	**2021 RM'000**	**2022 RM'000**	**2023 RM'000**	**2024 RM'000**	**Subtotal RM'000**
At the end of accident year		-	-	-	701,161	792,897	580,971	714,963	
One year later		-	-	904,785	1,073,931	1,428,386	1,196,351	-	
Two years later		-	791,936	895,116	1,207,310	1,116,875	-	-	
Three years later		736,048	787,432	873,784	1,185,279	-	-	-	
Four years later		728,215	778,864	836,421	-	-	-	-	
Five years later		716,569	741,521	-	-	-	-	-	
Six years later		689,858	-	-	-	-	-	-	
Current estimate of booked ultimate claims incurred (a) + (b)		**689,858**	**741,521**	**836,421**	**1,185,279**	**1,116,875**	**1,196,351**	**714,963**	
At the end of accident year		-	-	-	98,202	55,134	98,521	68,200	
One year later		-	-	332,823	407,912	413,189	430,077	-	
Two years later		-	504,281	519,622	694,992	586,789	-	-	
Three years later		600,631	596,451	633,436	829,047	-	-	-	
Four years later		616,488	646,642	663,207	-	-	-	-	
Five years later		641,452	654,567	-	-	-	-	-	
Six years later		627,377	-	-	-	-	-	-	
Cumulative payments to-date (b)		**627,377**	**654,567**	**663,207**	**829,047**	**586,789**	**430,077**	**68,200**	
Net undiscounted LIC (a)	203,112	62,481	86,954	173,214	356,232	530,086	766,274	646,763	2,825,116

	RM'000
Latest UWY BE AIC	57,847
Claim handling expenses	21,400
Total Best Estimate of AIC	**2,904,363**
Fund PRAD at 75% confidence interval	256,287
Discounting impact	(81,015)
Forex Impact	(106,419)
Trade balance	364,057
Incurred claims from Family Retakaful and Shareholder funds	54,018
Total Net LIC	**3,391,291**

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

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

Gross LIC for 2024:

Underwriting year	**Before 2017 RM'000**	**2017 RM'000**	**2018 RM'000**	**2019 RM'000**	**2020 RM'000**	**2021 RM'000**	**2022 RM'000**	**2023 RM'000**	**Subtotal RM'000**
At the end of accident year		-	-	-	-	1,015,635	801,407	646,564	
One year later		-	-	-	926,423	1,443,904	1,486,803	-	
Two years later		-	-	803,946	916,687	1,560,518	-	-	
Three years later		-	839,794	796,453	890,144	-	-	-	
Four years later		625,661	823,012	787,445	-	-	-	-	
Five years later		631,193	813,669	-	-	-	-	-	
Six years later		626,744	-	-	-	-	-	-	
Current estimate of booked ultimate claims incurred (a) + (b)		**626,744**	**813,669**	**787,445**	**890,144**	**1,560,518**	**1,486,803**	**646,564**	
At the end of accident year		-	-	-	-	98,272	59,557	120,159	
One year later		-	-	-	332,955	634,343	441,457	-	
Two years later		-	-	504,333	519,684	1,010,685	-	-	
Three years later		-	689,320	598,163	633,530	-	-	-	
Four years later		543,550	705,750	649,437	-	-	-	-	
Five years later		566,080	731,274	-	-	-	-	-	
Seven years later		587,399	-	-	-	-	-	-	
Cumulative payments to-date (b)		**587,399**	**731,274**	**649,437**	**633,530**	**1,010,685**	**441,457**	**120,159**	
Gross undiscounted LIC (a)	226,092	39,345	82,395	138,008	256,614	549,833	1,045,346	526,405	2,864,038
Latest UWY BE LIC									27,699
Claim handling expenses									25,754
Total Best Estimate of LIC									**2,917,491**
Risk Adjustment at 75% Confidence Interval									232,959
Discounting impact									(277,708)
Forex Impact									81,378
Trade balances									206,808
Incurred claims from Family Retakaful and Shareholder funds									107,988
Total Gross LIC									**3,268,916**

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

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

Net LIC for 2024:

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

Latest UWY BE LIC	26,404
Claim handling expenses	25,754
Total Best Estimate of LIC	**2,766,134**
Risk Adjustment at 75% Confidence Interval	218,415
Discounting impact	(265,976)
Forex Impact	79,674
Trade balances	144,271
Incurred claims from Family Retakaful and Shareholder funds	52,081
Total Net LIC	**2,994,599**

33. Takaful risk of family retakaful

(a) Nature of risk

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

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

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

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

(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.

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

(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 analysis below is performed on possible movements in key assumptions with all other assumptions held constant, showing the impact on profit before tax (gross and net of retrocession/retrotakaful) gross and net of retrocession/retrotakaful for liabilities, profit before tax and shareholder's equity. The correlations of assumptions will have a significant effect on the sensitivity analysis but to demonstrate the impact due to changes in specific assumptions, the sensitivity analysis is performed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current business profile and economic assumptions.

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

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

	Change in assumptions %*	Impact on profit before tax gross of retakaful** RM'000	Impact on profit before tax net of retakaful** RM'000	Impact on equity gross of retakaful*** RM'000	Impact on equity net of retakaful*** RM'000	Impact on liabilities gross of retakaful RM'000	Impact on liabilities net of retakaful RM'000
		<------ Increase / (Decrease) ------>					
2025							
Ultimate loss ratio	+5%	(17,030)	(17,030)	(15,667)	(15,667)	(17,030)	(17,030)
Discount rates	+25 bp	(1,344)	(1,344)	(1,236)	(1,236)	(1,344)	(1,344)
Ultimate loss ratio	-5%	11,713	11,713	10,776	10,776	11,713	11,713
Discount rates	-25 bp	3,250	3,250	2,990	2,990	3,250	3,250
2024							
Ultimate loss ratio	+5%	(13,215)	(13,215)	(12,158)	(12,158)	(13,215)	(13,215)
Discount rates	+25 bp	4,627	4,627	4,257	4,257	4,627	4,627
Ultimate loss ratio	-5%	9,098	9,098	8,371	8,371	9,098	9,098
Discount rates	-25 bp	972	972	894	894	972	972

* The stress factor for ultimate loss ratio and forex is a multiplicative function.

** The impact on profit before tax includes impact of financial instruments (assets), changes in fulfilment cash flows relating to loss components and/or changes in fulfilment cash flows that are recognised as insurance finance income or expenses in profit or loss.

*** Impact on equity reflects the effect on profit before tax above and adjustments for tax, when applicable.

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

34. Financial risk

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

(a) Credit risk

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

Credit risk includes the following major elements:

(i) Investment credit risk refers to the potential financial loss resulting from changes in the value of an investment. This risk is linked to the creditworthiness and the expected ability of the issuer and/or financial institution ("counterparty") to meet their obligations, including timely payment of profit/interest and/or principal. Adverse circumstances affecting the counterparty such as rating downgrades or default can negatively impact both the investment's value and liquidity;

(ii) Derivative counterparty risk refers to the potential financial loss resulting from a counterparty's default, or the deterioration in the counterparty's financial condition. This risk arises when the counterparty fails to fulfil their obligations under a derivative contract; and;

(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.

The Company faces investment credit risk mainly from its bond/Sukuk holdings. Credit assessments are conducted for new and existing investments based on financial stability, performance, and credit ratings, following the GIP and GIG approved by the Board. Bond/Sukuk credit ratings are regularly monitored, and with any downgrade triggering an immediate review to assess its impact and take necessary risk mitigation measures. As of the reporting date, the Company's bond/Sukuk portfolio has no exposure below investment grade. Credit risk for other asset classes is also evaluated based on credit ratings, issuer financial health, and market conditions to ensure compliance with risk limits and appetites.

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

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

(ii) from amounts due from ceding companies; and

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

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

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) The GIG establishes minimum credit rating requirements for Corporate Bonds and Sukuk investments to mitigate the risk of potential counterparty default;

(iii) Internal single counterparty limits for Financial Institutions (“FI”) money market placements and other investment instruments are determined based on their credit ratings and financial strength. These limits help prevent excessive risk concentration with any single FI;

(iv) The Company's investment portfolio is managed with a focus on diversification and high quality investment grade fixed income securities and equities with strong fundamentals. As of the financial year ended 31 March 2025, the fixed income portfolio was primarily composed of Government Investment Issues ("GII"), Malaysian Government Securities ("MGS"), and AAA-rated securities, as rated by Rating Agency Malaysia ("RAM") and/or Malaysian Rating Corporation Berhad ("MARC"); and

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

Credit exposure by credit rating

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

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Credit exposure by credit rating (cont'd.)

2025	Government guaranteed RM'000	AAA/P1 to BBB RM'000	BB to CC RM'000	Not subject to credit risk RM'000	Not rated RM'000	Total RM'000
Financial assets at FVTPL						
Designated upon initial recognition:						
Corporate debt securities	114,412	1,111,880	-	-	-	1,226,292
Government investment issues	904,036	-	-	-	-	904,036
Malaysian government securities	355,091	-	-	-	-	355,091
Mandatorily measured:						
Quoted shares in Malaysia:						
Shariah approved equities	-	-	-	178,047	-	178,047
Other equities	-	-	-	79,312	-	79,312
Perpetual bond in Malaysia	-	4,992	-	-	-	4,992
Shariah approved real estate investment trusts	-	-	-	195	-	195
Non-Shariah approved real estate investment trusts	-	-	-	2,782	-	2,782
Shariah approved unit trust funds	-	-	-	4,577	-	4,577
Financial assets at FVOCI						
Unquoted shares in Malaysia	-	-	-	92,706	-	92,706
Golf club membership	-	-	-	65	-	65

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Credit exposure by credit rating (cont'd.)

2025 (cont'd.)	Government guaranteed RM'000	AAA/P1 to BBB RM'000	BB to CC RM'000	Not subject to credit risk RM'000	Not rated* RM'000	Total RM'000
Financial assets at amortised cost						
Deposit placements with licensed:						
Commercial banks	-	639,145	-	-	-	639,145
Foreign banks	-	334,568	-	-	-	334,568
Islamic banks	-	1,409,479	-	-	-	1,409,479
Development bank	-	11,797	-	-	-	11,797
Commercial paper	-	172,468	-	-	-	172,468
Secured staff loans:						
Receivable within 12 months	-	-	-	-	84	84
Receivable after 12 months	-	-	-	-	945	945
Income due and accrued	14,223	20,792	-	1,284	88	36,387
Due from Lloyds' Syndicate	-	26,698	-	-	-	26,698
Sundry receivables	-	-	-	-	9,598	9,598
Insurance/takaful contract assets	-	-	-	-	6,139	6,139
Reinsurance/retakaful contract assets	-	-	-	-	276,524	276,524
Cash and bank balances	-	32,835	-	-	-	32,835
Financial and insurance/takaful assets	1,387,762	3,764,654	-	358,968	293,378	5,804,762

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

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Credit exposure by credit rating (cont'd.)

	Government guaranteed RM'000	AAA to BBB RM'000	BB to CC RM'000	Not subject to credit risk RM'000	Not rated RM'000	Total RM'000
2024						
Financial assets at FVTPL						
Designated upon initial recognition:						
Corporate debt securities	148,057	586,585	-	-	-	734,642
Government investment issues	380,314	-	-	-	-	380,314
Malaysian government securities	301,812	-	-	-	-	301,812
Mandatorily measured:						
Quoted shares in Malaysia:						
Shariah approved equities	-	-	-	71,938	-	71,938
Other equities	-	-	-	12,237	-	12,237
Perpetual bond in Malaysia	-	4,964	-	-	-	4,964
Corporate debt securities	-	-	-	-	5,576	5,576
Shariah approved real estate investment trusts	-	-	-	903	-	903
Non-Shariah approved real estate investment trusts	-	-	-	9,050	-	9,050
Shariah approved unit trust funds	-	-	-	21,208	-	21,208
Derivative	-	-	-	(319)	-	(319)
Financial assets at FVOCI						
Unquoted shares in Malaysia	-	-	-	87,666	-	87,666
Golf club membership	-	-	-	65	-	65

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Credit exposure by credit rating (cont'd.)

	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
2024 (cont'd.)						
At amortised cost (cont'd.)						
Deposit placements with licensed:						
Commercial banks	-	190,239	-	-	-	190,239
Foreign banks	-	776,868	-	-	-	776,868
Islamic banks	-	2,114,967	-	-	-	2,114,967
Development banks	-	182,484	-	-	-	182,484
Commercial paper	-	59,569	-	-	-	59,569
Secured staff loans:						
Receivable within 12 months	-	-	-	-	54	54
Receivable after 12 months	-	-	-	-	1,102	1,102
Income due and accrued	11,122	36,034	-	355	78	47,589
Due from Lloyds' Syndicate	-	40,573	-	-	-	40,573
Due from associate and related companies	-	650	-	-	-	650
Sundry receivables	-	-	-	-	3,230	3,230
Insurance/takaful contract assets	-	-	-	-	7,489	7,489
Reinsurance/retakaful contract assets	-	-	-	-	162,744	162,744
Cash and bank balances	-	84,472	-	-	-	84,472
Financial and insurance/takaful assets	841,305	4,077,405	-	203,103	180,273	5,302,086

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

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

<u>Investment assets - Reconciliation of allowance account</u>

Significant increase in credit risk ("SICR")

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

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

Expected credit loss

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

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

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

The financial assets are credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial assets have occurred.

As at the financial year end, all financial assets at amortised cost held by the Company are classified as Stage 1. The credit rating of these financial assets at amortised cost are as disclosed above in Note 34(a).

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

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

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

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

	2025 RM'000	2024 RM'000
Total carrying amount of financial assets at AC	2,614,471	3,376,102

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

	AC RM'000
Balance as at 1 April 2023	-
Net adjustment of loss allowances	(22)
Balance as at 31 March 2024	(22)
Net adjustment of loss allowances	(59)
Balance as at 31 March 2025	(81)

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

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

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

Definition of default

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

(i) Quantitative criteria

Insurance/takaful receivables are considered to be in default when the counterparty fails to make contractual payments within 24 months when they fall due, reflecting the nature of the reinsurance business, which typically involves longer processing times than direct insurance operations, which operates with an average default period of 1 year. Similarly, for reinsurance/retakaful deposits placed, balances aged more than 18 months are deemed to be credit impaired. These extended default periods account for the fact that most businesses are conducted through brokers, which requires additional steps and time, requiring longer default periods.

(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 default definition 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

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

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

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

Expected credit loss

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

		Months past due					
	Not due RM'000	1 to 6 months RM'000	7 to 12 months RM'000	13 to 18 months RM'000	19 to 24 months RM'000	More than 24 months RM'000	Total RM'000
31 March 2025							
ECL rate	0.16%	0.78%	1.94%	7.58%	22.71%	49.50%	
Gross carrying amount	329,804	242,422	67,996	14,321	850	4,287	659,680
Allowance for ECL	519	1,883	1,319	1,086	193	2,122	7,122
31 March 2024							
ECL rate	0.14%	0.31%	2.27%	9.20%	33.25%	36.27%	
Gross carrying amount	369,687	311,351	20,016	8,708	1,251	6,162	717,175
Allowance for ECL	503	973	454	801	416	2,235	5,382

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

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

Expected credit loss (cont'd.)

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

	Not credit impaired RM'000	Credit impaired RM'000	Total RM'000
Gross carrying amounts			
2025			
As at 1 April 2024	710,851	6,324	717,175
Decrease during the year	(55,487)	(2,008)	(57,495)
As at 31 March 2025	655,364	4,316	659,680
2024			
As at 1 April 2023	570,471	5,218	575,689
Increase during the year	140,380	1,106	141,486
As at 31 March 2024	710,851	6,324	717,175
Allowance for ECL			
2025			
As at 1 April 2024	3,029	2,353	5,382
Net increase/(decrease) during the year	1,948	(208)	1,740
As at 31 March 2025	4,977	2,145	7,122
2024			
As at 1 April 2023	2,498	4,023	6,521
Net increase/(decrease) during the year	531	(1,670)	(1,139)
As at 31 March 2024	3,029	2,353	5,382

34. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

<u>Other financial assets - Reconciliation of allowance account (cont'd.)</u>

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
2025			
As at 1 April 2024	394	4,988	5,382
Increase of impairment losses during the year	16	1,724	1,740
As at 31 March 2025	410	6,712	7,122
2024			
As at 1 April 2023	3,060	3,461	6,521
(Decrease)/increase of impairment losses during the year	(2,666)	1,527	(1,139)
As at 31 March 2024	394	4,988	5,382

(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 additional material costs.

The Company assesses its liquidity risk by ensuring the following:

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

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

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

34. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

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

(i) daily cash flows;

(ii) minimum liquidity holdings;

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

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

(v) Liquidity risk position.

To manage the liquidity of the reinsurance/retakaful funds, the investment mandate requires that a certain proportion of the reinsurance/retakaful funds be held as liquid assets in accordance with the liquidity requirements set forth by BNM's RBC Framework and RBCT Framework.

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 assets and financial liabilities of the Company based on remaining undiscounted contractual obligations, including insurance/reinsurance contracts, takaful/retakaful certificates, interest/profit payable and receivable.

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

34. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

The following table summarises the maturity profile of financial assets based on remaining undiscounted contractual cash flows:

	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
2025						
Financial assets at FVTPL						
Designated upon initial recognition:						
Corporate debt securities	1,226,292	147,178	785,820	366,397	-	1,299,395
Government investment issues	904,036	34,985	748,206	277,069	-	1,060,260
Malaysian government securities	355,091	13,815	91,327	377,936	-	483,078
Mandatorily measured:						
Quoted shares in Malaysia:						
Shariah approved equities	178,047	-	-	-	178,047	178,047
Other equities	79,312	-	-	-	79,312	79,312
Perpetual bond in Malaysia	4,992	5,122	-	-	-	5,122
Shariah approved real estate investment trusts	195	-	-	-	195	195
Non-Shariah approved real estate investment trusts	2,782	-	-	-	2,782	2,782
Shariah approved unit trust funds	4,577	-	-	-	4,577	4,577

34. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

<u>Maturity profiles (cont'd.)</u>

The following table summarises the maturity profile of financial assets based on remaining undiscounted contractual cash flows (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
2025 (cont'd.)						
Financial assets at FVOCI						
Unquoted shares in Malaysia	92,706	-	-	-	92,706	92,706
Golf club membership	65	-	-	-	65	65
Financial assets at amortised cost						
Deposit placements with licensed:						
Commercial banks	639,145	642,247	-	-	-	642,247
Foreign banks	334,568	338,257	-	-	-	338,257
Islamic banks	1,409,479	1,416,938	-	-	-	1,416,938
Development bank	11,797	11,967	-	-	-	11,967
Islamic commercial paper	172,468	173,750	-	-	-	173,750
Secured staff loans:						
Receivable within 12 months	84	84	-	-	-	84
Receivable after 12 months	945	-	945	-	-	945
Amount due from Insurance Pool accounts	16,696	-	-	-	16,696	16,696
Income due and accrued	36,387	36,387	-	-	-	36,387
Due from Lloyds' syndicate	26,698	26,698	-	-	-	26,698
Sundry receivables	9,598	9,598	-	-	-	9,598
Prepayments	869	869	-	-		869
Cash and bank balances	32,835	32,835	-	-	-	32,835
Total financial assets	5,539,664	2,890,730	1,626,298	1,021,402	374,380	5,912,810

34. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

	Carrying value RM'000	Up to 1 year RM'000	1-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
2025 (cont'd.)						
Financial liabilities						
Borrowing	(251,000)	(13,630)	(100,373)	(226,807)	-	(340,810)
Other payables (excluding provisions)	(32,418)	(32,418)	-	-	-	(32,418)
Total financial liabilities	(283,418)	(46,048)	(100,373)	(226,807)	-	(373,228)

34. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

The following table summarises the maturity profile of portfolios of insurance contracts issued that are liabilities and portfolios of reinsurance contracts held that are liabilities based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented.

	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	Unallocated surplus RM'000	Total RM'000
2025 (cont'd.)							
Insurance/takaful contract assets	7,744	-	-	-	7,744	-	7,744
Reinsurance/retakaful contract assets	181,647	(38,970)	241,563	56,234	(77,180)	-	181,647
Total insurance contract assets	189,391	(38,970)	241,563	56,234	(69,436)	-	189,391
Insurance/takaful contract liabilities	(2,267,987)	(471,217)	(2,333,701)	(688,679)	1,303,229	(77,620)	(2,267,987)
Reinsurance/retakaful contract liabilities	(4,109)	-	-	-	(4,109)	-	(4,109)
Total insurance contract liabilities	(2,272,096)	(471,217)	(2,333,701)	(688,679)	1,299,120	(77,620)	(2,272,096)

34. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

The following table summarises the maturity profile of financial assets based on remaining undiscounted contractual cash flows:

	Carrying value RM'000	Up to 1 year RM'000	1-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
2024						
Financial assets at FVTPL						
Designated upon initial recognition:						
Corporate debt securities	734,642	178,495	327,143	290,412	-	796,050
Government investment issues	380,314	49,796	200,720	206,447		456,963
Malaysian government securities	301,812	10,132	106,056	265,338	-	381,526
Mandatorily measured:						
Quoted shares in Malaysia:						
Shariah approved equities	71,938	-	-	-	71,938	71,938
Other equities	12,237	-	-	-	12,237	12,237
Perpetual bond in Malaysia	4,964	180	5,122	-	-	5,302
Corporate debt securities	5,576	-	-	5,576	-	5,576
Shariah approved real estate investment trusts	903	-	-	-	903	903
Non-Shariah approved real estate investment trusts	9,050	-	-	-	9,050	9,050
Shariah approved unit trust funds	21,208	-	-	-	21,208	21,208
Derivatives	(319)	-	-	-	(319)	(319)

34. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

The following table summarises the maturity profile of financial assets based on remaining undiscounted contractual cash flows (cont'd.):

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

34. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

The following table summarises the maturity profile of financial assets based on remaining undiscounted contractual cash flows (cont'd.):

	Carrying value RM'000	Up to 1 year RM'000	1-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
2024 (cont'd.)						
Financial assets at amortised cost (cont'd.)						
Due from associate and related companies	650	650	-	-	-	650
Sundry receivables	3,230	3,230	-	-	-	3,230
Prepayments	712	712	-	-	-	712
Cash and bank balances	84,472	84,472	-	-	-	84,472
Total financial assets	5,132,588	3,730,711	680,716	767,773	202,748	5,381,948
Financial liabilities						
Borrowing	(251,000)	(12,660)	(114,009)	(226,807)	-	(353,476)
Other payables (excluding provisions)	(22,988)	(22,988)	-	-	-	(22,988)
Total financial liabilities	(273,988)	(35,648)	(114,009)	(226,807)	-	(376,464)

34. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

The following table summarises the maturity profile of portfolios of insurance contracts issued that are liabilities and portfolios of reinsurance contracts held that are liabilities based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented.

	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	Unallocated surplus RM'000	Total RM'000
Insurance/takaful contract assets	(15,804)	-	-	-	(15,804)	-	(15,804)
Reinsurance/retakaful contract assets	85,350	(54,112)	197,979	69,406	(127,924)	-	85,350
Total insurance contract assets	69,546	(54,112)	197,979	69,406	(143,728)	-	69,546
Insurance/takaful contract liabilities	(2,187,470)	(614,045)	(2,396,851)	(343,649)	1,223,852	(56,777)	(2,187,470)
Reinsurance/retakaful contract liabilities	13,047	-	-	-	13,047	-	13,047
Total insurance contract liabilities	(2,174,423)	(614,045)	(2,396,851)	(343,649)	1,236,899	(56,777)	(2,174,423)

Balances excluding premium/contribution liabilities

34. Financial risk (cont'd.)

(c) Market risk

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

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

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

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

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

Price risk

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

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

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

<u>Sensitivity analysis</u>

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

34. Financial risk (cont'd.)

(c) Market risk (cont'd.)

Price risk (cont'd.)

	Changes in variable*	Impact on profit before tax RM'000	Impact on equity fund* RM'000
		<- Increase/(decrease) ->	
2025			
Price/NAV	+5%	13,246	16,450
Price/NAV	-5%	(13,246)	(16,450)
2024			
Price/NAV	+5%	4,706	8,363
Price/NAV	-5%	(4,706)	(8,363)

* The impact on equity reflects adjustments for tax at 8% (2024: 8%), where applicable.

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

Foreign exchange risk/currency risk

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

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

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

Sensitivity analysis

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

34. Financial risk (cont'd.)

(c) Market risk (cont'd.)

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

	Changes in variable *	Impact on profit before tax gross of reinsurance **	Impact on profit before tax net of reinsurance **	Impact on equity gross of reinsurance ***	Impact on equity net of reinsurance ***
		RM'000	RM'000	RM'000	RM'000
		<- Increase/(decrease) ->		<- (Decrease)/increase->	
2025					
Foreign currency	+5%	2,111	1,904	1,942	1,752
Foreign currency	-5%	(2,111)	(1,904)	(1,942)	(1,752)
2024					
Foreign currency	+5%	6,366	4,380	24,510	22,549
Foreign currency	-5%	(6,366)	(4,380)	(24,510)	(22,549)

* Stress is a multiplicative function.
** The impact on profit before tax includes impact of financial instruments (assets), changes in fulfilment cash flows relating to loss components and/or changes in fulfilment cash flows that are
*** The impact on equity reflects adjustments for tax at 8% (2024: 8%), where applicable.

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

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

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

34. Financial risk (cont'd.)

(c) Market risk (cont'd.)

Interest/profit rate risk

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

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

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

The Company's earnings are impacted by fluctuations in market interest/profit rates, as such changes affect interest/profit income from cash and cash equivalents, including investments in fixed/Islamic deposits. The value of the Company's fixed income portfolio moves inversely with interest/profit rates.

Similarly, the value of the Company's insurance liabilities would move inversely to the interest /profit rates. However, any increase in insurance liabilities will negatively impact the earnings of the Company.

The Company manages its interest/profit rate risk by aligning, where possible, the duration and profile of assets and liabilities to minimise the impact of mismatches between their value due to interest/profit rate. Additionally, the Company continuously monitors financial, market and economic developments to assess interest rates directions and formulate its investment and asset liability strategies.

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

<u>Sensitivity analysis</u>

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 profit before tax and equity.

	Changes in variable	Impact on profit before tax RM'000	Impact on equity* RM'000
		<- Increase/(decrease) ->	
2025			
Interest/profit rates	+25 bps	(3,228)	(2,970)
Interest/profit rates	-25 bps	3,228	2,970

34. Financial risk (cont'd.)

(c) Market risk (cont'd.)

	Changes in variable	Impact on profit before tax RM'000	Impact on equity* RM'000
		<- Increase/(decrease) ->	
2024			
Interest/profit rates	+25 bps	7,002	6,442
Interest/profit rates	-25 bps	(7,002)	(6,442)

* The impact on equity reflects adjustments for tax at 8% (2024: 8%), where applicable.

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

(c) Market risk (cont'd.)

Asset-Liability Mismatch Risk

One of the risks the Company faces due to the nature of its investments and liabilities is the mismatch of assets to liabilities (investment risks). The Company currently manages these positions through the assessment of interest rate risk, foreign exchange risk and liquidity risk and monitoring of the investment portfolio duration as well as the liability duration on a quarterly basis.

Property Investment risk

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

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

The Company has no significant exposure to property risk.

35. Other risks

(a) Operational risk

Operational risk can broadly be defined as the risk of direct or indirect losses or reputational damage due to failure attributable to people, internal processes, system (Information Technology) 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.

35. Other risks

(a) Operational risk (cont'd.)

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.

(c) Shariah Non-Compliance risk

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

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

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

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

(iv) Decisions or advices of the GSC.

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

(d) Sustainability Risk

Sustainability risks are potential adverse impacts on environmental, social, and governance factors that could affect the long-term viability, financial performance, or reputation of the Company. These risks arise from various sources, including climate change, resource depletion, environmental pollution, social inequality, labour practices, human rights violations, regulatory changes, and ethical considerations.

35. Other risks (cont'd.)

(d) Sustainability Risk (cont'd.)

The RMCB, with support from the GMRCC, is responsible for supporting the Board in meeting expectations and responsibilities on sustainability risk management by providing effective oversight. Reporting to GMRCC, the Sustainability Working Group (SWG), which includes Sustainability Champions as representatives from each entity, facilitates the adoption and integration of sustainability into the Company’s business and operations.

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

The MNRB Group Sustainability Risk Management Framework enhances and complements the Company’s sustainability commitments and initiatives by integrating risk considerations into the Company's broader sustainability objectives.

The Company’s sustainability governance and sustainability efforts in contributing positively towards global sustainability objectives are disclosed in MNRB Group’s Sustainability Statement available on the corporate website.

36. Fair values of assets and liabilities

MFRS 7 *Financial Instruments: Disclosures* ("MFRS 7") requires the classification of financial instruments measured at fair value according to a hierarchy that reflects the significance of inputs used in making the measurements, in particular, whether the inputs used are observable or unobservable. MFRS 13 *Fair Value Measurement* requires similar disclosure requirements as MFRS 7, but extends to include all assets and liabilities measured at fair value and/or for which fair values are disclosed. The following levels of hierarchy are used for determining and disclosing the fair value of the Company's assets and liability:

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

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

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

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

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

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

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

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

(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 the Group's investments in associate and unquoted equity instruments in Malaysia is determined using the adjusted net assets method, a valuation technique that estimates fair value based on the fair value of the underlying assets and liabilities of the investee entities. In applying this methos, each identifiable asset and liability of the investee is remeasured individually to its fair value in accordance with principles of MFRS 13 *Fair Value Measurement* . The resulting net asset value is then attributed to the investor based on its proportionate equity interest in the investee.

<u>Description of significant unobservable inputs:</u>

	Valuations techniques	Significant unobservable inputs	Range
2025			
<u>Property and equipment</u>			
Freehold land and building	Income approach	Yield/Rental per square foot	6.00%/RM4.70
Investment in associate and Unquoted shares (Malaysia)	Adjusted net assets	Net assets of the investee	Not applicable
2024			
<u>Property and equipment</u>			
Freehold land and building	Income approach	Yield/Rental per square foot	6.25%/RM4.50
Investment in associate and Unquoted shares (Malaysia)	Adjusted net assets	Net assets of the investee	Not applicable

A significant increase or decrease in the unobservable inputs used in the valuation would result in a correspondingly higher or lower fair value. There have been no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year.

The reconciliation from beginning to ending balances for freehold land and building, investment in associate and unquoted equity which are classified under Level 3 of the fair value hierarchy are disclosed in Notes 16, 18 and 19 respectively.

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

Fair value hierarchy:

2025

	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 and equipment				
Freehold land (Note 16)	-	-	47,000	47,000
Building (Note 16)	-	-	79,000	79,000
	-	-	126,000	126,000
(b) Investment in associate (Note 18)	-	-	152,000	152,000
(c) Financial assets at FVTPL (Note 19)				
Designated upon initial recognition:				
Unquoted corporate debt securities	-	1,226,292	-	1,226,292
Government investment issues	-	904,036	-	904,036
Malaysian government securities	-	355,091	-	355,091
Mandatorily measured:				
Quoted shares in Malaysia:				
Shariah approved equities	178,047	-	-	178,047
Other equities	79,312	-	-	79,312
Perpetual bond in Malaysia	-	4,992	-	4,992
Shariah approved real estate investment trusts	195	-	-	195
Non-Shariah approved real estate investment trusts	2,782	-	-	2,782
Shariah approved unit trust funds	4,577	-	-	4,577
Derivative	-	-	-	-
	264,913	2,490,411	-	2,755,324
(d) Financial assets at FVOCI (Note 19)				
Unquoted shares in Malaysia	-	-	92,706	92,706
Golf club membership	-	-	65	65
	-	-	92,771	92,771
	264,913	2,490,411	370,771	3,126,095

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

Fair value hierarchy: (cont'd.)

2025 (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 21)	-	258,590	-	258,590

2024

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets measured at fair value on a recurring basis:				
(a) Property and equipment				
Freehold land (Note 16)	-	-	36,800	36,800
Building (Note 16)	-	-	88,200	88,200
	-	-	125,000	125,000
(b) Investment in associate (Note 18)	-	-	155,318	155,318
(c) Financial assets at FVTPL (Note 19)				
Designated upon initial recognition:				
Unquoted corporate debt securities	-	734,642	-	734,642
Government investment issues	-	380,314	-	380,314
Malaysian government securities	-	301,812	-	301,812
Mandatorily measured:				
Quoted shares in Malaysia:				
Shariah approved equities	71,938	-	-	71,938
Other equities	12,237	-	-	12,237
Perpetual bond in Malaysia	-	4,964	-	4,964
Corporate debt securities	-	5,576	-	5,576
Shariah approved real estate investment trusts	903	-	-	903
Non-Shariah approved real estate investment trusts	9,050	-	-	9,050
Shariah approved unit trust funds	21,208	-	-	21,208
Derivative	-	(319)	-	(319)
	115,336	1,426,989	-	1,542,325

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

Fair value hierarchy: (cont'd.)

2024 (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
Unquoted shares in Malaysia	-	-	87,666	87,666
Golf club membership	-	-	65	65
	-	-	87,731	87,731
	115,336	1,426,989	368,049	1,910,374

Liabilities for which fair values are disclosed

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Borrowing (Note 21)	-	254,585	-	254,585

37. Restatement of comparatives

Certain comparative figures presented in the income statement for the financial year ended 31 March 2024 have been reclassified to conform with the current year's presentation. These reclassifications have no impact on the previously reported amounts in the income statement, statement of comprehensive income, or statement of changes in equity.

2024

	Previously stated RM'000	Reclassification RM'000	Restated RM'000
Income Statement			
Insurance/takaful revenue	1,863,463	-	1,863,463
Insurance/takaful service expense	(1,431,689)	-	(1,431,689)
Insurance service result before reinsurance/ retakaful contracts held	**431,774**	-	**431,774**
Allocation of reinsurance premiums/retakaful contributions	(263,589)	-	(263,589)
Amounts recoverable from reinsurers/retakaful operators for incurred claims	173,284	-	173,284
Net expense from reinsurance contracts/ retakaful certificates held	**(90,305)**	-	**(90,305)**
Insurance/takaful service result	**341,469**	-	**341,469**
Investment income	184,816	(184,816)	-
Interest/profit income calculated using the effective interest/profit method	-	134,086	134,086
Other investment income	-	50,730	50,730
Net realised losses	(11,595)	-	(11,595)
Net fair value gains	53,849	8,102	61,951
Allowance for impairment on financial assets	-	(22)	(22)
Net foreign exchange gains	48,009	-	48,009
Total investment income	**275,079**	**8,080**	**283,159**
Insurance/takaful finance expenses from insurance/ takaful contracts issued	(188,434)	32,376	(156,058)
Reinsurance/retakaful finance income for reinsurance/ retakaful contracts held	5,566	(9,270)	(3,704)
Unallocated surplus attributable to participants	(19,170)	-	(19,170)
Net insurance/takaful financial result	**(202,038)**	**23,106**	**(178,932)**
Other income	44,577	(33,463)	11,114
Other expense	(21,879)	2,277	(19,602)
Finance cost	(12,694)	-	(12,694)
Other income/(expenses)	**10,004**	**(31,186)**	**(21,182)**
Profit before zakat and taxation	**424,514**	-	**424,514**
Tax attributable to the participants	(13)	-	(13)
Profit before zakat and taxation attributable to shareholder	**424,501**	-	**424,501**
Zakat	(127)	-	(127)
Taxation	(35,950)	-	(35,950)
Profit after zakat and taxation	**388,424**	-	**388,424**

37. Restatement of comparatives (cont'd.)

	Previously stated RM'000	Reclassification RM'000	Restated RM'000
Statement of cash flow			
Cash flows from operating activities			
Profit before zakat and taxation	424,514	-	424,514
Adjustments for:			
Amortisation of intangible assets	517	-	517
Depreciation of property and equipment	4,633	-	4,633
Net realised losses on disposals of investments	13,405	(1,810)	11,595
Impairment losses on assets at AC	-	22	22
Interest/profit income	(181,300)	-	(181,300)
Dividend income	(4,969)	-	(4,969)
Rental income	(4,472)	-	(4,472)
Unrealised foreign exchange losses/(gains) on investments	(3,426)	-	(3,426)
Unrealised foreign exchange gains on valuation of investment in associate	(8,102)	8,102	-
Unrealised foreign exchange losses/(gains) on others	(4,778)	4,778	-
Fair value losses/(gains) on financial assets at FVTPL	(20,445)	-	(20,445)
Fair value losses/(gains) on investment in associate	(33,404)	(8,102)	(41,506)
Net (accretion)/amortisation of premiums/discounts on investments	779	-	779
Realised foreign exchange losses/(gains) on investments	-	(44,583)	(44,583)
Profit from operations before changes in operating assets and liabilities	182,952	(41,593)	141,359
Purchase of investments	(275,349)	1,788	(273,561)
Net change in placements with licensed financial institution	(364,273)	44,583	(319,690)
Net change in staff loans	181	-	181
Net change in other receivables	7,420	-	7,420
Net change in balances with related companies	6,576	-	6,576
Net change in insurance/takaful contracts assets	(3,319)	-	(3,319)
Net change in reinsurance/retakaful contracts assets	72,113	(4,778)	67,335
Net change in insurance/takaful contacts liabilities	168,450	-	168,450
Net change in reinsurance/retakaful contacts liabilities	5,659	-	5,659
Net change in other payables	13,048	-	13,048
Cash (used in)/generated from operations	(186,542)	-	(186,542)
Tax paid	(11,771)	-	(11,771)
Zakat paid	(127)	-	(127)
Interest/profit received	158,199	-	158,199
Dividend received	5,402	-	5,402
Rental received	4,432	-	4,432
Net cash (used in)/generated from operating activities	**(30,407)**	**-**	**(30,407)**

37. Restatement of comparatives (cont'd.)

Statement of cash flow (cont'd.)	**Previously stated RM'000**	**Reclassification RM'000**	**Restated RM'000**
Cash flows from investing activities			
Purchase of property and equipment	(11,717)	-	(11,717)
Proceeds from sale of equipment	-	-	-
Purchase of intangible assets	(262)	-	(262)
Net cash (used in)/generated from investing activities	**(11,979)**	-	**(11,979)**
Cash flows from financing activities			
Dividend paid	(10,000)	-	(10,000)
Net cash used in financing activities	**(10,000)**	-	**(10,000)**
Cash and cash equivalents:			
Net (decrease)/increase during the year	(52,386)	(1,617)	(54,003)
Net foreign exchange difference	-	1,617	1,617
Cash and cash equivalents at beginning of year	136,858	-	136,858
Cash and cash equivalents at end of year	**84,472**	-	**84,472**

38. Shareholder's, reinsurance and retakaful funds

(a) Income statement by funds

	General reinsurance and shareholder's fund		General retakaful fund		Family retakaful fund		Eliminations		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Insurance/takaful revenue	1,810,158	1,751,399	47,116	45,484	52,050	87,525	-	(20,945)	1,909,324	1,863,463
Insurance/takaful service expenses	(1,383,018)	(1,341,155)	(20,606)	(25,255)	(48,579)	(91,844)	-	26,565	(1,452,203)	(1,431,689)
Insurance/takaful service result before reinsurance contracts/retakaful certificates held	**427,140**	**410,244**	**26,510**	**20,229**	**3,471**	**(4,319)**	**-**	**5,620**	**457,121**	**431,774**
Allocation of reinsurance premiums	(270,427)	(221,772)	(9,553)	(2,334)	(39,493)	(39,483)	-	-	(319,473)	(263,589)
Amounts recoverable from reinsurers for for incurred claims	177,484	135,669	(1,758)	(2,514)	35,123	40,129	-	-	210,849	173,284
Net expense from reinsurance contracts/retakaful certificates held	**(92,943)**	**(86,103)**	**(11,311)**	**(4,848)**	**(4,370)**	**646**	**-**	**-**	**(108,624)**	**(90,305)**
Insurance/takaful service result	**334,197**	**324,141**	**15,199**	**15,381**	**(899)**	**(3,673)**	**-**	**5,620**	**348,497**	**341,469**
Interest/profit income calculated using the effective interest/profit method	102,820	131,821	2,940	2,000	259	265	-	-	106,019	134,086
Other investment income	105,262	50,557	144	144	27	29	-	-	105,433	50,730
Net realised losses	(12,023)	(11,595)	-	-	-	-	-	-	(12,023)	(11,595)
Net fair value (losses)/gains	9,290	61,953	-	-	(3)	(2)	-	-	9,287	61,951
Allowance for impairment loss on financial assets	(59)	(22)	-	-	-	-	-	-	(59)	(22)
Net foreign exchange (losses)/gains on investments	(82,437)	48,009	-	-	-	-	-	-	(82,437)	48,009
Total investment income	**122,853**	**280,723**	**3,084**	**2,144**	**283**	**292**	**-**	**-**	**126,220**	**283,159**
Insurance/takaful finance expenses for reinsurance contracts/retakaful certificates issued	(75,504)	(155,445)	2,183	(488)	(178)	(125)	-	-	(73,499)	(156,058)
Reinsurance/retakaful finance income for reinsurance contracts/retakaful certificates held	5,822	(3,504)	50	(75)	(82)	(125)	-	-	5,790	(3,704)
Unallocated surplus attributable to participants	10,761	-	(18,786)	(17,042)	818	3,492		(5,620)	(7,207)	(19,170)
Net insurance/takaful financial results	**(58,921)**	**(158,949)**	**(16,553)**	**(17,605)**	**558**	**3,242**	**-**	**(5,620)**	**(74,916)**	**(178,932)**
Other income	9,817	10,848	122	250	16	16		-	9,955	11,114
Other expense	(26,700)	(19,568)	(131)	(33)	-	(1)	-	-	(26,831)	(19,602)
Finance cost	(12,677)	(12,694)	-	-	-	-	-	-	(12,677)	(12,694)
Other (expenses)/income	**(29,560)**	**(21,414)**	**(9)**	**217**	**16**	**15**	**-**	**-**	**(29,553)**	**(21,182)**
Profit before zakat and taxation	**368,569**	**424,501**	**1,721**	**137**	**(42)**	**(124)**	**-**	**-**	**370,248**	**424,514**
Tax expense attributable to the participants	-	-	(1,721)	(137)	42	124	-	-	(1,679)	(13)
Profit before zakat and taxation	**368,569**	**424,501**	**-**	**-**	**-**	**-**	**-**	**-**	**368,569**	**424,501**
Zakat	(148)	(127)	-	-	-	-	-	-	(148)	(127)
Taxation	(43,231)	(35,950)	-	-	-	-	-	-	(43,231)	(35,950)
Net profit for the year	**325,190**	**388,424**	**-**	**-**	**-**	**-**	**-**	**-**	**325,190**	**388,424**

38. 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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Assets										
Property and equipment	143,081	137,244	-	-	-	-	-	-	143,081	137,244
Intangible assets	3,732	5,432	-	-	-	-	-	-	3,732	5,432
Investment in associate	152,000	155,318	-	-	-	-	-	-	152,000	155,318
Financial and other assets	5,481,411	5,075,578	136,573	96,074	21,296	19,315	(132,451)	(142,851)	5,506,829	5,048,116
Insurance/takaful contract assets	1,710	7,489	294	-	4,135	-	-	-	6,139	7,489
Reinsurance/retakaful contract assets	265,095	140,375	665	7,624	10,764	14,745	-	-	276,524	162,744
Tax recoverable	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	31,964	82,909	574	264	297	1,299	-	-	32,835	84,472
Total assets	6,078,993	5,604,345	138,106	103,962	36,492	35,359	(132,451)	(142,851)	6,121,140	5,600,815
Liabilities										
Borrowing	251,000	251,000	-	-	-	-	-	-	251,000	251,000
Insurance/takaful contract liabilities	3,075,787	2,815,203	111,276	93,975	20,193	13,483	9,618	9,618	3,216,874	2,932,279
Reinsurance/retakaful contract liabilities	3,594	5,681	399	-	-	-	-	-	3,993	5,681
Other payables and provisions	134,830	151,612	24,486	9,306	16,674	22,581	(132,451)	(142,851)	43,539	40,648
Tax payable	2,086	7,879	1,945	-	(375)	-	-	-	3,656	7,879
Deferred tax liabilities	24,671	19,320	-	681	-	(707)	-	-	24,671	19,294
Zakat	3	3	-	-	-	-	-	-	3	3
Total liabilities	3,491,971	3,250,698	138,106	103,962	36,492	35,357	(122,833)	(133,233)	3,543,736	3,256,784

38. 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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 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	39,969	35,332	-	-	-	-	-	-	39,969	35,332
Revaluation reserve	55,899	52,353	-	-	-	-	-	-	55,899	52,353
Retained profits	1,828,048	1,602,858	-	-	-	-	-	-	1,828,048	1,602,858
Total equity	2,587,022	2,353,649	-	-	-	-	(9,618)	(9,618)	2,577,404	2,344,031
Total liabilities and equity	6,078,993	5,604,347	138,106	103,962	36,492	35,357	(132,451)	(142,851)	6,121,140	5,600,815

(c) Statements of cash flows by funds

	General reinsurance and shareholder's fund		General retakaful fund		Family retakaful fund		Eliminations		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash flows from:										
Operating activities	59,775	(29,459)	310	(2,124)	(1,002)	1,176	-	-	59,083	(30,407)
Investing activities	(10,720)	(11,979)	-	-	-	-	-	-	(10,720)	(11,979)
Financing activities	(100,000)	(10,000)	-	-	-	-	-	-	(100,000)	(10,000)
Net (decrease)/increase in cash and cash equivalents	(50,945)	(51,438)	310	(2,124)	(1,002)	1,176	-	-	(51,637)	(52,386)
Cash and cash equivalent at the beginning of financial year	82,909	134,346	264	2,389	1,299	123	-	-	84,472	136,858
Cash and cash equivalents at the end of financial year	31,964	82,908	574	265	297	1,299	-	-	32,835	84,472