

**MNRB HOLDINGS BERHAD**

197201001795 (13487-A)

UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FINANCIAL PERIOD ENDED  
30 JUNE 2023

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

|   | Individual period  |                    | Cumulative period  |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | Three months ended | Three months ended | Three months ended | Three months ended |
|   | 30.06.2023         | 30.06.2022         | 30.06.2023         | 30.06.2022         |
|   | RM'000             | RM'000             | RM'000             | RM'000             |
|   |                    | (Restated)         |                    | (Restated)         |
| Insurance/takaful revenue   | 773,020            | 686,718            | 773,020            | 686,718            |
| Insurance/takaful service expenses  | (740,683)          | (683,573)          | (740,683)          | (683,573)          |
| <b>Insurance/takaful service result before reinsurance/retakaful contracts held</b>                 | <b>32,337</b>      | <b>3,144</b>       | <b>32,337</b>      | <b>3,144</b>       |
| Allocation of reinsurance premium/retakaful contribution  | (106,025)          | (85,270)           | (106,025)          | (85,270)           |
| Amounts recoverable from reinsurers/retakaful operators   | 66,008             | 77,587             | 66,008             | 77,587             |
| <b>Net expense from reinsurance/retakaful contracts held</b>  | <b>(40,017)</b>    | <b>(7,683)</b>     | <b>(40,017)</b>    | <b>(7,683)</b>     |
| <b>Insurance/takaful service result</b>   | <b>(7,680)</b>     | <b>(4,538)</b>     | <b>(7,680)</b>     | <b>(4,538)</b>     |
| Investment income on financial assets   | 96,528             | 66,124             | 96,528             | 66,124             |
| Net realised (losses)/gains   | (12,262)           | (1,211)            | (12,262)           | (1,211)            |
| Net fair value gains/(losses)   | 54,559             | (145,467)          | 54,559             | (145,467)          |
| Net foreign exchange gains  | 60,839             | 15,527             | 60,839             | 15,527             |
| <b>Investment return</b>  | <b>199,664</b>     | <b>(65,027)</b>    | <b>199,664</b>     | <b>(65,027)</b>    |
| Net finance/profit expenses from insurance/takaful contracts issued                                 | (14,016)           | (17,510)           | (14,016)           | (17,510)           |
| Net finance/profit income/(expenses) from reinsurance/retakaful contracts held                      | 4,419              | (2,584)            | 4,419              | (2,584)            |
| <b>Net takaful financial result</b>   | <b>(9,597)</b>     | <b>(20,094)</b>    | <b>(9,597)</b>     | <b>(20,094)</b>    |
| <b>Recognition of actual unallocated (surplus)/deficit</b>  | <b>(93,530)</b>    | <b>84,085</b>      | <b>(93,530)</b>    | <b>84,085</b>      |
| Fees and other operating income   | 6,849              | 3,010              | 6,849              | 3,010              |
| Management and other operating expenses   | (11,885)           | (1,258)            | (11,885)           | (1,258)            |
| Finance cost  | (6,860)            | (4,912)            | (6,860)            | (4,912)            |
| <b>Net other operating income and expenses</b>  | <b>(11,895)</b>    | <b>(3,159)</b>     | <b>(11,895)</b>    | <b>(3,159)</b>     |
| Share of results of associates  | 6,921              | (10,770)           | 6,921              | (10,770)           |
| <b>Profit/(loss) before zakat and taxation</b>  | <b>83,883</b>      | <b>(19,504)</b>    | <b>83,883</b>      | <b>(19,504)</b>    |
| Zakat   | (766)              | (257)              | (766)              | (257)              |
| Taxation  | (13,579)           | (3,406)            | (13,579)           | (3,406)            |
| <b>Profit/(loss) after zakat and taxation for the period, attributable to owners of the Company</b> | <b>69,538</b>      | <b>(23,167)</b>    | <b>69,538</b>      | <b>(23,167)</b>    |
| Basic earnings per share attributable to equity holders of the Company (sen)                        | 8.88               | (2.96)             | 8.88               | (2.96)             |

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

|   | Individual period                          |                                    | Cumulative period                          |                                    |
|---|--|------------------------------------|--|------------------------------------|
|   | Three months ended<br>30.06.2023<br>RM'000 | 30.06.2022<br>RM'000<br>(Restated) | Three months ended<br>30.06.2023<br>RM'000 | 30.06.2022<br>RM'000<br>(Restated) |
| <b>Profit/(loss) after zakat and taxation for the period, attributable to owners of the Company</b> | <b>69,538</b>                              | <b>(23,167)</b>                    | <b>69,538</b>                              | <b>(23,167)</b>                    |
| <b>Other comprehensive income/(loss), net of tax</b>  |  |                                    |  |                                    |
| <b>Items that are or may be reclassified subsequently to profit or loss</b>                         |  |                                    |  |                                    |
| Net gains/(losses) on investments in debt securities measured at FVOCI                              | 5,423                                      | (28,213)                           | 5,423                                      | (28,213)                           |
| Net realised (losses)/gains transferred to profit or loss   | (487)                                      | (1,169)                            | (487)                                      | (1,169)                            |
| Effects of post acquisition foreign exchange translation reserve on investment in associate         | 6,082                                      | 3,596                              | 6,082                                      | 3,596                              |
| Effects of foreign exchange translation reserve on investment in subsidiary                         | 747  | 589                                | 747  | 589                                |
| Tax effects thereon   | 1,090                                      | 1,087                              | 1,090                                      | 1,087                              |
| Other comprehensive income attributable to participants   | (773)                                      | 4,752                              | (773)                                      | 4,752                              |
|   | <u>12,082</u>                              | <u>(19,358)</u>                    | <u>12,082</u>                              | <u>(19,358)</u>                    |
| <b>Items that will not be reclassified subsequently to profit or loss</b>                           |  |                                    |  |                                    |
| Net fair value gains/(losses) on equity investments at FVOCI  | 1,939                                      | (7,516)                            | 1,939                                      | (7,516)                            |
| Revaluation surplus of land and buildings   | 555  | 538                                | 555  | 538                                |
| Tax effects thereon   | (536)                                      | 1,716                              | (536)                                      | 1,716                              |
| Other comprehensive income attributable to participants   | (511)                                      | (495)                              | (511)                                      | (495)                              |
|   | <u>1,447</u>                               | <u>(5,757)</u>                     | <u>1,447</u>                               | <u>(5,757)</u>                     |
| <b>Total other comprehensive income/(loss) for the period, net of tax</b>                           | <b>13,529</b>                              | <b>(25,115)</b>                    | <b>13,529</b>                              | <b>(25,115)</b>                    |
| <b>Total comprehensive income/(loss) for the period, net of tax</b>                                 | <b>83,068</b>                              | <b>(48,282)</b>                    | <b>83,068</b>                              | <b>(48,282)</b>                    |
| <b>Total comprehensive income/(loss) for the period attributable to owners of the Company</b>       | <b>83,068</b>                              | <b>(48,282)</b>                    | <b>83,068</b>                              | <b>(48,282)</b>                    |

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2023**

|   | <b>30.06.2023</b> | <b>31.03.2023</b> |
|---|-------------------|-------------------|
|   | <b>RM'000</b>     | <b>RM'000</b>     |
|   |                   | <b>(Restated)</b> |
| <b>Assets</b>   |                   |                   |
| Property, plant and equipment                             | 225,466           | 225,802           |
| Intangible assets   | 56,711            | 60,248            |
| Right-of-use assets                                       | 2,857             | 3,368             |
| Investments in associates                                 | 134,968           | 121,999           |
| Financial and other assets                                | 10,589,592        | 10,235,223        |
| Deferred tax assets                                       | 42,017            | 34,340            |
| Insurance/takaful contract assets                         | 61,819            | 66,518            |
| Reinsurance/retakaful contract assets                     | 599,602           | 689,237           |
| Tax recoverable   | 47,464            | 42,423            |
| Cash and bank balances                                    | 147,915           | 205,462           |
| <b>Total assets</b>                                       | <b>11,908,412</b> | <b>11,684,621</b> |
| <b>Liabilities</b>  |                   |                   |
| Insurance/takaful contract liabilities                    | 8,118,981         | 8,049,735         |
| Reinsurance/retakaful contract liabilities                | 160,930           | 113,607           |
| Borrowing   | 520,000           | 520,000           |
| Lease liabilities   | 3,003             | 3,426             |
| Other payables  | 397,279           | 391,469           |
| Deferred tax liabilities                                  | 17,702            | 4,718             |
| Tax payable   | 13,142            | 7,746             |
| Provision for zakat                                       | 2,588             | 2,203             |
| <b>Total liabilities</b>                                  | <b>9,233,626</b>  | <b>9,092,902</b>  |
| <b>Equity</b>   |                   |                   |
| Share capital   | 738,502           | 738,502           |
| Reserves  | 1,936,284         | 1,853,217         |
| <b>Total equity attributable to owners of the Company</b> | <b>2,674,786</b>  | <b>2,591,719</b>  |
| <b>Total liabilities and equity</b>                       | <b>11,908,412</b> | <b>11,684,621</b> |
| Net assets per share (RM)                                 | 3.42              | 3.31              |

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

|  | ←——— Attributable to owners of the Company ———→ |   |                                 |                                  |                               |                  |
|--|---|---|---------------------------------|----------------------------------|-------------------------------|------------------|
|  | ←——— Reserves ———→                              |   |                                 |                                  |                               |                  |
|  | ←——— Non-distributable ———→                     |   | Distributable                   |                                  |                               |                  |
|  | Share<br>capital<br>RM'000                      | Foreign<br>exchange<br>translation<br>reserve<br>RM'000 | Fair value<br>reserve<br>RM'000 | Revaluation<br>reserve<br>RM'000 | Retained<br>profits<br>RM'000 | Total<br>RM'000  |
| <b>At 31 March 2023, as previously reported</b>        | 738,502   | 47,332  | 34,810                          | 50,375                           | 1,711,554                     | 2,582,573        |
| Impact of initial application of MFRS 17               | -   | -   | -                               | -                                | 9,146                         | 9,146            |
| <b>At 1 April 2023, restated</b>                       | <b>738,502</b>                                  | <b>47,332</b>   | <b>34,810</b>                   | <b>50,375</b>                    | <b>1,720,700</b>              | <b>2,591,719</b> |
| Net profit for the period                              | -   | -   | -                               | -                                | 69,538                        | 69,538           |
| Total other comprehensive income for the period        | -   | 6,829   | 6,279                           | 422                              | -                             | 13,529           |
| Total comprehensive income for the period              | -   | 6,829   | 6,279                           | 422                              | 69,538                        | 83,068           |
| <b>At 30 June 2023</b>                                 | <b>738,502</b>                                  | <b>54,161</b>   | <b>41,089</b>                   | <b>50,797</b>                    | <b>1,790,238</b>              | <b>2,674,786</b> |
| <br>   |   |   |                                 |                                  |                               |                  |
| <b>At 31 March 2022, as previously reported</b>        | 738,502   | 45,966  | 25,973                          | 49,575                           | 1,611,658                     | 2,471,674        |
| Impact of initial application of MFRS 17               | -   | -   | -                               | -                                | 8,694                         | 8,694            |
| <b>At 1 April 2022, restated</b>                       | <b>738,502</b>                                  | <b>45,966</b>   | <b>25,973</b>                   | <b>49,575</b>                    | <b>1,620,352</b>              | <b>2,480,368</b> |
| Net loss for the period                                | -   | -   | -                               | -                                | (23,167)                      | (23,167)         |
| Total other comprehensive income/(loss) for the period | -   | 4,185   | (29,795)                        | 495                              | -                             | (25,115)         |
| Total comprehensive income/(loss) for the period       | -   | 4,185   | (29,795)                        | 495                              | (23,167)                      | (48,282)         |
| <b>At 30 June 2022, restated</b>                       | <b>738,502</b>                                  | <b>50,151</b>   | <b>(3,822)</b>                  | <b>50,070</b>                    | <b>1,597,185</b>              | <b>2,432,086</b> |

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

|  | <b>30.06.2023</b> | <b>30.06.2022</b> |
|--|-------------------|-------------------|
|  | <b>RM'000</b>     | <b>RM'000</b>     |
|  |                   | <b>(Restated)</b> |
| <b>Cash flows from operating activities</b>  |                   |                   |
| Profit/(loss) before zakat and taxation  | 83,883            | (19,504)          |
| Adjustments for:   |                   |                   |
| Net fair value (gains)/losses on financial assets  | (54,559)          | 145,467           |
| Depreciation of:   |                   |                   |
| - property, plant and equipment  | 928               | 1,889             |
| - right-of-use assets  | 911               | 950               |
| Amortisation of intangible assets  | 5,427             | 2,627             |
| Net amortisation of premiums on investments  | 1,232             | 722               |
| Net losses/(gains) on disposal of investments  | 395               | (274)             |
| Write-off of intangible assets   | (369)             | -                 |
| Interest/profit income   | (96,285)          | (64,951)          |
| Dividend income  | (1,876)           | (2,343)           |
| Rental income  | (178)             | (188)             |
| Finance cost   | 6,860             | 4,912             |
| Realised (gains)/loss on disposal of investments   | 12,262            | 1,211             |
| Share of results of associates   | (6,921)           | 10,770            |
| (Loss)/profit from operations before changes in operating assets and liabilities                                   | (48,290)          | 81,289            |
| Increase in placements with licensed financial institutions, islamic investment accounts and marketable securities | (87,559)          | (50,655)          |
| Purchase of investments  | (318,708)         | (335,975)         |
| Decrease/(increase) in staff loans   | 826               | (25)              |
| Increase in other receivables  | (14,887)          | (265)             |
| Changes in insurance/takaful contract assets   | 61,819            | 53,783            |
| Changes in reinsurance/retakaful contract assets   | 89,635            | 80,661            |
| Changes in insurance/takaful contract liabilities  | 69,246            | 45,566            |
| Changes in reinsurance/retakaful contract liabilities  | 47,324            | 46,377            |
| Increase in other payables   | 37,151            | 29,683            |
| Taxes and zakat paid   | (38,430)          | (22,254)          |
| Interest/profit received   | 142,575           | 70,587            |
| Dividends received   | 5,406             | 2,232             |
| Rental received  | 4,164             | (166)             |
| Net cash generated (used in)/from operating activities   | (49,728)          | 838               |
| <b>Cash flows from investing activities</b>  |                   |                   |
| Purchase of property, plant and equipment  | (1,540)           | (2,045)           |
| Purchase of intangible assets  | (22)              | (2,173)           |
| Net cash used in investing activities  | (1,561)           | (4,218)           |
| <b>Cash flows from financing activities</b>  |                   |                   |
| Payment of lease liabilities   | (1,283)           | (480)             |
| Interest/profit paid   | (4,975)           | (4,728)           |
| Net cash used in financing activities  | (6,258)           | (5,208)           |
| <b>Cash and bank balances</b>  |                   |                   |
| Net decrease during the period   | (57,547)          | (8,588)           |
| At beginning of the period   | 205,462           | 214,050           |
| At end of the period   | 147,915           | 205,462           |

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

## PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### A1. Basis of preparation

The condensed consolidated interim financial statements of MNRB Holdings Berhad ("MNRB" or "the Company") and its subsidiaries (MNRB and its subsidiaries are collectively referred to as "the Group") as at and for the financial period ended 30 June 2023 have been prepared in accordance with MFRS 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB"), IAS 34 *Interim Financial Reporting* issued by International Accounting Standards Board, paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and Guidelines/Circulars issued by Bank Negara Malaysia ("BNM") and Shariah rulings and precepts.

The condensed consolidated interim financial statements should be read in conjunction with the Group's most recent audited consolidated financial statements for the financial year ended 31 March 2023, except for the financial impact relating to the adoption of MFRS 17 Insurance contracts.

The significant accounting policies and methods of computation adopted in the unaudited condensed interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 March 2023 except for the adoption of the following accounting standards, Interpretations Committee ("IC") Interpretations and amendments/improvements to Malaysian Financial Reporting Standards ("MFRSs") issued by the Malaysian Accounting Standards Board ("MASB") that are effective for the Group's financial year beginning 1 April 2023:

- MFRS 17 *Insurance Contracts*
- Amendments to MFRS 17 *Insurance Contracts* - Initial Application of MFRS 17 and MFRS 9 - Comparative Information
- Amendments to MFRS 101 *Presentation of Financial Statement* - Disclosure of Accounting Policies
- Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors* - Definition of Accounting Estimates
- Amendments to MFRS 112 *Income Taxes Deferred Tax* related to (i) Assets and Liabilities arising from Single Transaction and (ii) International Tax Reform - Pillar Two Model Rules

The adoption of the above accounting standards and amendments/improvements to MFRSs does not have any material impact on the financial statements of the Group except for that discussed in A2:

#### Standards issued but not yet effective

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

| Description   | Effective for annual periods beginning on or after |
|---|--|
| Amendments to MFRS 101 <i>Presentation of Financial Statement</i> - Classification of Liabilities as Current or Non-current | 1 January 2024                                     |
| Amendments to MFRS 101 <i>Presentation of Financial Statement</i> - Disclosure of Accounting Policies                       | 1 January 2024                                     |
| Amendments to MFRS 101 <i>Presentation of Financial Statement</i> - Non-Current Liabilities with Covenants                  | 1 January 2024                                     |
| Amendments to MFRS 7 <i>Financial Instruments: Disclosures</i> Supplier Finance Arrangements                                | 1 January 2024                                     |
| Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investment in Associates and Joint Ventures            | To be announced by MASB                            |

The adoption of the above accounting standards and amendments/improvements to MFRSs does not have any material impact on the financial statements of the Group.

## A2. Initial application of MFRS 17

MFRS 17 *Insurance Contracts* replaces MFRS 4 *Insurance Contracts* for annual periods beginning on or after 1 January 2023. The Group has applied MFRS 17 including any consequential amendments to the other standards, from 1 January 2023. Accordingly, the Group has restated comparative information for the financial year ended 31 March 2023, including the opening balance as at 1 April 2022, by applying the transitional provisions of MFRS 17.

The nature and effects of the key changes in the Group's accounting policies resulting from its adoption of MFRS 17 are summarised below:

(i) Changes to classification and measurement

The adoption of MFRS 17 does not change the classification of the Group's insurance, takaful, reinsurance and retakaful contracts.

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

The Group has developed policies and approved technical positions that addressed the following key principles of MFRS 17:

- Identify insurance, takaful, reinsurance and retakaful contracts as those under which the Group accepts significant insurance/takaful risk from another party (the policyholder/participant) by agreeing to compensate the policyholder/participant if a specified uncertain future event adversely affects the policyholder/participant;
- Separate specified embedded derivatives, distinct investment components and distinct non-insurance goods or services from insurance/takaful and reinsurance/retakaful contracts and accounts for them in accordance with other applicable MFRS;
- Separate the insurance/takaful and reinsurance/retakaful contracts into groups it will recognise and measure;
- Recognise and measure groups of insurance/takaful and reinsurance/retakaful contracts at a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information, plus an amount representing the unearned profit in the group of contracts (the contractual service margin or "CSM");
- Recognise profit from a group of insurance/takaful and reinsurance/retakaful contracts over each period the Group provides insurance/takaful coverage, as the Group is released from risk. If a group of contracts is expected to be onerous over the remaining coverage period, the Group will recognise the loss immediately; and
- Recognise an asset for insurance/takaful acquisition cash flows in respect of acquisition cash flows paid, or incurred, before the related group of insurance/takaful and reinsurance/retakaful contracts is recognised. Such an asset is derecognised when the insurance/takaful acquisition cash flows are included in the measurement of the related group of insurance/takaful and reinsurance/retakaful contracts.



## A2. Initial application of MFRS 17 (cont'd.)

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

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

#### (a) Premium Allocation Approach ("PAA")

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

#### (b) General Measurement Model ("GMM")

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

#### (c) Variable Fee Approach ("VFA")

VFA is used for insurance/takaful contracts with direct participation features where payments to policyholders/participants are contractually linked to and substantially vary with the underlying items.

The Group applies all the three models above for the insurance/takaful contracts issued and reinsurance/retakaful contracts held.

### (ii) Changes to presentation and disclosure

For presentation purposes, the Group aggregates insurance/takaful and reinsurance/retakaful contracts held and these are presented separately in the statement of financial position as follows:

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

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

Groups of insurance/takaful and reinsurance/retakaful contracts issued includes any assets for insurance/takaful acquisition cash flows.

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

## A2. Initial application of MFRS 17 (cont'd.)

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

Instead, the statement of profit or loss reflects the following items from the financial year ending 30 June 2023 and 30 June 2022, together with a restated statement of profit or loss under MFRS 17 for the year ended 31 March 2023 and 31 March 2022:

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

MFRS 17 requires more extensive disclosure requirements compared to MFRS 4. The Group provides both qualitative and quantitative disclosures about insurance/takaful and reinsurance/retakaful contracts in three main areas:

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

### (iii) Transition

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

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

MFRS 17 requires to apply full retrospective approach ("FRA") for the changes in adoption of MFRS 17 to the extent practicable. If it is impracticable to apply FRA and unable to obtain reasonable and supportable information necessary, the Group chose to adopt fair value approach ("FVA").

The MFRS 17 introduce a consistent accounting measurement model for all insurance contracts by applying the General Measurement Model ("GMM"). 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. Variable Fee Approach ("VFA") was adopted for contracts with direct participation features.

**A2. Initial application of MFRS 17 (cont'd.)**

(iii) Transition (cont'd.)

The summary on the transition approach and measurement model choice for the companies within the Group is as below:

| Segment                   | Product Grouping  | Term                      | Measurement Model | Transition approach   |
|---------------------------|---|---------------------------|-------------------|---|
| General Takaful           | All   | Pre-dominantly short term | PAA               | FRA   |
| Family Takaful            | Group Term Takaful and Group Hospitalisation and Surgical | Short term                | PAA               | FRA   |
|                           | Long term product with PIF except for Unit-linked         | Long term                 | VFA               | - FVA, up to March 2020<br>- FRA, from April 2020 onwards                                     |
|                           | Unit-linked and other long term product without PIF       | Long term                 | GMM               | - FVA, up to March 2020<br>- FRA, from April 2020 onwards                                     |
| Reinsurance and Retakaful | All   | Short term and long term  | GMM               | FVA, except for the family retakaful portfolio commencing from December 2021 which was on FRA |

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

The implementation of MFRS 17 involves various accounting judgments and choices. The impact of adopting MFRS 17 on 1 April 2023, with a transition date of 1 April 2022, reflects the Group's current assessment and based on the interim models and control environment that are still being validated. Hence, it is possible that the Group may determine that adjustments to its initial judgments and impact assessment are necessary during the year as the results are still subject to audit validation.

**PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D.)**

**A2. Initial application of MFRS 17 (cont'd.)**

The adoption of MFRS17 resulted in the following effects to the Condensed Consolidated Statement of Financial Position of the Group as at 31 March 2022 and 31 March 2023:

|                                       | 31.03.2023<br>RM'000 | Effects of<br>adoption of<br>MFRS 17<br>RM'000 | 01.04.2023<br>RM'000<br>(Restated) | 31.03.2022<br>RM'000 | Effects of<br>adoption of<br>MFRS 17<br>RM'000 | 1.04.2022<br>RM'000<br>(Restated) |
|---------------------------------------|----------------------|--|------------------------------------|----------------------|--|-----------------------------------|
| <b>Assets</b>                         |                      |  |                                    |                      |  |                                   |
| Property, plant and equipment         | 225,802              | -  | 225,802                            | 211,213              | -  | 211,213                           |
| Intangible assets                     | 124,797              | (64,549)                                       | 60,248                             | 75,136               | (17,734)                                       | 57,402                            |
| Right-of-use assets                   | 3,368                | -  | 3,368                              | 5,554                | -  | 5,554                             |
| Investments in associates             | 122,164              | (165)  | 121,999                            | 134,094              | (2,808)  | 131,286                           |
| Financial and other assets            | 10,033,716           | 201,507  | 10,235,223                         | 8,975,983            | 164,526  | 9,140,509                         |
| Deferred tax assets                   | 42,618               | (8,278)  | 34,340                             | 38,330               | (5,583)  | 32,747                            |
| Reinsurance/retakaful assets          | 850,692              | (850,692)                                      | -                                  | 952,271              | (952,271)                                      | -                                 |
| Insurance/takaful receivables         | 706,541              | (706,541)                                      | -                                  | 614,826              | (614,826)                                      | -                                 |
| Insurance/takaful contract assets     | -                    | 66,518   | 66,518                             | -                    | 54,867   | 54,867                            |
| Reinsurance/retakaful contract assets | -                    | 689,237  | 689,237                            | -                    | 769,853  | 769,853                           |
| Tax recoverable                       | 42,423               | -  | 42,423                             | 50,702               | -  | 50,702                            |
| Cash and bank balances                | 205,462              | -  | 205,462                            | 214,050              | -  | 214,050                           |
| <b>Total assets</b>                   | <b>12,357,583</b>    | <b>(672,963)</b>                               | <b>11,684,621</b>                  | <b>11,272,159</b>    | <b>(603,975)</b>                               | <b>10,668,184</b>                 |

**PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D.)**

**A2. Initial application of MFRS 17 (cont'd.)**

|   | 31.03.2023<br>RM'000 | Effects of<br>adoption of<br>MFRS 17<br>RM'000 | 01.04.2023<br>RM'000<br>(Restated) | 31.03.2022<br>RM'000 | Effects of<br>adoption of<br>MFRS 17<br>RM'000 | 1.04.2022<br>RM'000<br>(Restated) |
|---|----------------------|--|------------------------------------|----------------------|--|-----------------------------------|
| <b>Liabilities</b>  |                      |  |                                    |                      |  |                                   |
| Participants' funds                                       | 404,248              | (404,248)                                      | -                                  | 394,409              | (394,409)                                      | -                                 |
| Insurance/takaful payables                                | 306,616              | (306,616)                                      | -                                  | 305,499              | (305,499)                                      | -                                 |
| Insurance/takaful contract liabilities                    | 8,190,384            | (140,649)                                      | 8,049,735                          | 7,487,057            | (80,831)                                       | 7,406,226                         |
| Reinsurance/retakaful contract liabilities                | -                    | 113,607  | 113,607                            | -                    | 34,193   | 34,193                            |
| Borrowing   | 520,000              | -  | 520,000                            | 320,000              | -  | 320,000                           |
| Lease liabilities   | 3,426                | -  | 3,426                              | 5,476                | -  | 5,476                             |
| Other payables  | 335,669              | 55,799   | 391,469                            | 277,793              | 133,877  | 411,670                           |
| Deferred tax liabilities                                  | 4,718                | -  | 4,718                              | 3,178                | -  | 3,178                             |
| Tax payable   | 7,746                | -  | 7,746                              | 5,319                | -  | 5,319                             |
| Provision for zakat                                       | 2,203                | -  | 2,203                              | 1,754                | -  | 1,754                             |
| <b>Total liabilities</b>                                  | <b>9,775,010</b>     | <b>(682,108)</b>                               | <b>9,092,902</b>                   | <b>8,800,485</b>     | <b>(612,670)</b>                               | <b>8,187,815</b>                  |
| <b>Equity</b>   |                      |  |                                    |                      |  |                                   |
| Share capital   | 738,502              | -  | 738,502                            | 738,502              | -  | 738,502                           |
| Reserves  | 1,844,071            | 9,146  | 1,853,217                          | 1,733,172            | 8,694  | 1,741,866                         |
| <b>Total equity attributable to owners of the Company</b> | <b>2,582,573</b>     | <b>9,146</b>                                   | <b>2,591,719</b>                   | <b>2,471,674</b>     | <b>8,694</b>                                   | <b>2,480,368</b>                  |
| <b>Total liabilities and equity</b>                       | <b>12,357,583</b>    | <b>(672,963)</b>                               | <b>11,684,621</b>                  | <b>11,272,159</b>    | <b>(603,975)</b>                               | <b>10,668,184</b>                 |

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**PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(CONT'D.)**

**A3. Auditors' Report on preceding annual financial statements**

The auditors' report on the audited financial statements for the financial period ended 30 June 2023 was not subject to any qualification.

**A4. Seasonal or cyclical factors**

During the financial period ended 30 June 2023, the operations of the Group were not materially affected by any seasonal factors. With regard to cyclical factors, the performance of the Group is directly correlated with the industry cycle and the economic performance of the countries in which the Group has business dealings with.

**A5. Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the financial period ended 30 June 2023.

**A6. Changes in estimates**

There were no material changes in estimates used in the preparation of these condensed consolidated interim financial statements.

**A7. Issuances, cancellations, repurchase, resale and repayments of debt and equity securities**

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities during the first quarter ended 30 June 2023.

**A8. Dividend paid**

No dividend was paid during the first quarter ended 30 June 2023.

**A9. Carrying amount of revalued properties**

The valuation of property, plant and equipment and investment properties has been brought forward, without any change, from the financial statements for the financial year ended 31 March 2023.

**A10. Subsequent events**

There were no significant events subsequent to the end of the financial period ended 30 June 2023 that have not been reported in the condensed consolidated interim financial statements.

**A11. Changes in the composition of the Group**

There was no change in the composition of the Group for the current financial quarter under review.

**A12. Capital commitments**

The amount of capital commitments of the Group as at 30 June 2023 were as follows:

|                                    | <b>RM'000</b> |
|------------------------------------|---------------|
| Authorised and contracted for:     |               |
| Property, plant and equipment      | 9,729         |
| Software development               | 10,118        |
| Authorised but not contracted for: |               |
| Property, plant and equipment      | 9,642         |
| Software development               | 27,083        |

**PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D.)**

**A13. Segmental reporting**

The Group has five business segments as follows:

| <u>Segments</u>    | <u>Principal activities</u>                                   |
|--------------------|---|
| Investment holding | Investment holding  |
| Reinsurance        | Underwriting of all classes of general reinsurance business   |
| Retakaful          | Management of family and general retakaful businesses         |
| General takaful    | Management of general takaful business                        |
| Family takaful     | Management of family and investment-linked takaful businesses |

|   | Reinsurance<br>RM'000 | Retakaful<br>RM'000 | General<br>takaful<br>RM'000 | Family<br>takaful<br>RM'000 | Investment<br>holding<br>and others<br>RM'000 | Adjustments<br>and<br>eliminations<br>RM'000 | Group<br>RM'000 |
|---|-----------------------|---------------------|------------------------------|-----------------------------|---|--|-----------------|
| <b>For the 3 months ended 30 June 2023</b>            |                       |                     |                              |                             |   |  |                 |
| Insurance/takaful revenue                             | 474,131               | 20,864              | 166,311                      | 116,280                     | -   | (4,567)                                      | 773,020         |
| Profit before zakat and taxation                      | 64,949                | 2,907               | 10,702                       | 7,420                       | (4,696)                                       | 2,601  | 83,883          |
| Profit after zakat and taxation                       | 59,753                | 2,526               | 7,273                        | 4,708                       | (7,323)                                       | 2,601  | 69,538          |
| <b>For the 3 months ended 30 June 2022 (Restated)</b> |                       |                     |                              |                             |   |  |                 |
| Insurance/takaful revenue                             | 453,697               | 20,241              | 116,254                      | 101,670                     | -   | (5,145)                                      | 686,718         |
| Profit before zakat and taxation                      | (8,500)               | 1,183               | 6,710                        | 1,186                       | (374)   | (19,710)                                     | (19,504)        |
| Profit after zakat and taxation                       | (7,804)               | 958                 | 4,776                        | 72                          | (1,460)                                       | (19,710)                                     | (23,167)        |

**PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D.)**

**A14. Unaudited condensed consolidated statement of profit or loss and consolidated statement of financial position of Reinsurance, Retakaful, Takaful business**

Pursuant to Paragraph 11.4(f) of Bank Negara Malaysia's Financial Reporting Policy document issued on 29 April 2022, the breakdown of Unaudited Income Statements and Statements of Financial Position of Insurance and Takaful Business into Life Business, Family Takaful Business, General Takaful Business and General Business and others are disclosed as follows:

**(a) Unaudited condensed consolidated statement of profit or loss for financial period ended 30 June 2023**

|   | Reinsurance<br>RM'000 | Retakaful<br>RM'000 | General<br>takaful<br>RM'000 | Family<br>takaful<br>RM'000 | Others<br>RM'000 | Group<br>RM'000 |
|---|-----------------------|---------------------|------------------------------|-----------------------------|------------------|-----------------|
| Insurance/takaful revenue   | 474,131               | 20,865              | 166,311                      | 116,280                     | (4,567)          | 773,020         |
| Insurance/takaful service expenses  | (498,831)             | (13,436)            | (125,888)                    | (103,916)                   | 1,388            | (740,683)       |
| <b>Insurance/takaful service result before reinsurance/retakaful contracts held</b> | <b>(24,700)</b>       | <b>7,429</b>        | <b>40,423</b>                | <b>12,364</b>               | <b>(3,179)</b>   | <b>32,337</b>   |
| Allocation of reinsurance premium/retakaful contribution                            | (26,981)              | (3,813)             | (53,651)                     | (23,472)                    | 1,892            | (106,025)       |
| Amounts recoverable from reinsurers/retakaful operators                             | 24,155                | (1,585)             | 29,254                       | 15,572                      | (1,388)          | 66,008          |
| <b>Net expense from reinsurance/retakaful contracts held</b>                        | <b>(2,826)</b>        | <b>(5,398)</b>      | <b>(24,398)</b>              | <b>(7,899)</b>              | <b>504</b>       | <b>(40,017)</b> |
| <b>Insurance/takaful service result</b>   | <b>(27,526)</b>       | <b>2,031</b>        | <b>16,025</b>                | <b>4,465</b>                | <b>(2,675)</b>   | <b>(7,680)</b>  |
| Investments income on financial assets  | 39,311                | 1,700               | 10,012                       | 44,697                      | 808              | 96,528          |
| Net realised gains and losses   | (11,532)              | -                   | (1,076)                      | 346                         | -                | (12,262)        |
| Net fair value gains and losses   | 6,430                 | (3)                 | 881                          | 44,911                      | 2,340            | 54,559          |
| Net foreign exchange gains  | 60,839                | -                   | -                            | -                           | -                | 60,839          |
| <b>Investments return</b>   | <b>95,048</b>         | <b>1,697</b>        | <b>9,817</b>                 | <b>89,954</b>               | <b>3,148</b>     | <b>199,664</b>  |
| Net finance/profit expenses from insurance/takaful contracts issued                 | (11,251)              | -                   | (3,443)                      | 679                         | -                | (14,016)        |
| Net finance/profit income from reinsurance/retakaful contracts held                 | 2,488                 | -                   | 1,462                        | 608                         | (139)            | 4,419           |
| <b>Net takaful financial result</b>   | <b>(8,763)</b>        | <b>-</b>            | <b>(1,981)</b>               | <b>1,286</b>                | <b>(139)</b>     | <b>(9,597)</b>  |
| <b>Recognition of actual unallocated (surplus)/deficit</b>                          | <b>-</b>              | <b>-</b>            | <b>(7,107)</b>               | <b>(86,423)</b>             | <b>-</b>         | <b>(93,530)</b> |
| Fees and other operating income   | 9,586                 | 270                 | -                            | -                           | (3,007)          | 6,849           |
| Management and other operating expenses   | (239)                 | (1,092)             | (5,977)                      | (1,862)                     | (2,715)          | (11,885)        |
| Finance cost  | (3,156)               | -                   | (75)                         | -                           | (3,628)          | (6,860)         |
| <b>Net other operating income and expenses</b>                                      | <b>6,190</b>          | <b>(822)</b>        | <b>(6,052)</b>               | <b>(1,862)</b>              | <b>(9,350)</b>   | <b>(11,895)</b> |
| Share of results of associates  | -                     | -                   | -                            | -                           | 6,921            | 6,921           |
| <b>Profit/(loss) before zakat and taxation</b>                                      | <b>64,949</b>         | <b>2,907</b>        | <b>10,702</b>                | <b>7,420</b>                | <b>(2,094)</b>   | <b>83,883</b>   |
| Zakat   | -                     | (381)               | (253)                        | (132)                       | -                | (766)           |
| Taxation  | (5,196)               | -                   | (3,175)                      | (2,580)                     | (2,627)          | (13,579)        |
| <b>Profit/(loss) after zakat and taxation</b>                                       | <b>59,753</b>         | <b>2,526</b>        | <b>7,273</b>                 | <b>4,708</b>                | <b>(4,722)</b>   | <b>69,538</b>   |



PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D.)

A14. Unaudited condensed consolidated statement of profit or loss and consolidated statement of financial position of Reinsurance, Retakaful, Takaful business (cont'd.)

(b) Unaudited condensed consolidated statement of profit or loss for financial period ended 30 June 2022

|   | Reinsurance<br>RM'000 | Retakaful<br>RM'000 | General<br>takaful<br>RM'000 | Family<br>takaful<br>RM'000 | Others<br>RM'000 | Group<br>RM'000 |
|---|-----------------------|---------------------|------------------------------|-----------------------------|------------------|-----------------|
| Insurance/takaful revenue   | 453,697               | 20,242              | 116,254                      | 101,670                     | (5,145)          | 686,718         |
| Insurance/takaful service expenses  | (454,520)             | (24,280)            | (113,146)                    | (97,461)                    | 5,834            | (683,573)       |
| <b>Insurance/takaful service result before reinsurance/retakaful contribution</b>       | <b>(822)</b>          | <b>(4,039)</b>      | <b>3,108</b>                 | <b>4,209</b>                | <b>688</b>       | <b>3,144</b>    |
| Allocation of reinsurance premium/retakaful contribution                                | (27,427)              | (6,209)             | (32,773)                     | (22,678)                    | 3,817            | (85,270)        |
| Amounts recoverable from reinsurers/retakaful operators                                 | 18,279                | 10,894              | 34,556                       | 19,692                      | (5,834)          | 77,587          |
| <b>Net expense from reinsurance/retakaful contracts held</b>                            | <b>(9,148)</b>        | <b>4,685</b>        | <b>1,783</b>                 | <b>(2,986)</b>              | <b>(2,017)</b>   | <b>(7,683)</b>  |
| <b>Insurance/takaful service result</b>   | <b>(9,971)</b>        | <b>647</b>          | <b>4,891</b>                 | <b>1,223</b>                | <b>(1,328)</b>   | <b>(4,538)</b>  |
| Investment income on financial assets not measured at fair value through profit or loss | 21,533                | 1,178               | 6,682                        | 37,245                      | (515)            | 66,124          |
| Net realised gains and losses   | (2,255)               | -                   | 7                            | 1,037                       | -                | (1,211)         |
| Net fair value gains and losses   | (15,056)              | (49)                | (5,116)                      | (125,087)                   | (159)            | (145,467)       |
| Net foreign exchange gains  | 15,527                | -                   | -                            | -                           | -                | 15,527          |
| <b>Investment return</b>  | <b>19,749</b>         | <b>1,129</b>        | <b>1,573</b>                 | <b>(86,805)</b>             | <b>(674)</b>     | <b>(65,027)</b> |
| Net finance/profit expenses from insurance/takaful contracts issued                     | (21,298)              | -                   | 1,417                        | 2,371                       | -                | (17,510)        |
| Net finance/profit income from reinsurance/retakaful contracts held                     | (2,162)               | -                   | (661)                        | 533                         | (294)            | (2,584)         |
| <b>Net takaful financial result</b>   | <b>(23,460)</b>       | <b>-</b>            | <b>756</b>                   | <b>2,903</b>                | <b>(294)</b>     | <b>(20,094)</b> |
| <b>Recognition of actual unallocated surplus</b>  | <b>-</b>              | <b>-</b>            | <b>(1,306)</b>               | <b>85,391</b>               | <b>-</b>         | <b>84,085</b>   |
| Fees and other operating income   | 7,735                 | (41)                | -                            | (1,527)                     | (3,157)          | 3,010           |
| Management and other operating expenses   | (1,985)               | (551)               | 960                          | -                           | 318              | (1,258)         |
| Finance cost  | (568)                 | -                   | (166)                        | -                           | (4,178)          | (4,912)         |
| <b>Net other operating income and expenses</b>  | <b>5,182</b>          | <b>(592)</b>        | <b>795</b>                   | <b>(1,527)</b>              | <b>(7,017)</b>   | <b>(3,159)</b>  |
| Share of results of associates  | -                     | -                   | -                            | -                           | (10,770)         | (10,770)        |
| <b>Profit/(loss) before zakat and taxation</b>  | <b>(8,500)</b>        | <b>1,184</b>        | <b>6,710</b>                 | <b>1,186</b>                | <b>(20,084)</b>  | <b>(19,504)</b> |
| Zakat   | 697                   | (697)               | (170)                        | (87)                        | -                | (257)           |
| Taxation  | -                     | 471                 | (1,764)                      | (1,027)                     | (1,086)          | (3,406)         |
| <b>Profit/(loss) after zakat and taxation</b>   | <b>(7,804)</b>        | <b>958</b>          | <b>4,776</b>                 | <b>72</b>                   | <b>(21,170)</b>  | <b>(23,167)</b> |

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D.)

A14. Unaudited condensed consolidated statement of profit or loss and consolidated statement of financial position of Reinsurance, Retakaful, Takaful business (cont'd.)

(c) Unaudited condensed consolidated statement of statement of financial position as at 30 June 2023

|   | Reinsurance<br>fund<br>RM'000 | Retakaful<br>fund<br>RM'000 | General<br>takaful<br>fund<br>RM'000 | Family<br>takaful<br>fund<br>RM'000 | Others<br>fund<br>RM'000 | Group<br>Group<br>RM'000 |
|---|-------------------------------|-----------------------------|--------------------------------------|-------------------------------------|--------------------------|--------------------------|
| <b>Assets</b>   |                               |                             |                                      |                                     |                          |                          |
| Property, plant and equipment                             | 127,475                       | 2                           | 747                                  | 84,858                              | 12,384                   | 225,466                  |
| Intangible assets   | 5,901                         | -                           | 8,749                                | 37,197                              | 4,864                    | 56,711                   |
| Right-of-use assets                                       | -                             | -                           | 7,405                                | 92                                  | (4,641)                  | 2,857                    |
| Investments in associates                                 | 113,812                       | -                           | -                                    | -                                   | 21,156                   | 134,968                  |
| Financial and other assets                                | 4,288,344                     | 127,429                     | 1,195,036                            | 4,749,582                           | 229,201                  | 10,589,592               |
| Deferred tax assets                                       | -                             | -                           | 24,889                               | 13,037                              | 4,091                    | 42,017                   |
| Insurance/takaful contract assets                         | -                             | 60,319                      | -                                    | 61,819                              | (60,319)                 | 61,819                   |
| Reinsurance/retakaful contract assets                     | 339,668                       | 15,231                      | 318,119                              | 29,385                              | (102,801)                | 599,602                  |
| Tax recoverable   | 11,050                        | 478                         | -                                    | 14,845                              | 21,091                   | 47,464                   |
| Cash and bank balances                                    | 131,706                       | 647                         | 6,442                                | 5,343                               | 3,777                    | 147,915                  |
| <b>Total assets</b>                                       | <b>5,017,957</b>              | <b>204,105</b>              | <b>1,561,388</b>                     | <b>4,996,159</b>                    | <b>128,803</b>           | <b>11,908,412</b>        |
| <b>Liabilities</b>  |                               |                             |                                      |                                     |                          |                          |
| Insurance/takaful contract liabilities                    | 2,890,801                     | 151,123                     | 1,053,829                            | 4,112,478                           | (89,250)                 | 8,118,981                |
| Reinsurance/retakaful contract liabilities                | -                             | -                           | -                                    | 160,930                             | -                        | 160,930                  |
| Borrowing   | 251,000                       | -                           | -                                    | -                                   | 269,000                  | 520,000                  |
| Lease liabilities   | -                             | (3,926)                     | 7,661                                | 94                                  | (825)                    | 3,003                    |
| Other payables  | 39,742                        | 12,555                      | 184,575                              | 150,646                             | 9,761                    | 397,279                  |
| Deferred tax liabilities                                  | 5,228                         | (437)                       | -                                    | 10,086                              | 2,825                    | 17,702                   |
| Tax payable   | -                             | 1,574                       | 8,434                                | 3,134                               | -                        | 13,142                   |
| Provision for zakat                                       | -                             | 3                           | 2,214                                | 371                                 | -                        | 2,588                    |
| <b>Total liabilities</b>                                  | <b>3,186,772</b>              | <b>160,891</b>              | <b>1,256,713</b>                     | <b>4,437,739</b>                    | <b>191,511</b>           | <b>9,233,626</b>         |
| <b>Equity</b>   |                               |                             |                                      |                                     |                          |                          |
| Share capital   | 663,106                       | -                           | 230,000                              | 405,000                             | (559,604)                | 738,502                  |
| Reserves  | 1,168,079                     | 43,214                      | 74,675                               | 153,420                             | 496,896                  | 1,936,284                |
| <b>Total equity attributable to owners of the Company</b> | <b>1,831,185</b>              | <b>43,214</b>               | <b>304,675</b>                       | <b>558,420</b>                      | <b>(62,708)</b>          | <b>2,674,786</b>         |
| <b>Total liabilities and equity</b>                       | <b>5,017,957</b>              | <b>204,105</b>              | <b>1,561,388</b>                     | <b>4,996,159</b>                    | <b>128,802</b>           | <b>11,908,412</b>        |

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D.)

A14. Unaudited condensed consolidated statement of profit or loss and consolidated statement of financial position of Reinsurance, Retakaful, Takaful business (cont'd.)

(d) Unaudited condensed consolidated statement of statement of financial position as at 31 March 2023

|   | Reinsurance<br>fund<br>RM'000 | Retakaful<br>fund<br>RM'000 | General<br>takaful<br>fund<br>RM'000 | Family<br>takaful<br>fund<br>RM'000 | Others<br>fund<br>RM'000 | Group<br>Group<br>RM'000 |
|---|-------------------------------|-----------------------------|--------------------------------------|-------------------------------------|--------------------------|--------------------------|
| <b>Assets</b>   |                               |                             |                                      |                                     |                          |                          |
| Property, plant and equipment                             | 120,884                       | 1                           | 825                                  | 84,861                              | 19,231                   | 225,802                  |
| Intangible assets   | 7,536                         | 71                          | 11,519                               | 38,096                              | 3,026                    | 60,248                   |
| Right-of-use assets                                       | -                             | -                           | 7,964                                | 161                                 | (4,757)                  | 3,368                    |
| Investments in associates                                 | 120,369                       | -                           | -                                    | -                                   | 1,630                    | 121,999                  |
| Financial and other assets                                | 3,578,393                     | 107,052                     | 1,131,947                            | 4,616,741                           | 801,089                  | 10,235,223               |
| Deferred tax assets                                       | 585                           | -                           | 25,665                               | 11,082                              | (2,991)                  | 34,340                   |
| Insurance/takaful contract assets                         | -                             | 55,469                      | -                                    | 66,518                              | (55,469)                 | 66,518                   |
| Reinsurance/retakaful contract assets                     | 407,773                       | 42,502                      | 312,382                              | 28,702                              | (102,122)                | 689,237                  |
| Tax recoverable   | 24,328                        | (315)                       | -                                    | 12,501                              | 5,910                    | 42,423                   |
| Cash and bank balances                                    | 184,251                       | 94                          | 50,928                               | 9,982                               | (39,793)                 | 205,462                  |
| <b>Total assets</b>                                       | <b>4,444,118</b>              | <b>204,874</b>              | <b>1,541,230</b>                     | <b>4,868,644</b>                    | <b>625,754</b>           | <b>11,684,621</b>        |
| <b>Liabilities</b>  |                               |                             |                                      |                                     |                          |                          |
| Insurance/takaful contract liabilities                    | 2,611,629                     | 154,354                     | 1,019,940                            | 4,040,178                           | 223,633                  | 8,049,735                |
| Reinsurance/retakaful contract liabilities                | -                             | -                           | -                                    | 113,607                             | -                        | 113,607                  |
| Borrowing   | 51,000                        | -                           | -                                    | -                                   | 469,000                  | 520,000                  |
| Lease liabilities   | -                             | -                           | 8,202                                | 165                                 | (4,941)                  | 3,426                    |
| Other payables  | 10,787                        | 17,956                      | 206,716                              | 155,592                             | 418                      | 391,469                  |
| Deferred tax liabilities                                  | 3,624                         | (551)                       | -                                    | 6,402                               | (4,756)                  | 4,718                    |
| Tax payable   | -                             | -                           | 7,436                                | 310                                 | -                        | 7,746                    |
| Provision for zakat                                       | -                             | 3                           | 1,961                                | 239                                 | 1                        | 2,203                    |
| <b>Total liabilities</b>                                  | <b>2,677,040</b>              | <b>171,761</b>              | <b>1,244,255</b>                     | <b>4,316,492</b>                    | <b>683,354</b>           | <b>9,092,902</b>         |
| <b>Equity</b>   |                               |                             |                                      |                                     |                          |                          |
| Share capital   | 663,106                       | -                           | 230,000                              | 405,000                             | (559,604)                | 738,502                  |
| Reserves  | 1,103,972                     | 33,113                      | 66,975                               | 147,152                             | 502,004                  | 1,853,217                |
| <b>Total equity attributable to owners of the Company</b> | <b>1,767,078</b>              | <b>33,113</b>               | <b>296,975</b>                       | <b>552,152</b>                      | <b>(57,600)</b>          | <b>2,591,719</b>         |
| <b>Total liabilities and equity</b>                       | <b>4,444,118</b>              | <b>204,874</b>              | <b>1,541,230</b>                     | <b>4,868,645</b>                    | <b>625,754</b>           | <b>11,684,621</b>        |

## PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D.)

### A15. Fair value information

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 Group's assets:

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 Group's assets are determined as follows:

- (i) The carrying amounts of financial assets, such as loans and receivables, insurance/takaful receivables and cash and bank balances, are reasonable approximation 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 reporting date;
- (iii) The fair values of Malaysian government securities, government investment issues and unquoted corporate debt securities are based on indicative market prices from the Bond Pricing Agency of Malaysia ("BPAM");
- (iv) Over-the-counter derivatives comprised of foreign exchange forward contracts are revalued at each reporting date, based on valuations provided by the respective counterparties in accordance with market conventions;
- (v) The fair values of investments in mutual funds, unit trust funds and real estate investment trusts are valued based on the net asset values of the underlying funds as at the reporting date;
- (vi) Freehold land and buildings and investment property have been revalued based on valuations performed by accredited independent valuers having appropriate recognised professional qualification. The valuations are based on the income and comparison approaches. In arriving at the fair value of the assets, the valuers had also taken into consideration the future developments in terms of infrastructure in the vicinity of the properties; and
- (vii) Fair value of unquoted shares in Malaysia are derived using the net assets of the invested companies.

**PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D.)**

**A15. Fair value information (cont'd.)**

**Description of significant unobservable inputs:**

|   | <b>Valuation technique</b> | <b>Significant Observable inputs</b>               | <b>Range</b>              |
|---|----------------------------|--|---------------------------|
| <b>31 March / 30 June 2023</b>  |                            |  |                           |
| <u>Property, plant and equipment</u>                                      |                            |  |                           |
| Freehold land and office building of Malaysian Reinsurance Berhad ("MRE") | Income approach            | Yield<br>Rental per square feet                    | 6.25%<br>RM1.40 to RM5.40 |
| Office buildings of Takaful Ikhlas Family Berhad ("TIFB")                 | Comparison approach        | Sales price per square feet for similar properties | RM769 to RM1,832          |
| <u>Unquoted shares in Malaysia</u>  | Net assets                 | Net assets   | Not applicable            |

A significant increase or decrease in the unobservable inputs used in the valuation would result in a correspondingly higher or lower fair value.

There has been no transfer between Level 1 and Level 2 of the fair value hierarchy during the financial period.

**PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D.)**

**A15. Fair value information (cont'd.)**

Financial instruments that are measured at fair value disclosed under Levels 1, 2 and 3 of the fair value hierarchy as at 30 June 2023:

|  | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000  |
|--|-------------------|-------------------|-------------------|------------------|
| <b>Financial assets</b>                    |                   |                   |                   |                  |
| <b>a) Property, plant and equipment</b>    |                   |                   |                   |                  |
| Freehold land                              | -                 | -                 | 36,800            | 36,800           |
| Building                                   | -                 | -                 | 162,120           | 162,120          |
|  | <b>-</b>          | <b>-</b>          | <b>198,920</b>    | <b>198,920</b>   |
| <b>b) Financial assets at FVTPL</b>        |                   |                   |                   |                  |
| <u>Designated upon initial recognition</u> |                   |                   |                   |                  |
| Government investment issues               | -                 | 1,385,546         | -                 | 1,385,546        |
| Unquoted islamic private debt securities   | -                 | 1,483,516         | -                 | 1,483,516        |
| <u>Mandatorily measured</u>                |                   |                   |                   |                  |
| Quoted shares in Malaysia:                 |                   |                   |                   |                  |
| Shariah approved equities                  | 107,570           | -                 | -                 | 107,570          |
| Others                                     | 81,020            | -                 | -                 | 81,020           |
| Unquoted perpetual bond in Malaysia        | 10,481            | -                 | -                 | 10,481           |
| Unquoted corporate debt securities         | 71,895            | -                 | -                 | 71,895           |
| Shariah approved unit trust funds          | 288,740           | -                 | -                 | 288,740          |
| Real estate investment trusts              | 10,660            | -                 | -                 | 10,660           |
| Derivatives <sup>(i)</sup>                 | -                 | (3,925)           | -                 | (3,925)          |
|  | <b>570,366</b>    | <b>2,865,136</b>  | <b>-</b>          | <b>3,435,502</b> |
| <b>c) Financial assets at FVOCI</b>        |                   |                   |                   |                  |
| Malaysian government securities            | -                 | 89,861            | -                 | 89,861           |
| Government investment issues               | -                 | 679,007           | -                 | 679,007          |
| Unquoted corporate debt securities         | -                 | 871,987           | -                 | 871,987          |
| Unquoted shares in Malaysia                | -                 | -                 | 86,773            | 86,773           |
| Unquoted Islamic private debt securities   | -                 | 191,086           | -                 | 191,086          |
| Golf club memberships                      | 115               | -                 | 118               | 233              |
|  | <b>115</b>        | <b>1,831,941</b>  | <b>86,891</b>     | <b>1,918,947</b> |

**PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D.)**

**A15. Fair value information (cont'd.)**

Financial instruments that are measured at fair value disclosed under Levels 1, 2 and 3 of the fair value hierarchy as at 31 March 2023:

|  | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000  |
|--|-------------------|-------------------|-------------------|------------------|
| <b>Financial assets</b>                    |                   |                   |                   |                  |
| <b>a) Property, plant and equipment</b>    |                   |                   |                   |                  |
| Freehold land                              | -                 | -                 | 36,800            | 36,800           |
| Building                                   | -                 | -                 | 162,891           | 162,891          |
|  | <b>-</b>          | <b>-</b>          | <b>199,691</b>    | <b>199,691</b>   |
| <b>b) Financial assets at FVTPL</b>        |                   |                   |                   |                  |
| <u>Designated upon initial recognition</u> |                   |                   |                   |                  |
| Government investment issues               | -                 | 1,414,505         | -                 | 1,414,505        |
| Unquoted islamic private debt securities   | -                 | 1,436,711         | -                 | 1,436,711        |
| <u>Mandatorily measured</u>                |                   |                   |                   |                  |
| Quoted shares in Malaysia:                 |                   |                   |                   |                  |
| Shariah approved equities                  | 166,292           | -                 | -                 | 166,292          |
| Others                                     | 56,296            | -                 | -                 | 56,296           |
| Unquoted perpetual bond in Malaysia        | -                 | 4,884             | -                 | 4,884            |
| Unquoted corporate debt securities         | -                 | 5,576             | -                 | 5,576            |
| Shariah approved unit trust funds          | 346,407           | -                 | -                 | 346,407          |
| Real estate investment trusts              | 14,553            | -                 | -                 | 14,553           |
| Derivatives <sup>(i)</sup>                 | -                 | 69                | -                 | 69               |
|  | <b>583,548</b>    | <b>2,861,745</b>  | <b>-</b>          | <b>3,445,293</b> |
| <b>c) Financial assets at FVOCI</b>        |                   |                   |                   |                  |
| Malaysian government securities            | -                 | 89,773            | -                 | 89,773           |
| Government investment issues               | -                 | 685,736           | -                 | 685,736          |
| Unquoted corporate debt securities         | -                 | 635,572           | -                 | 635,572          |
| Unquoted shares in Malaysia                | -                 | -                 | 87,119            | 87,119           |
| Unquoted Islamic private debt securities   | -                 | 305,469           | -                 | 305,469          |
| Golf club memberships                      | -                 | -                 | 233               | 233              |
|  | <b>-</b>          | <b>1,716,550</b>  | <b>87,352</b>     | <b>1,803,902</b> |

**PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D.)**

**A15. Fair value information (cont'd.)**

**(i) Derivatives**

Derivative financial instruments are measured at fair value together with their corresponding contract/notional amounts:

|   | ←----- 30.06.2023 -----> |       |           | ←----- 31.03.2023 -----> |       |           |
|---|--------------------------|-------|-----------|--------------------------|-------|-----------|
|   | Notional Amount          | Asset | Liability | Notional Amount          | Asset | Liability |
| <b>Trading derivative</b>                             |                          |       |           |                          |       |           |
| Forward foreign exchange contracts, less than 3 years | 205,899                  | -     | (3,925)   | 195,766                  | 69    | -         |

Derivative financial instruments are initially recognised at fair value, which is normally zero or negligible at inception and subsequently remeasured at their fair value. All derivatives are carried as assets when fair value is positive/net gain position and as liabilities when fair value is negative/net loss position. Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in profit or loss.

The notional amount recorded at gross is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the end of the financial year and are neither indicative of the market risk nor the credit risk.

The Group's derivatives are subject to credit risk, market risk and liquidity risk as follow:

**Credit Risk**

Credit risk is the risk of financial loss resulting from the failure of the Group's counterparties to fulfil their contractual obligations to repay their commitments. As at 31 March 2023, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM69,000 (31 March 2022: Nil). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

**Market Risk**

Market risk on derivatives is the potential loss to the value of these contracts due to changes in foreign exchange rates. The notional or contractual amounts provide only the volume of transactions outstanding at the reporting date and do not represent the amount at risk. Exposure to market risk may be reduced through offsetting items from on and off-balance sheet positions.

**Liquidity Risk**

Liquidity risk on derivatives is the risk that the derivative position cannot be closed out promptly. Exposure to liquidity risk is reduced through contracting derivatives where the underlying items are widely traded.



PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D.)

A16. Insurance/takaful contract assets/liabilities and reinsurance/retakaful contract assets/liabilities

|                                | 30.06.2023                      |                              |                  | 31.03.2023                      |                              |                  |
|--------------------------------|---------------------------------|------------------------------|------------------|---------------------------------|------------------------------|------------------|
|                                | Remaining<br>coverage<br>RM'000 | Incurred<br>claims<br>RM'000 | Total<br>RM'000  | Remaining<br>coverage<br>RM'000 | Incurred<br>claims<br>RM'000 | Total<br>RM'000  |
| <b>Assets</b>                  |                                 |                              |                  |                                 |                              |                  |
| Insurance/takaful contract     | 18,700                          | 43,119                       | 61,819           | 19,800                          | 46,718                       | 66,518           |
| Reinsurance/retakaful contract | 152,618                         | 446,984                      | 599,602          | 247,531                         | 441,706                      | 689,237          |
|                                | <b>171,318</b>                  | <b>490,103</b>               | <b>661,422</b>   | <b>267,331</b>                  | <b>488,424</b>               | <b>755,755</b>   |
| <b>Liabilities</b>             |                                 |                              |                  |                                 |                              |                  |
| Insurance/takaful contract     | 4,769,217                       | 3,349,763                    | 8,118,980        | 4,494,142                       | 3,555,593                    | 8,049,735        |
| Reinsurance/retakaful contract | 122,930                         | 38,000                       | 160,930          | 82,252                          | 31,355                       | 113,607          |
|                                | <b>4,892,147</b>                | <b>3,387,763</b>             | <b>8,279,911</b> | <b>4,576,393</b>                | <b>3,586,948</b>             | <b>8,163,342</b> |

## **PART B: EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES**

### **B1. Review of performance**

#### **The Group**

For the period ended 30 June 2023, the Group recorded a 12.6% growth in takaful revenue from RM686.7 million to RM773.0 million generally contributed by strong growth in the general takaful and reinsurance businesses.

The Group recorded a profit after tax of RM69.5 million in the financial year ended 30 June 2023 as compared to a loss after tax of RM23.2 million reported in corresponding period last year. The significant improvement in the profit after tax by RM92.7 million was due to:-

- higher investment income and favourable fair value movement of investments;
- increase in foreign exchange gain resulting from effective hedging of the insurance contract liabilities; and
- favourable share of results of associates.

#### **Reinsurance Business**

Insurance revenue for the period increased by 4.5% or RM20.4 million to RM474.1 million as compared to RM453.7 million in the corresponding period last year. The increase was mainly driven by Specialty business, Domestic Treaties and Overseas Treaties from Middle East and North Africa business portfolios.

Reinsurance business recorded profit after tax of RM59.8 million for the period as compared to loss after tax of RM7.8 million in the corresponding period last year. The significant improvement driven by better underwriting performance in the current period where there are no significant large losses compared with corresponding period last year as the reinsurance business was affected by the increase in reserve for the Great Malaysian Flood. The improvement was also due to higher investment income and favourable fair value movement of investments.

#### **Retakaful Business**

Takaful revenue for the period increased by 3.1% or RM0.6 million to RM20.9 million as compared to the corresponding period last year as a result of the increase in family retakaful business that was offset by a reduction in general retakaful fire business.

Profit after tax of retakaful business increase by RM1.6 million to RM2.5 million due to better underwriting performance in current period as compared to the corresponding period last year. The improvement also due to increase in investment income.

#### **General Takaful Business**

The general takaful business recorded a 43.1% growth in takaful revenue from RM116.3 million to RM166.3 million, driven by the agency channel and the Motor segment.

For the quarter ended 30 June 2023, the net profit of the general takaful business stood at RM7.3 million, an increase of 52.3% against RM4.8 million for the corresponding period last year. The higher net profit was mainly attributable to the higher investment income and higher wakalah fee income as a result of the significant growth in takaful revenue as mentioned above.

## **PART B: EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D.)**

### **B1. Review of performance (cont'd.)**

#### **Family Takaful Business**

Takaful revenue recorded a 14.4% growth from RM101.7 million to RM116.3 million, driven by higher fee income.

For the quarter ended 30 June 2023, the profit after tax of the family takaful business stood at RM4.7 million, an increase against RM0.1 million reported for the corresponding period last year. The higher profit after tax was mainly attributable to the higher investment income and favourable fair value movement of investments.

### **B2. Review of current quarter profitability against immediate preceding quarter**

No financial review for current quarter compared with immediate preceding quarter due to the application of different accounting policies. The current quarter financial results were based on application of MFRS 17, whereas the preceding quarter financial results were prepared under MFRS 4.

### **B3. Current year prospect**

Malaysia's Gross Domestic Product increased by 5.6% in the first quarter of 2023, while household consumption rose by 5.9%. At 3.6%, headline inflation is slightly lower but still elevated. Given the favourable economic growth and ongoing strategic initiatives, the Group anticipates continued revenue expansion.

The takaful segment is anticipated to continue its present trajectory, with strategic bancatakaful and franchise partnerships bolstering its expansion and financial performance. In addition to enhancing customer experience and diversifying product offerings, the Group continues to invest in digitalisation to improve efficiency while maintaining cost-effective processes as we approach economies of scale.

The reinsurance and retakaful segments will continue to diversify their risk profile and leverage business expansion into non-traditional classes of business. In light of the escalating frequency of climate-related catastrophes, reinsurance and retakaful will continue to be prudent in their risk selections while optimising the use of their capital.

The Group continues to expect a challenging environment for investments as inflationary pressure remains persistently high globally following supply shocks in commodities, cut in oil production and strong employment numbers. This is also seen in the backdrop of generally slower global growth due to credit constraints and slower manufacturing production.

Following a stabilisation in the Overnight Policy Rate at 3.0% for the remaining part of the year, a continuation of the Group's strategic approach to asset allocation of focusing on high yielding securities with strong fundamentals, will continue to be integral to capital preservation for the Group. For alpha enhancement purposes, the Group sees opportunities in the local equity market amidst clarity in the national energy agenda under the National Energy Transition Plan and stable domestic growth. As part of our efforts to support the sustainability efforts of the Group, environmental, social and governance factors will remain paramount in our investment analysis.

Despite the unpredictability of global challenges, the Group is optimistic that the firm foundation of our business diversification, coupled with the effective implementation of our strategic plan, will propel us to the growth trajectory outlined in our business plan.

The Group's efforts continue with the enhancement of the Group Sustainability Roadmap, which defines essential action plans for mitigating climate risk, advancing social initiatives, and meeting governance standards to ensure business sustainability.

**PART B: EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS OF  
BURSA SECURITIES (CONT'D.)**

**B4. Explanatory note for variance from profit forecast**

There was no profit forecast issued by the Group during the period ended 30 June 2023.

**B5. Status of corporate proposal**

There is no corporate proposal announced but not completed as at the date of this announcement.

**B6. Off balance sheet financial instruments**

There were no financial instruments with material off balance sheet risk as at the date of this report except as disclosed in A15.

**B7. Material litigation**

There was no pending material litigation as at the date of this announcement.

**PART B: EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D.)**

**B8. Investments return**

|   | Individual period  |                  | Cumulative period  |                  |
|---|--------------------|------------------|--------------------|------------------|
|   | Three months ended |                  | Three months ended |                  |
|   | 30.06.2023         | 30.06.2022       | 30.06.2023         | 30.06.2022       |
|   | RM'000             | RM'000           | RM'000             | RM'000           |
|   |                    | (Restated)       |                    | (Restated)       |
| <b>Investments income on financial assets</b>                       |                    |                  |                    |                  |
| Interest/profit income  | 96,285             | 64,951           | 96,285             | 64,951           |
| Dividend income   | 1,876              | 2,343            | 1,876              | 2,343            |
| (Net amortisation of premiums)/accretion of discount on investments | (1,632)            | (1,170)          | (1,632)            | (1,170)          |
|   | <u>96,528</u>      | <u>66,124</u>    | <u>96,528</u>      | <u>66,124</u>    |
| <b>Net realised gains and losses</b>                                |                    |                  |                    |                  |
| Government investment issues  | 1,342              | 2,771            | 1,342              | 2,771            |
| Unquoted islamic private debt securities                            | (120)              | (360)            | (120)              | (360)            |
| Quoted shares in Malaysia   | (13,484)           | (3,622)          | (13,484)           | (3,622)          |
|   | <u>(12,262)</u>    | <u>(1,211)</u>   | <u>(12,262)</u>    | <u>(1,211)</u>   |
| <b>Net fair value gains and losses</b>                              |                    |                  |                    |                  |
| Unquoted corporate debt securities                                  | (1,817)            | (2,153)          | (1,817)            | (2,153)          |
| Government investment issues  | (2)                | (40)             | (2)                | (40)             |
| Quoted shares in Malaysia:  | 56,378             | (143,274)        | 56,378             | (143,274)        |
|   | <u>54,559</u>      | <u>(145,467)</u> | <u>54,559</u>      | <u>(145,467)</u> |
| <b>Total investments return</b>                                     | <u>138,825</u>     | <u>(80,554)</u>  | <u>138,825</u>     | <u>(80,554)</u>  |

**PART B: EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D.)**

**B9. Taxation**

|   | Individual period  |                    | Cumulative period  |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | Three months ended | Three months ended | Three months ended | Three months ended |
|   | 30.06.2023         | 30.06.2022         | 30.06.2023         | 30.06.2022         |
|   | RM'000             | RM'000             | RM'000             | RM'000             |
|   |                    | (Restated)         |                    | (Restated)         |
| Profit/(loss) before zakat and taxation | 83,883             | (19,504)           | 83,883             | (19,504)           |
| Taxation:                               |                    |                    |                    |                    |
| Current tax                             | (5,044)            | (1,279)            | (5,044)            | (1,279)            |
| Deferred tax                            | (8,535)            | (2,127)            | (8,535)            | (2,127)            |
|   | <u>(13,579)</u>    | <u>(3,406)</u>     | <u>(13,579)</u>    | <u>(3,406)</u>     |
| Effective tax rate                      | 16.2%              | -17.5%             | 16.2%              | -17.5%             |

The effective tax rate was lower than the statutory tax rate of 24% is due to reinsurance/retakaful operating profit being taxed at 8%. Negative effective tax rate in the corresponding quarter was mainly due to the loss position before tax and zakat.

**B10. Borrowings and debt securities**

The Group borrowings as at 31 March 2023 were as follows:

|   | 30.06.2023     | 31.03.2023     |
|---|----------------|----------------|
|   | RM'000         | RM'000         |
|   |                | (Restated)     |
| Unsecured long term borrowings:                           |                |                |
| RM 320.0 million Sukuk Murabahah due on 22 March 2029     | 320,000        | 320,000        |
| RM 200.0 million Subordinated Debt due on 26 October 2032 | 200,000        | 200,000        |
|   | <u>520,000</u> | <u>520,000</u> |

**PART B: EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D.)**

**B11. Earnings per share**

|   | Individual period  |            | Cumulative period  |            |
|---|--------------------|------------|--------------------|------------|
|   | Three months ended |            | Three months ended |            |
|   | 30.06.2023         | 30.06.2022 | 30.06.2023         | 30.06.2022 |
|   | RM'000             | RM'000     | RM'000             | RM'000     |
|   |                    | (Restated) |                    | (Restated) |
| Net profit for the year (RM'000)          | 69,538             | (23,167)   | 69,538             | (23,167)   |
| Number of ordinary shares in issue ('000) | 783,088            | 783,088    | 783,088            | 783,088    |
| Basic earnings per share (sen)            | 8.88               | (2.96)     | 8.88               | (2.96)     |

**B12. Additional disclosures for the income statement**

|                               | Individual period  |            | Cumulative period  |            |
|-------------------------------|--------------------|------------|--------------------|------------|
|                               | Three months ended |            | Three months ended |            |
|                               | 30.06.2023         | 30.06.2022 | 30.06.2023         | 30.06.2022 |
|                               | RM'000             | RM'000     | RM'000             | RM'000     |
|                               |                    | (Restated) |                    | (Restated) |
| Fair value gain on derivative | (3,925)            | 69         | (3,925)            | 69         |
| Depreciation and amortisation | 7,265              | 5,466      | 7,265              | 5,466      |
| Net foreign exchange gains    | 60,839             | 15,527     | 60,839             | 15,527     |

By Order of the Board

**LENA BINTI ABD LATIF (LS 8766)**  
Company Secretary

Kuala Lumpur  
Dated: 30 August 2023