

**MNRB HOLDINGS BERHAD**

197201001795 (13487-A)

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

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

|   | Individual period |                 | Cumulative period |                 |
|---|-------------------|-----------------|-------------------|-----------------|
|   | 30.09.2023        | 30.09.2022      | 30.09.2023        | 30.09.2022      |
|   | RM'000            | RM'000          | RM'000            | RM'000          |
|   |                   | (Restated)      |                   | (Restated)      |
| Insurance/takaful revenue   | 827,562           | 700,528         | 1,600,582         | 1,387,245       |
| Insurance/takaful service expenses  | (737,668)         | (714,606)       | (1,478,351)       | (1,398,179)     |
| <b>Insurance/takaful service result before reinsurance/retakaful contracts held</b>                 | <b>89,894</b>     | <b>(14,078)</b> | <b>122,231</b>    | <b>(10,934)</b> |
| Allocation of reinsurance premium/retakaful contribution  | (111,421)         | (81,369)        | (217,445)         | (166,639)       |
| Amounts recoverable from reinsurers/retakaful operators   | 74,650            | 66,895          | 140,658           | 144,482         |
| <b>Net expense from reinsurance/retakaful contracts held</b>  | <b>(36,771)</b>   | <b>(14,474)</b> | <b>(76,787)</b>   | <b>(22,157)</b> |
| <b>Insurance/takaful service result</b>   | <b>53,123</b>     | <b>(28,552)</b> | <b>45,444</b>     | <b>(33,091)</b> |
| Investment income on financial assets   | 103,656           | 75,131          | 200,184           | 141,255         |
| Net realised (losses)/gains   | (531)             | 2,542           | (12,793)          | 1,332           |
| Net fair value (losses)/gains   | (40,667)          | (13,288)        | 13,892            | (158,755)       |
| Net foreign exchange (losses)/gains   | (5,141)           | 19,687          | 33,680            | 31,127          |
| <b>Investment return</b>  | <b>57,317</b>     | <b>84,072</b>   | <b>234,963</b>    | <b>14,959</b>   |
| Net finance/profit (expenses)/income from insurance/takaful contracts issued                        | (50,426)          | 29,389          | (64,442)          | 11,879          |
| Net finance/profit income from reinsurance/retakaful contracts held                                 | 1,524             | 3,507           | 5,943             | 922             |
| <b>Net insurance/takaful financial result</b>   | <b>(48,902)</b>   | <b>32,896</b>   | <b>(58,499)</b>   | <b>12,802</b>   |
| <b>Recognition of actual unallocated deficit/(surplus)</b>  | <b>3,328</b>      | <b>(55,787)</b> | <b>(90,202)</b>   | <b>28,298</b>   |
| Fees and other operating income   | 4,033             | 6,569           | 32,900            | 13,666          |
| Management and other operating expenses   | (7,320)           | (11,040)        | (19,205)          | (12,297)        |
| Finance cost  | (6,873)           | (3,835)         | (13,733)          | (8,748)         |
| <b>Net other operating income and expenses</b>  | <b>(10,160)</b>   | <b>(8,306)</b>  | <b>(38)</b>       | <b>(7,379)</b>  |
| Share of results of associates  | (2,664)           | (5,807)         | 4,257             | (16,578)        |
| <b>Profit/(loss) before zakat and taxation</b>  | <b>52,042</b>     | <b>18,516</b>   | <b>135,925</b>    | <b>(988)</b>    |
| Zakat   | (268)             | (284)           | (1,034)           | (541)           |
| Taxation  | (10,207)          | (4,777)         | (23,786)          | (8,183)         |
| <b>Profit/(loss) after zakat and taxation for the period, attributable to owners of the Company</b> | <b>41,567</b>     | <b>13,455</b>   | <b>111,105</b>    | <b>(9,712)</b>  |
| Basic earnings per share attributable to equity holders of the Company (sen)                        | 5.31              | 1.72            | 14.19             | (1.24)          |

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 SEPTEMBER 2023**

|   | Individual period  |                | Cumulative period |                 |
|---|--------------------|----------------|-------------------|-----------------|
|   | Three months ended |                | Six months ended  |                 |
|   | 30.09.2023         | 30.09.2022     | 30.09.2023        | 30.09.2022      |
|   | RM'000             | RM'000         | RM'000            | RM'000          |
|   |                    | (Restated)     |                   | (Restated)      |
| <b>Profit/(loss) after zakat and taxation for the period, attributable to owners of the Company</b> | <b>41,567</b>      | <b>13,455</b>  | <b>111,105</b>    | <b>(9,712)</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 (losses)/gains on investments in debt securities measured at FVOCI                              | (4,986)            | (17,505)       | 437               | (45,718)        |
| Net realised (losses)/gains transferred to profit or loss   | (507)              | (2,095)        | (994)             | (3,264)         |
| Effects of post acquisition foreign exchange translation reserve on investment in associate         | (1,000)            | 6,690          | 5,082             | 10,286          |
| Effects of foreign exchange translation reserve on investment in subsidiary                         | (233)              | 193            | 514               | 782             |
| Tax effects thereon   | 529                | 3,534          | 1,619             | 4,620           |
| Other comprehensive losses/(income) attributable to participants                                    | 655                | 385            | (118)             | 5,137           |
|   | <u>(5,542)</u>     | <u>(8,798)</u> | <u>6,540</u>      | <u>(28,155)</u> |
| <b>Items that will not be reclassified subsequently to profit or loss</b>                           |                    |                |                   |                 |
| Net fair value (losses)/gains on equity investments at FVOCI  | (1,754)            | 7,600          | 186               | 84              |
| Revaluation surplus of land and buildings   | 556                | 537            | 1,111             | 1,075           |
| Tax effects thereon   | 840                | (1,802)        | 304               | (86)            |
| Other comprehensive income attributable to participants   | (511)              | (494)          | (1,022)           | (989)           |
|   | <u>(869)</u>       | <u>5,841</u>   | <u>579</u>        | <u>84</u>       |
| <b>Total other comprehensive (loss)/income for the period, net of tax</b>                           | <b>(6,411)</b>     | <b>(2,957)</b> | <b>7,119</b>      | <b>(28,071)</b> |
| <b>Total comprehensive income/(loss) for the period, net of tax</b>                                 | <b>35,156</b>      | <b>10,498</b>  | <b>118,224</b>    | <b>(37,783)</b> |
| <b>Total comprehensive income/(loss) for the period attributable to owners of the Company</b>       | <b>35,156</b>      | <b>10,498</b>  | <b>118,224</b>    | <b>(37,783)</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 SEPTEMBER 2023**

|   | <b>30.09.2023</b>        | <b>31.03.2023</b>        |
|---|--------------------------|--------------------------|
|   | <b>RM'000</b>            | <b>RM'000</b>            |
|   |                          | <b>(Restated)</b>        |
| <b>Assets</b>   |                          |                          |
| Property, plant and equipment                             | 227,108                  | 225,802                  |
| Intangible assets   | 63,037                   | 60,248                   |
| Right-of-use assets                                       | 2,193                    | 3,368                    |
| Investments in associates                                 | 131,103                  | 122,164                  |
| Financial and other assets                                | 10,641,162               | 10,142,648               |
| Deferred tax assets                                       | 32,534                   | 31,016                   |
| Insurance/takaful contract assets                         | 35,694                   | 66,518                   |
| Reinsurance/retakaful contract assets                     | 931,234                  | 689,237                  |
| Tax recoverable   | 39,149                   | 42,423                   |
| Cash and bank balances                                    | 239,479                  | 205,462                  |
| <b>Total assets</b>                                       | <b><u>12,342,693</u></b> | <b><u>11,588,886</u></b> |
| <b>Liabilities</b>  |                          |                          |
| Insurance/takaful contract liabilities                    | 8,599,492                | 7,980,462                |
| Reinsurance/retakaful contract liabilities                | 167,171                  | 157,922                  |
| Borrowing   | 520,000                  | 520,000                  |
| Lease liabilities   | 2,353                    | 3,426                    |
| Other payables  | 299,298                  | 310,002                  |
| Deferred tax liabilities                                  | 13,111                   | 4,718                    |
| Tax payable   | 17,501                   | 7,746                    |
| Provision for zakat                                       | 3,136                    | 2,203                    |
| <b>Total liabilities</b>                                  | <b><u>9,622,062</u></b>  | <b><u>8,986,479</u></b>  |
| <b>Equity</b>   |                          |                          |
| Share capital   | 738,502                  | 738,502                  |
| Reserves  | 1,982,129                | 1,863,905                |
| <b>Total equity attributable to owners of the Company</b> | <b><u>2,720,631</u></b>  | <b><u>2,602,407</u></b>  |
| <b>Total liabilities and equity</b>                       | <b><u>12,342,693</u></b> | <b><u>11,588,886</u></b> |
| Net assets per share (RM)                                 | 3.47                     | 3.32                     |

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

|  | ← Attributable to owners of the Company → |  |                                 |                                  |                               |                  |
|--|---|--|---------------------------------|----------------------------------|-------------------------------|------------------|
|  | ← Reserves →                              |  |                                 |                                  |                               |                  |
|  | ← Non-distributable →                     |  | Distributable                   |                                  |                               |                  |
|  | Share<br>capital<br>RM'000                | Foreign<br>exchange<br>translation<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               | -   | -  | -                               | -                                | 19,834                        | 19,834           |
| <b>At 1 April 2023, restated</b>                       | <b>738,502</b>                            | <b>47,332</b>                                | <b>34,810</b>                   | <b>50,375</b>                    | <b>1,731,388</b>              | <b>2,602,407</b> |
| Net profit for the period                              | -   | -  | -                               | -                                | 111,105                       | 111,105          |
| Total other comprehensive income for the period        | -   | 5,596  | 412                             | 1,111                            | -                             | 7,119            |
| Total comprehensive income for the period              | -   | 5,596  | 412                             | 1,111                            | 111,105                       | 118,224          |
| <b>At 30 September 2023</b>                            | <b>738,502</b>                            | <b>52,928</b>                                | <b>35,222</b>                   | <b>51,486</b>                    | <b>1,842,493</b>              | <b>2,720,631</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               | -   | -  | -                               | -                                | 27,998                        | 27,998           |
| <b>At 1 April 2022, restated</b>                       | <b>738,502</b>                            | <b>45,966</b>                                | <b>25,973</b>                   | <b>49,575</b>                    | <b>1,639,656</b>              | <b>2,499,672</b> |
| Net loss for the period                                | -   | -  | -                               | -                                | (9,712)                       | (9,712)          |
| Total other comprehensive income/(loss) for the period | -   | 11,068                                       | (39,634)                        | 495                              | -                             | (28,071)         |
| Total comprehensive income/(loss) for the period       | -   | 11,068                                       | (39,634)                        | 495                              | (9,712)                       | (37,783)         |
| <b>At 30 September 2022, restated</b>                  | <b>738,502</b>                            | <b>57,034</b>                                | <b>(13,661)</b>                 | <b>50,070</b>                    | <b>1,629,944</b>              | <b>2,461,889</b> |

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

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

|  | <b>30.09.2023</b> | <b>30.09.2022</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  | 135,925           | (988)             |
| Adjustments for:   |                   |                   |
| Net fair value (gains)/losses on financial assets  | (13,892)          | 158,755           |
| Net foreign exchange gains   | (33,680)          | (31,127)          |
| Reversal of impairment on financial assets   | 28                | 858               |
| Depreciation of:   |                   |                   |
| - property, plant and equipment  | 3,799             | 3,846             |
| - right-of-use assets  | 1,392             | 1,821             |
| Amortisation of intangible assets  | 10,743            | 8,550             |
| Net amortisation of premiums on investments  | 2,848             | 2,075             |
| Net gains on disposal of intangible assets   | (2,187)           | -                 |
| Net losses on disposal of investments  | 31,870            | 13,263            |
| Write-off of intangible assets   | -                 | 1,484             |
| Interest/profit income   | (197,406)         | (137,865)         |
| Dividend income  | (5,645)           | (5,520)           |
| Rental income  | (1,956)           | (2,072)           |
| Finance cost   | 13,733            | 8,748             |
| Realised loss/(gains) on disposal of investments   | 12,793            | (1,332)           |
| Share of results of associates   | (4,257)           | 16,578            |
| (Loss)/profit from operations before changes in operating assets and liabilities                                   | (45,891)          | 37,075            |
| Increase in placements with licensed financial institutions, islamic investment accounts and marketable securities | (373,318)         | (342,848)         |
| Purchase of investments  | (125,243)         | (86,412)          |
| Decrease in staff loans  | 435               | 510               |
| Increase in other receivables  | (41,201)          | (68,837)          |
| Changes in insurance/takaful contract assets   | 35,694            | (19,673)          |
| Changes in reinsurance/retakaful contract assets   | (241,997)         | (330,768)         |
| Changes in insurance/takaful contract liabilities  | 619,030           | 750,717           |
| Changes in reinsurance/retakaful contract liabilities  | 9,250             | 22,819            |
| Increase/(decrease) in other payables  | 48,844            | (72,896)          |
| Taxes and zakat paid   | (19,977)          | (23,352)          |
| Interest/profit received   | 181,520           | 123,214           |
| Dividends received   | 7,788             | 7,016             |
| Rental received  | 3,523             | 1,668             |
| Net cash generated from/(used in) operating activities   | 58,456            | (1,768)           |
| <b>Cash flows from investing activities</b>  |                   |                   |
| Purchase of property, plant and equipment  | (4,548)           | (5,389)           |
| Purchase of intangible assets  | (3,610)           | (2,592)           |
| Net cash used in investing activities  | (8,158)           | (7,981)           |
| <b>Cash flows from financing activities</b>  |                   |                   |
| Payment of lease liabilities   | (2,737)           | (1,625)           |
| Interest/profit paid   | (13,544)          | (8,391)           |
| Net cash used in financing activities  | (16,281)          | (10,016)          |
| <b>Cash and bank balances</b>  |                   |                   |
| Net increase/(decrease) during the period  | 34,017            | (19,765)          |
| At beginning of the period   | 205,462           | 214,050           |
| At end of the period   | 239,479           | 194,285           |

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 September 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 to MFRSs does not have any material impact on the financial statements of the Group except for that discussed in Note 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:

| <b>Description</b>  | <b>Effective for annual periods beginning on or after</b> |
|---|---|
| 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 amendments to MFRSs is not expected to 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 period beginning on or after 1 January 2023. The Group has applied MFRS 17 including any consequential amendments to the other standards, from 1 April 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 period ending 30 September 2023 and 30 September 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 introduces 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 2023 and 31 March 2022:

|                                       | 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               | (17,735)                                       | 57,401                            |
| Right-of-use assets                   | 3,368                | -  | 3,368                              | 5,554                | -  | 5,554                             |
| Investments in associates             | 122,164              | -  | 122,164                            | 134,094              | -  | 134,094                           |
| Financial and other assets            | 10,033,716           | 108,932  | 10,142,648                         | 8,975,983            | (265)  | 8,975,719                         |
| Deferred tax assets                   | 42,618               | (11,602)                                       | 31,016                             | 38,330               | (7,469)  | 30,861                            |
| 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                             | -                    | 22,673   | 22,673                            |
| Reinsurance/retakaful contract assets | -                    | 689,237  | 689,237                            | -                    | 704,967  | 704,967                           |
| 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>(768,697)</b>                               | <b>11,588,886</b>                  | <b>11,272,159</b>    | <b>(864,925)</b>                               | <b>10,407,234</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            | (209,922)                                      | 7,980,462                          | 7,487,057            | (192,511)                                      | 7,294,546                         |
| Reinsurance/retakaful contract liabilities                | -                    | 157,922  | 157,922                            | -                    | 18,904   | 18,904                            |
| Borrowing   | 520,000              | -  | 520,000                            | 320,000              | -  | 320,000                           |
| Lease liabilities   | 3,426                | -  | 3,426                              | 5,476                | -  | 5,476                             |
| Other payables  | 335,669              | (25,667)                                       | 310,002                            | 277,793              | (22,732)                                       | 255,061                           |
| Deferred tax liabilities                                  | 4,718                | -  | 4,718                              | 3,178                | 3,324  | 6,502                             |
| 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>(788,531)</b>                               | <b>8,986,479</b>                   | <b>8,800,485</b>     | <b>(892,923)</b>                               | <b>7,907,562</b>                  |
| <b>Equity</b>   |                      |  |                                    |                      |  |                                   |
| Share capital   | 738,502              | -  | 738,502                            | 738,502              | -  | 738,502                           |
| Reserves  | 1,844,071            | 19,834   | 1,863,905                          | 1,733,172            | 27,998   | 1,761,170                         |
| <b>Total equity attributable to owners of the Company</b> | <b>2,582,573</b>     | <b>19,834</b>                                  | <b>2,602,407</b>                   | <b>2,471,674</b>     | <b>27,998</b>                                  | <b>2,499,672</b>                  |
| <b>Total liabilities and equity</b>                       | <b>12,357,583</b>    | <b>(768,697)</b>                               | <b>11,588,886</b>                  | <b>11,272,159</b>    | <b>(864,925)</b>                               | <b>10,407,234</b>                 |

*Subsequent to the disclosure made in Quarter 1 2024, the restated opening balance as at 1 April 2023 and 1 April 2022 had been revised primarily driven by refinement in certificate related assumptions and reclassification of takaful receivables and payables*

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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 year ended 31 March 2023 was not subject to any qualification.

**A4. Seasonal or cyclical factors**

During the financial period ended 30 September 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 September 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 second quarter ended 30 September 2023.

**A8. Dividend paid**

No dividend was paid during the second quarter ended 30 September 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 subsequent event of the Group during the financial period ended 30 September 2023.

**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 September 2023 were as follows:

|                                    | <b>RM'000</b> |
|------------------------------------|---------------|
| Authorised and contracted for:     |               |
| Property, plant and equipment      | 8,639         |
| Software development               | 7,263         |
| Authorised but not contracted for: |               |
| Property, plant and equipment      | 9,204         |
| Software development               | 25,614        |

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

**A13. Segmental reporting**

The Group has five business segments as follows:

Segments

|                               |   |
|-------------------------------|---|
| Investment holding and others | Investment holding and non-insurance/takaful subsidiaries     |
| 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>30 September 2023</b>            |                       |                     |                              |                             |   |  |                  |
| <u>Operating Revenue</u>            |                       |                     |                              |                             |   |  |                  |
| Insurance/takaful revenue           | 973,490               | 37,731              | 356,118                      | 240,598                     | -   | (7,354)                                      | 1,600,582        |
| Investment income                   | 83,610                | 3,453               | 20,638                       | 90,968                      | 3,038   | (1,523)                                      | 200,184          |
| Fee income                          | -                     | -                   | -                            | -                           | 32,210  | (28,195)                                     | 4,015            |
| Total operating revenue             | <u>1,057,100</u>      | <u>41,184</u>       | <u>376,756</u>               | <u>331,566</u>              | <u>35,248</u>                                 | <u>(37,072)</u>                              | <u>1,804,782</u> |
| Profit before zakat and taxation    | <u>92,162</u>         | <u>5,388</u>        | <u>36,841</u>                | <u>11,505</u>               | <u>(7,516)</u>                                | <u>(2,455)</u>                               | <u>135,924</u>   |
| Profit after zakat and taxation     | <u>84,789</u>         | <u>4,926</u>        | <u>26,544</u>                | <u>8,041</u>                | <u>(10,740)</u>                               | <u>(2,455)</u>                               | <u>111,105</u>   |
| <b>30 September 2022 (Restated)</b> |                       |                     |                              |                             |   |  |                  |
| <u>Operating Revenue</u>            |                       |                     |                              |                             |   |  |                  |
| Insurance/takaful revenue           | 836,561               | 28,595              | 261,818                      | 262,968                     | -   | (2,697)                                      | 1,387,245        |
| Investment income                   | 50,565                | 2,326               | 13,687                       | 75,981                      | 25,402  | (26,705)                                     | 141,255          |
| Fee income                          | -                     | -                   | -                            | -                           | 30,676  | (29,204)                                     | 1,472            |
| Total operating revenue             | <u>887,126</u>        | <u>30,921</u>       | <u>275,505</u>               | <u>338,948</u>              | <u>56,077</u>                                 | <u>(58,606)</u>                              | <u>1,529,971</u> |
| Profit before zakat and taxation    | <u>15,154</u>         | <u>4,225</u>        | <u>15,455</u>                | <u>(760)</u>                | <u>18,059</u>                                 | <u>(53,121)</u>                              | <u>(988)</u>     |
| Profit after zakat and taxation     | <u>13,927</u>         | <u>3,867</u>        | <u>10,987</u>                | <u>(2,420)</u>              | <u>17,048</u>                                 | <u>(53,121)</u>                              | <u>(9,712)</u>   |

**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 and 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 Statement of Profit or Loss and Statements of Financial Position of Reinsurance Business, Retakaful Business, Family Takaful Business, General Takaful Business are disclosed as follows:

**(a) Unaudited condensed consolidated statement of profit or loss for financial period ended 30 September 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   | 973,490               | 37,731              | 356,118                      | 240,598                     | (7,354)          | 1,600,582       |
| Insurance/takaful service expenses  | (894,874)             | (37,850)            | (298,992)                    | (248,859)                   | 2,223            | (1,478,351)     |
| <b>Insurance/takaful service result before reinsurance/retakaful contracts held</b> | <b>78,616</b>         | <b>(119)</b>        | <b>57,126</b>                | <b>(8,261)</b>              | <b>(5,131)</b>   | <b>122,231</b>  |
| Allocation of reinsurance premium/retakaful contribution                            | (75,242)              | 167                 | (95,023)                     | (52,489)                    | 5,142            | (217,445)       |
| Amounts recoverable from reinsurers/retakaful operators                             | 9,787                 | 8,444               | 82,175                       | 42,474                      | (2,223)          | 140,658         |
| <b>Net expense from reinsurance/retakaful contracts held</b>                        | <b>(65,455)</b>       | <b>8,611</b>        | <b>(12,848)</b>              | <b>(10,015)</b>             | <b>2,919</b>     | <b>(76,788)</b> |
| <b>Insurance/takaful service result</b>   | <b>13,161</b>         | <b>8,492</b>        | <b>44,278</b>                | <b>(18,276)</b>             | <b>(2,212)</b>   | <b>45,443</b>   |
| Investments income on financial assets  | 83,610                | 3,453               | 20,638                       | 90,968                      | 1,515            | 200,184         |
| Net realised gains and losses   | (13,840)              | -                   | (1,393)                      | 2,440                       | -                | (12,793)        |
| Net fair value gains and losses   | 1,874                 | (6)                 | 2,260                        | 8,896                       | 868              | 13,892          |
| Net foreign exchange gains  | 33,680                | -                   | -                            | -                           | -                | 33,680          |
| <b>Investments return</b>   | <b>105,324</b>        | <b>3,447</b>        | <b>21,505</b>                | <b>102,304</b>              | <b>2,383</b>     | <b>234,963</b>  |
| Net finance/profit expenses from insurance/takaful contracts issued                 | (58,583)              | -                   | (7,204)                      | 1,346                       | -                | (64,442)        |
| Net finance/profit income from reinsurance/retakaful contracts held                 | 3,325                 | -                   | 2,722                        | 539                         | (643)            | 5,943           |
| <b>Net insurance/takaful financial result</b>                                       | <b>(55,258)</b>       | <b>-</b>            | <b>(4,482)</b>               | <b>1,885</b>                | <b>(643)</b>     | <b>(58,498)</b> |
| <b>Recognition of actual unallocated (surplus)/deficit</b>                          | <b>-</b>              | <b>-</b>            | <b>(19,620)</b>              | <b>(70,582)</b>             | <b>-</b>         | <b>(90,202)</b> |
| Fees and other operating income   | 35,894                | 141                 | -                            | -                           | (3,135)          | 32,900          |
| Management and other operating expenses   | (611)                 | (6,692)             | (4,683)                      | (3,826)                     | (3,393)          | (19,205)        |
| Finance cost  | (6,347)               | -                   | (158)                        | -                           | (7,228)          | (13,733)        |
| <b>Net other operating income and expenses</b>                                      | <b>28,936</b>         | <b>(6,551)</b>      | <b>(4,841)</b>               | <b>(3,826)</b>              | <b>(13,756)</b>  | <b>(38)</b>     |
| Share of results of associates  | -                     | -                   | -                            | -                           | 4,257            | 4,257           |
| <b>Profit/(loss) before zakat and taxation</b>                                      | <b>92,163</b>         | <b>5,388</b>        | <b>36,840</b>                | <b>11,505</b>               | <b>(9,971)</b>   | <b>135,924</b>  |
| Zakat   | -                     | -                   | (703)                        | (331)                       | -                | (1,034)         |
| Taxation  | (7,373)               | (462)               | (9,593)                      | (3,133)                     | (3,224)          | (23,786)        |
| <b>Profit/(loss) after zakat and taxation</b>                                       | <b>84,790</b>         | <b>4,926</b>        | <b>26,544</b>                | <b>8,041</b>                | <b>(13,195)</b>  | <b>111,105</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 and Takaful business (cont'd.)**

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

|   | 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   | 836,561               | 28,595              | 261,818                      | 262,968                     | (2,697)          | 1,387,245       |
| Insurance/takaful service expenses  | (903,576)             | (37,270)            | (242,720)                    | (225,335)                   | 10,722           | (1,398,179)     |
| <b>Insurance/takaful service result before reinsurance/retakaful contracts held</b> | <b>(67,015)</b>       | <b>(8,675)</b>      | <b>19,098</b>                | <b>37,633</b>               | <b>8,026</b>     | <b>(10,934)</b> |
| Allocation of reinsurance premium/retakaful contribution                            | (34,955)              | (1,221)             | (85,782)                     | (46,329)                    | 1,649            | (166,639)       |
| Amounts recoverable from reinsurers/retakaful operators                             | 23,644                | 18,489              | 72,368                       | 40,703                      | (10,722)         | 144,482         |
| <b>Net expense from reinsurance/retakaful contracts held</b>                        | <b>(11,311)</b>       | <b>17,268</b>       | <b>(13,414)</b>              | <b>(5,626)</b>              | <b>(9,073)</b>   | <b>(22,157)</b> |
| <b>Insurance/takaful service result</b>   | <b>(78,326)</b>       | <b>8,593</b>        | <b>5,684</b>                 | <b>32,006</b>               | <b>(1,048)</b>   | <b>(33,091)</b> |
| Investment income on financial assets   | 50,565                | 2,326               | 13,687                       | 75,981                      | (1,304)          | 141,255         |
| Net realised gains and losses   | 482                   | -                   | (1,031)                      | 1,881                       | -                | 1,332           |
| Net fair value gains and losses   | (25,919)              | (74)                | (4,931)                      | (131,005)                   | 3,175            | (158,755)       |
| Net foreign exchange gains and losses   | 43,513                | -                   | -                            | -                           | (12,386)         | 31,127          |
| <b>Investment return</b>  | <b>68,640</b>         | <b>2,252</b>        | <b>7,725</b>                 | <b>(53,144)</b>             | <b>(10,515)</b>  | <b>14,959</b>   |
| Net finance/profit expenses from insurance/takaful contracts issued                 | 11,414                | -                   | 455                          | 10                          | -                | 11,879          |
| Net finance/profit income from reinsurance/retakaful contracts held                 | 1,643                 | -                   | (292)                        | 4                           | (432)            | 922             |
| <b>Net insurance/takaful financial result</b>                                       | <b>13,057</b>         | <b>-</b>            | <b>163</b>                   | <b>14</b>                   | <b>(432)</b>     | <b>12,802</b>   |
| <b>Recognition of actual unallocated surplus</b>                                    | <b>-</b>              | <b>-</b>            | <b>4,124</b>                 | <b>24,175</b>               | <b>(1)</b>       | <b>28,298</b>   |
| Fees and other operating income   | 18,341                | 338                 | -                            | (3,811)                     | (1,202)          | 13,666          |
| Management and other operating expenses   | (5,433)               | (6,958)             | (1,918)                      | -                           | 2,011            | (12,297)        |
| Finance cost  | (1,125)               | -                   | (323)                        | -                           | (7,299)          | (8,748)         |
| <b>Net other operating income and expenses</b>                                      | <b>11,783</b>         | <b>(6,619)</b>      | <b>(2,241)</b>               | <b>(3,811)</b>              | <b>(6,490)</b>   | <b>(7,379)</b>  |
| Share of results of associates  | -                     | -                   | -                            | -                           | (16,578)         | (16,578)        |
| <b>Profit/(loss) before zakat and taxation</b>                                      | <b>15,154</b>         | <b>4,225</b>        | <b>15,455</b>                | <b>(760)</b>                | <b>(35,063)</b>  | <b>(989)</b>    |
| Zakat   | -                     | -                   | (408)                        | (133)                       | -                | (541)           |
| Taxation  | (1,227)               | (358)               | (4,060)                      | (1,527)                     | (1,011)          | (8,183)         |
| <b>Profit/(loss) after zakat and taxation</b>                                       | <b>13,927</b>         | <b>3,867</b>        | <b>10,987</b>                | <b>(2,420)</b>              | <b>(36,074)</b>  | <b>(9,713)</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 and Takaful business (cont'd.)**

**(c) Unaudited condensed consolidated statement of statement of financial position as at 30 September 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   |
|---|-----------------------|---------------------|------------------------------|-----------------------------|------------------|-------------------|
| <b>Assets</b>   |                       |                     |                              |                             |                  |                   |
| Property, plant and equipment                             | 128,600               | 1                   | 813                          | 84,853                      | 12,841           | 227,108           |
| Intangible assets   | 5,784                 | -                   | 14,732                       | 36,887                      | 5,634            | 63,037            |
| Right-of-use assets                                       | -                     | -                   | 6,852                        | 23                          | (4,682)          | 2,193             |
| Investments in associates                                 | 120,144               | -                   | -                            | -                           | 10,959           | 131,103           |
| Financial and other assets                                | 4,485,182             | 135,478             | 1,168,532                    | 4,766,190                   | 85,780           | 10,641,162        |
| Deferred tax assets                                       | -                     | -                   | 18,885                       | 12,059                      | 1,590            | 32,534            |
| Insurance/takaful contract assets                         | -                     | -                   | -                            | 35,694                      | -                | 35,694            |
| Reinsurance/retakaful contract assets                     | 426,713               | 94,622              | 374,779                      | 35,120                      | -                | 931,234           |
| Tax recoverable   | 7,939                 | (1,589)             | -                            | 13,212                      | 19,587           | 39,149            |
| Cash and bank balances                                    | 207,557               | 703                 | 7,099                        | 16,185                      | 7,935            | 239,479           |
| <b>Total assets</b>                                       | <b>5,381,919</b>      | <b>229,215</b>      | <b>1,591,692</b>             | <b>5,000,223</b>            | <b>139,645</b>   | <b>12,342,693</b> |
| <b>Liabilities</b>  |                       |                     |                              |                             |                  |                   |
| Insurance/takaful contract liabilities                    | 3,169,650             | 184,014             | 1,151,243                    | 4,094,585                   | -                | 8,599,492         |
| Reinsurance/retakaful contract liabilities                | -                     | -                   | -                            | 167,171                     | -                | 167,171           |
| Borrowing   | 251,000               | -                   | -                            | -                           | 269,000          | 520,000           |
| Lease liabilities   | -                     | -                   | 7,127                        | 23                          | (4,797)          | 2,353             |
| Other payables  | 37,728                | -                   | 96,054                       | 153,349                     | 12,167           | 299,298           |
| Deferred tax liabilities                                  | 6,443                 | (439)               | -                            | 7,107                       | -                | 13,111            |
| Tax payable   | -                     | -                   | 10,985                       | 6,516                       | -                | 17,501            |
| Provision for zakat                                       | -                     | 3                   | 2,563                        | 570                         | -                | 3,136             |
| <b>Total liabilities</b>                                  | <b>3,464,822</b>      | <b>183,578</b>      | <b>1,267,972</b>             | <b>4,429,321</b>            | <b>276,370</b>   | <b>9,622,062</b>  |
| <b>Equity</b>   |                       |                     |                              |                             |                  |                   |
| Share capital   | 663,106               | -                   | 230,000                      | 405,000                     | (559,604)        | 738,502           |
| Reserves  | 1,253,991             | 45,638              | 93,719                       | 165,902                     | 422,879          | 1,982,129         |
| <b>Total equity attributable to owners of the Company</b> | <b>1,917,097</b>      | <b>45,638</b>       | <b>323,719</b>               | <b>570,902</b>              | <b>(136,725)</b> | <b>2,720,631</b>  |
| <b>Total liabilities and equity</b>                       | <b>5,381,919</b>      | <b>229,216</b>      | <b>1,591,691</b>             | <b>5,000,223</b>            | <b>139,645</b>   | <b>12,342,693</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 and Takaful business (cont'd.)**

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

|   | 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   |
|---|-----------------------|---------------------|------------------------------|-----------------------------|------------------|-------------------|
| <b>Assets</b>   |                       |                     |                              |                             |                  |                   |
| Property, plant and equipment                             | 127,475               | 1                   | 825                          | 84,861                      | 12,641           | 225,802           |
| Intangible assets   | 5,901                 | -                   | 11,519                       | 38,096                      | 4,732            | 60,248            |
| Right-of-use assets                                       | -                     | -                   | 7,964                        | 161                         | (4,757)          | 3,368             |
| Investments in associates                                 | 113,812               | -                   | -                            | -                           | 8,352            | 122,164           |
| Financial and other assets                                | 4,288,344             | 126,166             | 1,039,364                    | 4,616,742                   | 72,032           | 10,142,648        |
| Deferred tax assets                                       | -                     | 533                 | 25,665                       | 7,758                       | (2,938)          | 31,016            |
| Insurance/takaful contract assets                         | 499,682               | -                   | -                            | 66,518                      | (499,682)        | 66,518            |
| Reinsurance/retakaful contract assets                     | 406,950               | 23,690              | 312,382                      | 28,702                      | (82,487)         | 689,237           |
| Tax recoverable   | 11,050                | -                   | -                            | 12,501                      | 18,872           | 42,423            |
| Cash and bank balances                                    | 131,706               | 5,153               | 50,928                       | 9,982                       | 7,693            | 205,462           |
| <b>Total assets</b>                                       | <b>5,584,920</b>      | <b>155,543</b>      | <b>1,448,647</b>             | <b>4,865,322</b>            | <b>(465,547)</b> | <b>11,588,886</b> |
| <b>Liabilities</b>  |                       |                     |                              |                             |                  |                   |
| Insurance/takaful contract liabilities                    | 3,441,514             | 114,025             | 1,008,830                    | 3,982,014                   | (565,921)        | 7,980,462         |
| Reinsurance/retakaful contract liabilities                | -                     | -                   | -                            | 157,922                     | -                | 157,922           |
| Borrowing   | 251,000               | -                   | -                            | -                           | 269,000          | 520,000           |
| Lease liabilities   | -                     | -                   | 8,202                        | 165                         | (4,941)          | 3,426             |
| Other payables  | 39,744                | -                   | 125,243                      | 155,592                     | (10,577)         | 310,002           |
| Deferred tax liabilities                                  | 5,228                 | -                   | -                            | 6,402                       | (6,912)          | 4,718             |
| Tax payable   | -                     | 820                 | 7,436                        | 310                         | (820)            | 7,746             |
| Provision for zakat                                       | -                     | -                   | 1,961                        | 239                         | 3                | 2,203             |
| <b>Total liabilities</b>                                  | <b>3,737,484</b>      | <b>114,845</b>      | <b>1,151,672</b>             | <b>4,302,644</b>            | <b>(320,168)</b> | <b>8,986,479</b>  |
| <b>Equity</b>   |                       |                     |                              |                             |                  |                   |
| Share capital   | 663,106               | -                   | 230,000                      | 405,000                     | (559,604)        | 738,502           |
| Reserves  | 1,184,330             | 40,697              | 66,975                       | 157,678                     | 414,225          | 1,863,905         |
| <b>Total equity attributable to owners of the Company</b> | <b>1,847,436</b>      | <b>40,697</b>       | <b>296,975</b>               | <b>562,678</b>              | <b>(145,379)</b> | <b>2,602,407</b>  |
| <b>Total liabilities and equity</b>                       | <b>5,584,920</b>      | <b>155,543</b>      | <b>1,448,647</b>             | <b>4,865,322</b>            | <b>(465,547)</b> | <b>11,588,886</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 September 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 September 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                                   | -                 | -                 | 161,518           | 161,518          |
|  | <u>-</u>          | <u>-</u>          | <u>198,318</u>    | <u>198,318</u>   |
| <b>b) Financial assets at FVTPL</b>        |                   |                   |                   |                  |
| <u>Designated upon initial recognition</u> |                   |                   |                   |                  |
| Government investment issues               | -                 | 1,413,163         | -                 | 1,413,163        |
| Unquoted islamic private debt securities   | -                 | 1,455,014         | -                 | 1,455,014        |
| <u>Mandatorily measured</u>                |                   |                   |                   |                  |
| Quoted shares in Malaysia:                 |                   |                   |                   |                  |
| Shariah approved equities                  | 181,284           | -                 | -                 | 181,284          |
| Others                                     | 95,942            | -                 | -                 | 95,942           |
| Unquoted perpetual bond in Malaysia        | -                 | 3,302             | -                 | 3,302            |
| Unquoted corporate debt securities         | -                 | -                 | -                 | -                |
| Shariah approved unit trust funds          | 313,814           | -                 | -                 | 313,814          |
| Real estate investment trusts              | 10,448            | -                 | -                 | 10,448           |
| Derivatives <sup>(i)</sup>                 | -                 | (8,700)           | -                 | (8,700)          |
|  | <u>601,488</u>    | <u>2,862,779</u>  | <u>-</u>          | <u>3,464,267</u> |
| <b>c) Financial assets at FVOCI</b>        |                   |                   |                   |                  |
| Malaysian government securities            | -                 | 59,181            | -                 | 59,181           |
| Government investment issues               | -                 | 642,509           | -                 | 642,509          |
| Unquoted corporate debt securities         | -                 | 879,943           | -                 | 879,943          |
| Unquoted shares in Malaysia                | -                 | 87,304            | -                 | 87,304           |
| Unquoted Islamic private debt securities   | -                 | 190,818           | -                 | 190,818          |
| Golf club memberships                      | 50                | 65                | 118               | 233              |
|  | <u>50</u>         | <u>1,859,820</u>  | <u>118</u>        | <u>1,859,987</u> |

**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          |
|  | <u>-</u>          | <u>-</u>          | <u>199,691</u>    | <u>199,691</u>   |
| <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               |
|  | <u>583,548</u>    | <u>2,861,745</u>  | <u>-</u>          | <u>3,445,293</u> |
| <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              |
|  | <u>-</u>          | <u>1,716,550</u>  | <u>87,352</u>     | <u>1,803,902</u> |

**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:

|   | ←----- 30.09.2023 -----> |       |           | ←----- 31.03.2023 -----> |       |           |
|---|--------------------------|-------|-----------|--------------------------|-------|-----------|
|   | Notional Amount          | Asset | Liability | Notional Amount          | Asset | Liability |
| <b>Trading derivative</b>                             |                          |       |           |                          |       |           |
| Forward foreign exchange contracts, less than 3 years | 206,244                  | -     | (8,700)   | 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 30 September 2023, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was nil (31 March 2023: RM 69,000). 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**

|                                | 30.09.2023                      |                              |                  | 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     | 17,600                          | 18,094                       | 35,694           | 37,816                          | 28,702                       | 66,518           |
| Reinsurance/retakaful contract | 246,337                         | 684,897                      | 931,234          | 267,331                         | 459,722                      | 689,237          |
|                                | <b>263,937</b>                  | <b>702,991</b>               | <b>966,928</b>   | <b>305,147</b>                  | <b>488,424</b>               | <b>755,755</b>   |
| <b>Liabilities</b>             |                                 |                              |                  |                                 |                              |                  |
| Insurance/takaful contract     | 4,960,297                       | 3,639,195                    | 8,599,492        | 4,505,281                       | 3,475,181                    | 7,980,462        |
| Reinsurance/retakaful contract | 128,162                         | 39,009                       | 167,171          | 82,251                          | 75,670                       | 157,922          |
|                                | <b>5,088,459</b>                | <b>3,678,204</b>             | <b>8,766,663</b> | <b>4,587,532</b>                | <b>3,550,851</b>             | <b>8,138,384</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 September 2023, the Group recorded an 18.0% or RM274.8 million growth in operating revenue from RM1.5 billion to RM1.8 billion. It was contributed by the increase in takaful revenue by RM213.3 million from RM1.4 billion to RM1.6 billion due to strong growth in the general takaful and reinsurance businesses. The growth in operating revenue was also a result of the improvement in investment income by RM58.9 million.

The Group recorded a significant increase in the profit after tax ("PAT") in the financial period ended 30 September 2023 of RM111.1 million compared to loss after tax ("LAT") of RM9.7 million reported in corresponding period. The increase in the profit after tax by RM120.8 million was mainly due to:-

- the improved underwriting performance of the reinsurance and general takaful businesses as a result of better claims experience compared with corresponding period;
- increased investment income and favourable fair value movement of investments; and
- positive share of results of associates compared to a share of loss in the corresponding period.

#### **Investment holding and non-insurance/takaful subsidiaries**

The investment holding and non-insurance/takaful subsidiaries recorded lower operating revenue and PAT by RM20.8 million and RM27.8 million respectively as no dividend income was received from the reinsurance/takaful subsidiaries for the period ended 30 September 2023.

#### **Reinsurance Business**

Operating revenue for the period increased by 19.2% or RM167.0 million mainly due to the increase of RM136.9 million in the insurance revenue from RM836.6 million in the corresponding period to RM973.5 million. The growth was driven by Specialty business, Domestic Treaties and Overseas Treaties from Middle East and North Africa business portfolios.

Reinsurance business recorded a PAT of RM84.8 million for the period ended 30 September 2023 as compared to RM13.9 million in the corresponding period. The significant improvement was a result of better underwriting performance in the current period where there were no significant large losses as compared with corresponding period which 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**

The operating revenue of the retakaful business grew by RM10.3 million predominantly due to the increase in the family retakaful revenue by RM8.0 million.

PAT of retakaful business increased by RM1.1 million to RM4.9 million in the period ended 30 September 2023 due to higher investment income and reduction in management expenses.

#### **General Takaful Business**

The operating revenue grew by RM101.3 million mainly contributed by the 36.0% growth in takaful revenue from RM261.8 million to RM356.1 million, driven by the agency channel and Motor segment.

For the quarter ended 30 September 2023, the PAT of the general takaful business stood at RM26.5 million, a decent growth of 141.6% against RM11.0 million in the corresponding period. The commendable result was mainly attributable to the higher wakalah fee income as a result of the significant growth in takaful revenue mentioned above as well as an increase in the investment income.

## **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**

The operating revenue recorded a slight decrease of RM7.4 million due to the drop of takaful revenue by RM22.4 million or 8.5% driven by lower revenue in bancatakafal channel that was mitigated by the favourable increase in the investment income by RM15.0 million.

Nonetheless, family takaful business recorded a higher PAT of RM8.0 million for the period ended 30 September 2023 compared to a LAT of RM2.4 million in the corresponding period. The higher PAT was mainly due to higher investment income and favourable fair value movement of investments as mentioned above.

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

The Group recorded a higher PAT of RM69.5 million in the preceeding quarter compared to RM41.6 million in the current quarter due to favourable fair value movement of bond and sukuk markets of its reinsurance business. The current quarter's result however, were buffeted by the significantly higher general takaful revenue.

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

Malaysia's economy is likely to be on track to reach its 4% growth objective for the year. The Group anticipates further revenue growth in light of the economic trajectory and our ongoing strategic initiatives.

The takaful segment continues to chart a promising trajectory, bolstered by strong agency growth, strategic bancatakafal and franchise partnerships, which have not only expanded its reach but also enhanced its financial performance. The Group's commitment to improving customer experience and diversifying product offerings is complemented by significant investments in digitalization. These investments are designed to enhance operational efficiency while maintaining cost-effective processes as the Group approaches economies of scale.

In the reinsurance and retakaful segments, a proactive approach to risk diversification and expansion into non-traditional classes of business remains a priority. Given the increasing frequency of climate-related catastrophes, these segments continue to be vigilant in their risk selections, emphasizing the optimal use of their capital and putting in place the appropriate retrocession protection.

The Group continues to expect a challenging economic environment locally and globally as inflationary pressures around the world remains elevated amidst soaring energy prices, supply chain shocks and geopolitical risks in the Middle East and Ukraine. This has kept interest rates high, further constraining credit rating and risking slower growth. With the Overnight Policy Rate remaining at 3.0% for the rest of this year, a continuation of the Group's strategic approach to asset allocation 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.

Despite the 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 September 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 and contingent liability**

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

**B8. Dividend**

The Board of the Company had proposed a final single-tier dividend ("final dividend") of 4.45 sen (2022:2.5 sen) per ordinary share on 783,086,696 ordinary shares, amounting to RM34,847,358 for the financial year ended 31 March 2023. The approved final dividend has been paid on 31 October 2023. The entitlement date for the dividend payment was on 11 October 2023.

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

**B9. Investments return**

|   | Individual period  |                 | Cumulative period |                  |
|---|--------------------|-----------------|-------------------|------------------|
|   | Three months ended |                 | Six months ended  |                  |
|   | 30.09.2023         | 30.09.2022      | 30.09.2023        | 30.09.2022       |
|   | RM'000             | RM'000          | RM'000            | RM'000           |
|   |                    | (Restated)      |                   | (Restated)       |
| <b>Investments income on financial assets</b>                       |                    |                 |                   |                  |
| Interest/profit income  | 101,121            | 72,913          | 197,406           | 137,865          |
| Dividend income   | 3,770              | 3,177           | 5,645             | 5,520            |
| (Net amortisation of premiums)/accretion of discount on investments | (1,235)            | (960)           | (2,867)           | (2,130)          |
|   | <u>103,656</u>     | <u>75,130</u>   | <u>200,184</u>    | <u>141,255</u>   |
| <b>Net realised gains and losses</b>                                |                    |                 |                   |                  |
| Government investment issues  | 4,008              | (994)           | 5,350             | 1,776            |
| Unquoted islamic private debt securities                            | 1,724              | 804             | 1,604             | 444              |
| Quoted shares in Malaysia   | (9,267)            | 1,629           | (18,706)          | (907)            |
| Shariah approved unit trust funds                                   | 3,004              | 1,105           | (1,041)           | 19               |
|   | <u>(531)</u>       | <u>2,542</u>    | <u>(12,793)</u>   | <u>1,332</u>     |
| <b>Net fair value gains and losses</b>                              |                    |                 |                   |                  |
| Unquoted corporate debt securities                                  | (13,609)           | 2,715           | (15,426)          | 562              |
| Government investment issues  | (8,972)            | (19)            | (8,974)           | (59)             |
| Unquoted islamic private debt securities                            | (2,846)            | (18,834)        | (2,846)           | (18,834)         |
| Quoted shares in Malaysia   | (15,240)           | 2,850           | 41,138            | (140,424)        |
|   | <u>(40,667)</u>    | <u>(13,288)</u> | <u>13,892</u>     | <u>(158,755)</u> |
| <b>Net foreign exchange gains</b>                                   |                    |                 |                   |                  |
| Deposit placements  | (313)              | 16,885          | 36,216            | 28,325           |
| Shariah approved unit trust funds                                   | (4,828)            | 2,802           | (2,536)           | 2,802            |
|   | <u>(5,141)</u>     | <u>19,687</u>   | <u>33,680</u>     | <u>31,127</u>    |
| <b>Total investments return</b>                                     | <u>57,317</u>      | <u>84,073</u>   | <u>234,963</u>    | <u>14,959</u>    |

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

**B10. Taxation**

|   | Individual period  |                    | Cumulative period |                       |
|---|--------------------|--------------------|-------------------|-----------------------|
|   | Three months ended | Three months ended | Six months ended  | Six months ended      |
|   | 30.09.2023         | 30.09.2022         | 30.09.2023        | 30.09.2022            |
|   | RM'000             | RM'000             | RM'000            | RM'000                |
|   |                    | (Restated)         |                   | (Restated)            |
| Profit/(loss) before zakat and taxation | 52,042             | 18,516             | 135,925           | (988)                 |
| Taxation:                               |                    |                    |                   |                       |
| Current tax                             | 8,189              | 877                | 3,145             | (402)                 |
| Deferred tax                            | (18,396)           | (5,654)            | (26,930)          | (7,781)               |
|   | <u>(10,207)</u>    | <u>(4,777)</u>     | <u>(23,785)</u>   | <u>(8,183)</u>        |
| Effective tax rate                      | 19.6%              | 25.8%              | 17.5%             | <i>Not applicable</i> |

The effective tax rate for the 3 and 6 months period ended 30 September 2023 was lower than the statutory tax rate of 24% due to reinsurance/retakaful operating profit being taxed at 8%.

For the 3 months period ended 30 September 2022, the group's effective tax rate was higher than 24% due to lower operating profit from the reinsurance/retakaful business that was taxed at 8%, higher share of losses from the Labuan Reinsurance (L) Ltd. that was taxed at 3%.

**B11. Borrowings and debt securities**

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

|   | 30.09.2023     | 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.)**

**B12. Earnings per share**

|   | Individual period  |            | Cumulative period |            |
|---|--------------------|------------|-------------------|------------|
|   | Three months ended |            | Six months ended  |            |
|   | 30.09.2023         | 30.09.2022 | 30.09.2023        | 30.09.2022 |
|   | RM'000             | RM'000     | RM'000            | RM'000     |
|   |                    | (Restated) |                   | (Restated) |
| Net profit for the year (RM'000)          | 41,567             | 13,455     | 111,105           | (9,712)    |
| Number of ordinary shares in issue ('000) | 783,088            | 783,088    | 783,088           | 783,088    |
| Basic earnings/(loss) per share (sen)     | 5.31               | 1.72       | 14.19             | (1.24)     |

**B13. Additional disclosures for the income statement**

|                                 | Individual period  |            | Cumulative period |            |
|---------------------------------|--------------------|------------|-------------------|------------|
|                                 | Three months ended |            | Six months ended  |            |
|                                 | 30.09.2023         | 30.09.2022 | 30.09.2023        | 30.09.2022 |
|                                 | RM'000             | RM'000     | RM'000            | RM'000     |
|                                 |                    | (Restated) |                   | (Restated) |
| Fair value losses on derivative | (4,775)            | -          | (8,700)           | -          |
| Depreciation and amortisation   | 26,196             | 20,124     | 33,462            | 25,591     |

**By Order of the Board**

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

Kuala Lumpur  
Dated: 17 November 2023