Takaful Ikhlas General Berhad
(201701019705 (1233870-A))
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 March 2025

201701019705 (1233870-A)

Takaful Ikhlas General Berhad
(Incorporated in Malaysia)

Contents

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Directors' Report

The Directors have pleasure in submitting their report together with the audited financial statements of Takaful Ikhlas General Berhad ("the Company") for the financial year ended 31 March 2025.

Principal Activity

The Company is principally engaged in the management of general takaful business.

There have been no significant changes in the nature of this principal activity during the financial year.

Ultimate Holding and Financial Holding Company

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

Results

	RM '000
Net profit for the financial year	60,774

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year, other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual

Dividend

The amount of dividend declared and paid by the Company since the end of the previous financial year was as follows:

	RM '000
In respect of the financial year ended 31 March 2024:	
Final single tier dividend of 17.39% on 230,000,002 ordinary shares, declared on 9 October 2024 and paid on 15 October 2024.	40,000

As at the date of this report, no dividend has been declared or proposed by the Company in respect of the current financial year.

Share Capital and Debentures

There were no changes in issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company since the beginning of the financial year to the date of this report.

Subsequent Event

There are no significant adjusting events after the statement of financial position date up to the date when the financial statements are authorised for issuance.

Climate-Related Risks and Disclosures

MNRB and its subsidiaries ("MNRB Group" or "the Group")'s sustainability governance and its efforts to contribute positively towards global sustainability objectives are disclosed in the Sustainability Statement, which is available on the Group's corporate website and included in the Annual Report for the financial year ended 31 March 2025.

Directors

The names of the Directors in office since the beginning of the financial year to the date of this report are:

Datuk Johar Che Mat
Arul Sothy S. Mylvaganam
Woon Tai Hai
Dato' Amirudin Abdul Halim
Dr. Wan Zamri Wan Ismail
Zaharudin Daud (Resigned on 1 October 2024)
Rosinah Mohd Salleh (Retired on 31 March 2025)

In accordance with Clause 22.3 of the Company's Constitution, Datuk Johar Che Mat and Dr. Wan Zamri Wan Ismail will be retiring at the forthcoming Annual General Meeting and being eligible, had offered themselves for re-election.

Directors' Benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Benefits (cont'd.)

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors from the Company and its related corporations, or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or its related corporations with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

	2025 RM '000
Directors' fee	641
Allowances and other emoluments	249
Benefits-in-kind	182
	1,072

Directors' Indemnity

During the financial year, the ultimate holding company, MNRB Holdings Berhad, maintained a Directors and Officers Liability Takaful cover to provide indemnity to all Directors and Officers of the MNRB Group, up to a limit of RM60 million at a total contribution of RM138,996 for liability incurred in the discharging of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage.

Directors' Interests

According to the register of Directors' shareholdings, none of the Directors in office at the end of the financial year had any interest in shares of the Company or its related corporations during the financial year.

Corporate Governance Disclosures

The Company has complied with the prescriptive requirements of and adopts management practices that are consistent with the principles prescribed under Bank Negara Malaysia's ("BNM") Policy Document, BNM/RH/PD 029-9 *Corporate Governance* ("PD CG"). The Company is committed to the principles prescribed in this policy document to ensure public accountability at all times.

Further details are disclosed on page 6.

Other Statutory Information

(a) Before the statement of profit or loss, statement of comprehensive income and statement of financial position of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) As at the date of this report, the Directors are not aware of any circumstances which would render:

(i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Company misleading.

(c) As at the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

(d) As at the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company which would render any amount stated in the financial statements as misleading.

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and

(ii) any contingent liability in respect of the Company which has arisen since the end of the financial year other than those arising in the normal course of business of the Company.

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Other Statutory Information (cont'd.)

(f) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

(g) Before the statement of profit or loss, statement of comprehensive income and statement of financial position of the Company were made out, the Directors took reasonable steps to ascertain that there was adequate provision for takaful certificate liabilities in accordance with the valuation methods prescribed in Part B of the Risk Based Capital Framework for Takaful Operators ("RBCT Framework") issued by BNM and MFRS 17 *Insurance Contracts.*

For the purposes of paragraphs (e)(ii) and (f)(i) above, contingent or other liabilities do not include liabilities arising from takaful certificates underwritten in the ordinary course of business of the Company.

Auditors

The auditors, Messrs. Ernst & Young PLT, have expressed their willingness to continue in office.

The auditors' remuneration for their services during the year is RM680,505.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 25 June 2025.

Datuk Johar Che Mat

Arul Sothy S. Mylvaganam

Kuala Lumpur, Malaysia
25 June 2025

Corporate Governance Disclosures (as referred to in the Directors' Report)

The Board of Directors (“Board”) of Takaful Ikhlas General Berhad ("the Company") remains committed towards maintaining high standards of corporate governance throughout the Company. The Board strives to continuously improve the effective application of the principles and best practices in conformity with PD CG issued on 3 August 2016.

The Company’s policy is to implement these principles and best practices and to uphold high standards of business integrity in all its activities. This includes a commitment to emulate good industry examples and to comply with guidelines and recommendations in the conduct of business activities within the Company.

Set out below is a statement on how the Company has applied the principles and complied with the best practices as prescribed under the PD CG during the financial year ended 31 March 2025.

Board of Directors

The Board is responsible for the proper stewardship of the Company’s resources, the achievement of the Company’s objectives and good corporate citizenship. It discharges these responsibilities by complying with all the relevant Acts and Regulations, as well as adopting the principles and best practices of the PD CG, Malaysian Code of Corporate Governance 2021 (“MCCG 2021”), where relevant.

The Board retains full and effective control over the Company’s affairs. This includes the responsibility to determine the Company’s development and overall strategic direction. Key matters such as the approval of financial results, major capital expenditures, budgets, business plans and succession planning for top management, are reserved for the Board or its appointed committees to deal with. In addition, the Board plays an active role in addressing sustainability matters and climate-related risks. It approves key sustainability directions and monitors progress, supported by continuous learning via periodic capacity-building programmes on emerging trends and practices.

As part of its governance oversight, the Board’s awareness, knowledge, and management of sustainability risks and opportunities, including climate-related risks, are periodically assessed through the Board Effectiveness Evaluation (“BEE”). The BEE provides a structured mechanism to evaluate the Board’s engagement and competence in these critical areas, contributing to continuous governance enhancement.

The meetings of the Board are chaired by the Non-Executive Chairman, whose role is clearly separated from the role of the President & Chief Executive Officer (“President & CEO”), who ensures that Board policies and decisions are implemented accordingly.

Board Composition

As at the date of this report, the Board comprises five (5) members. Four (4) of these members are Independent Non-Executive Directors ("INED") and one (1) Non-Independent Non-Executive Chairman ("NINEC").

Board Composition (cont'd.)

As at the date of this report, the percentage of the Board composition is as follows:

	Composition	Percentage
NINEC	1/5	20%
INED	4/5	80%

By virtue of this composition, the Company is in compliance with the following paragraphs of the PD CG:

(i) Paragraph 11.3 which requires that the Chairman of the Board must not be an executive director;

(ii) Paragraph 11.4 which requires that the Board must not have more than one (1) executive director unless otherwise approved by BNM in writing; and

(iii) Paragraph 11.6 which requires that the Board must have a majority of independent directors at all times.

Under the Company’s Constitution, the number of Directors shall not be more than ten (10) and not less than five (5) Directors.

The Directors bring to the Board, a wide range of knowledge and experience in relevant fields such as takaful and retakaful, accounting and finance, legal, economics, investment, information technology, banking and business operations. The Board has the necessary depth of experience and judgement to bear on issues of strategy, performance, resources and ethical standards.

Key information on each Director is set out under the section ‘Board of Directors' Profile’ on page 40.

Board Charter

The Board had formalised a Board Charter setting out the duties, responsibilities and functions of the Board in accordance with the principles of good corporate governance set by the regulatory authorities. This Board Charter will be reviewed periodically to incorporate updates and enhancements to the existing rules and regulations. The Board Charter is available on the Company’s website at https://www.takaful-ikhlas.com.my/corporate/our-leadership.

Directors' Code of Ethics

The Directors observe a code of ethics in accordance with the code of conduct expected of Directors of financial service providers.

The Chairman is primarily responsible for the effective conduct and workings of the Board. The Chairman leads the Board in the oversight of the Management and in setting strategic business plans, goals and key policies for the Company to ensure the sustainability of long-term returns.

Directors' Independence and INED

The Board comprises a majority of INEDs.

The independence of the Directors is assessed by the Group Nomination & Remuneration Committee ("GNRC") and the Board in accordance with the requirements of BNM and the Company's Policy on Independent Directors.

The Independent Directors play a pivotal role in corporate accountability and provide unbiased and independent views and judgement in relation to the Board's deliberation and decision-making process. This is reflected in their memberships in the various Board Committees and attendance at meetings.

The Company determines the independence of its Directors in accordance with the requirements under the PD CG. Under the PD CG, an Independent Director of the Company is one who himself or any person linked to him is independent from Management, the substantial shareholders of the Company and/or any of its affiliates, and has no significant business or other contractual relationship with the Company or its affiliates within the last two (2) years, and has not served for more than nine (9) years on the Board, except under exceptional circumstances and as approved by BNM.

All Independent Directors have demonstrated to the Board that they have exercised impartial and independent judgement while protecting the interests of the Company.

The Non-Executive Directors do not participate in the day-to-day management of the Company and do not engage in any business dealing or other relationships with the Company (other than in situations permitted by the applicable regulations) in order that they remain truly capable of exercising independent judgement and act in the best interests of the Company and its shareholder. The Board is also satisfied that no individual or group of individuals dominate the decision making process of the Board in ensuring a balanced and objective consideration of issues, thereby facilitating optimal decision-making.

MNRB Group Independent Director Policy

The Board had adopted the MNRB Group Independent Director Policy which formalises the 9-year tenure limit for INEDs. This policy is implemented to ensure the continuous effective functioning of the Board remained unchanged. Due to the specialised nature of the Company's business, the Board is of the view that the maximum of nine (9) years is reasonable considering there are significant advantages to be gained from long-serving Directors who already possess tremendous insight and knowledge of the Company's business affairs.

The Board is of the opinion that the length of INEDs' service on the Board does not in any way interfere with their exercise of independent judgement and their ability to act in the best interests of the Company.

Before the removal or resignation of an Independent Director can take effect, the prior approval of BNM must be obtained.

In assessing independence, the Board evaluates the following criteria:

- The ability to challenge the assumptions, beliefs or viewpoints of others with intelligent questioning, constructive and rigorous debating, and dispassionate decision-making for the good of the Company;

- A willingness to stand-up and defend their own views, beliefs and opinions for the ultimate good of the Company; and

- An understanding of the Company's business activities in order to appropriately provide responses on the various strategic and technical issues brought before the Board.

Appointment of Directors and Key Senior Management Officers

The Board ensures that a formal and transparent nomination process for the appointment of Directors and Key Senior Management Officers is continuously maintained and improved pursuant to the Terms of Reference ("TOR") of GNRC.

Individuals appointed to the Board and relevant senior positions have the appropriate fitness and propriety to discharge their prudential responsibilities during the course of their appointment.

The appointment of new Board members is considered and properly evaluated by the GNRC. New nominees for Directors are assessed by the GNRC in accordance with the PD CG and the MNRB Group's Fit and Proper Policy Procedure ("MNRB Group Fit & Proper Policy").

Appointment of Directors and Key Senior Management Officers (cont'd.)

These assessments are carried out by an independent party based on information provided by each individual on matters such as criminal record, the record of material academic/professional qualifications, financial obligations and the carrying out of checks on bankruptcy and regulatory disqualification.

The GNRC will discuss and deliberate on the above and conduct an interview session with the candidate. Upon completing this process, the GNRC shall recommend the proposed appointment to the Board for its deliberation and approval.

In making these recommendations, the GNRC assesses the suitability of candidates, taking into account the required mix of skills, knowledge, expertise and experience, as well as professionalism, integrity including financial integrity, competencies and other qualities, before recommending to the Board for appointment.

The GNRC and Board will devote sufficient time to review, deliberate and finalise the selection of Directors. The Company Secretary will ensure that all the necessary information is obtained and relevant legal and regulatory requirements are complied with. In this regard, the Board is also guided by the MNRB Group Fit & Proper Policy.

The GNRC conducts a yearly assessment on the suitability of the present Directors under the abovementioned MNRB Group Fit and Proper Policy. The fit and proper assessment for the Directors includes self-declaration and vetting by the Company for the purpose of ensuring that they are suitable to continue serving as Directors of the Company.

The following aspects would also be considered by the Board in appointing/reappointing Directors:

- Character, integrity and reputation - the person must have key qualities such as honesty, independence of mind, integrity, diligence, fairness and are of good repute in the financial and business community;

- Experience, competence and capability – the person must have the necessary skills, experience and ability to carry out the role; and

- Time and commitment – the person must have the ability to discharge role having regard to other commitment.

The Board’s expectations on the time commitment and contribution from the Directors will also be clearly communicated to the potential candidates. The GNRC will evaluate the candidates’ ability to discharge their duties and responsibilities as well as appropriate time commitment prior to recommending their appointment as Directors for the Board's approval.

Re-appointment and Re-election of Directors

All Directors may subject themselves for re-appointment and/or re-election upon the expiry of their BNM Appointment Term or in accordance with Clause 22.3 of the Company's Constitution, where one-third (1/3) of the Directors for the time being, or if their number is not a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office at each Annual General Meeting ("AGM") and all retiring Directors can offer themselves for re-election.

Pursuant to the PD CG, the Company is required to apply to BNM for the re-appointment of its Directors at least three (3) months prior to the expiry of their terms of appointment as approved by BNM, should it wish to extend their appointments. Prior to such application, the relevant Directors will be assessed by the GNRC and the Board and they are required to give consent on their re-appointment prior to the recommendation being made.

In accordance with Clause 22.3 of the Company's Constitution, Datuk Johar Che Mat and Dr. Wan Zamri Wan Ismail will be retiring at the forthcoming Annual General Meeting and being eligible, had offered themselves for re-election.

Directors who are appointed by the Board during the financial period before the AGM are also required to retire from office and seek re-election by the shareholders at the first opportunity after their appointment.

Board and Individual Directors' Effectiveness

The Board members undertake a formal and transparent process, upon completion of every financial year, to assess the effectiveness of their fellow Directors, the Board as a whole and the performance of the President & CEO.

The Board and Individual Directors Evaluation is based on answers to a detailed questionnaire. The evaluation form was distributed to all Board members and covered topics which included board mix, composition and training needs, quality of information and decision making, responsibilities related to strategic plan/governance, fiscal oversight, risk management and boardroom activities, environmental, social and governance, and monitoring role coupled with their relationship with Management.

Other areas which were assessed included the contribution of each and every member of the Board at meetings.

The GNRC, having deliberated the findings of the Board and Individual Directors Evaluation, will report to the Board the results and highlight those matters that require further discussion and direction by the Board.

The Board members' directorship in companies other than the Company, are well within the restriction of not more than five (5) directorships in public listed companies as stated in the PD CG.

Roles and Responsibilities of the Chairman and the President & CEO

The roles and responsibilities of the Chairman and the President & CEO are separated with a clear division of responsibilities as defined in the Board Charter. This distinction is to provide better understanding and distribution of jurisdictional responsibilities and accountabilities. The Chairman and the President & CEO are not related to each other.

The Chairman leads the Board and is also responsible for its performance. Together with the rest of the Board members, the Chairman sets the policy framework and strategies to align the business activities driven by the Senior Management Team with the Company's vision and mission.

The President & CEO is mainly accountable for the day-to-day management to ensure the smooth and effective running of the Company. He is also responsible for the implementation of policies and Board decisions as well as coordinating the development and implementation of business strategies.

The President & CEO also ensures that the financial management practice is at the highest level of integrity and transparency for the benefit of the shareholders and the affairs of the Company be performed in an ethical manner.

Board Meetings

The Board meeting dates for the ensuing financial year are scheduled in advance before the end of the current financial year so that the Directors are able to plan ahead and schedule these dates into their respective meeting schedules.

The Board has scheduled meetings at least six (6) times a year, in addition to the AGM. For the financial year ended 31 March 2025, the Board held sixteen (16) meetings.

Board Meetings (cont'd.)

Technology and information technology are effectively used in Board meetings and communications with the Board. Board meeting materials are shared electronically and, where required, Directors may participate in meetings via video conference.

All Directors have complied with the requirement to attend at least seventy five percent (75%) of Board meetings held during the financial year ended 31 March 2025 as required under Paragraph 9.3 of the PD CG.

The details of attendance of the Directors at Board meetings held during the financial year are as follows:

Directors	Attendance	Percentage
Datuk Johar Che Mat (Chairman) NINEC	16/16	100.0%
Arul Sothy S. Mylvaganam INED	13/16	81.3%
Woon Tai Hai INED	16/16	100.0%
Dato' Amirudin Abdul Halim INED	14/16	87.5%
Dr. Wan Zamri Wan Ismail INED	15/16	93.8%
Zaharudin Daud (Resigned on 1 October 2024) NIED	6/7	85.7%
Rosinah Mohd Salleh (Retired on 31 March 2025) INED	15/16	93.7%

At each scheduled Board meeting, the financial performance and business reviews were discussed, including the Company's quarterly operating performance to date, against the annual budget and business plan previously approved by the Board for that financial year.

The respective Board Committee's reports and recommendations are also presented and discussed at Board meetings. All proceedings of Board meetings are duly recorded in the minutes of each meeting and signed minutes of each Board meeting are properly retained by the Company Secretary.

Board Meetings (cont'd.)

The Board delegates the day-to-day management of the Company's business to the Senior Management Team but reserves for its consideration of significant matters as specified in the Board Charter.

- Approval of financial results;
- Business and operating strategies;
- Material acquisition and disposal of assets;
- New or changes to current business plans;
- Related party transactions of a material nature;
- Authority levels for core functions of the Company;
- Corporate policies on investments (including the use of derivatives) and risk management;
- Outsourcing of core business functions;
- Appointment of professional independent advisors such as merchant bankers, solicitors, reporting accountants, auditors, tax advisers, actuaries and others;
- Staff bonus and annual increment;
- Policies and procedures;
- Annual budget; and
- Capital management plan.

Directors' Remuneration

(a) Remuneration Policy and Procedure

The GNRC recommends to the Board the appropriate remuneration packages for the Directors as well as the President & CEO and the Key Senior Management Officers in order to attract, motivate and retain the Directors, the President & CEO and the Key Senior Management Officers of the necessary caliber and quality as required by the Company. The remuneration packages for the Group Shariah Committee ("GSC") members are decided by the Board of MNRB Holdings Berhad ("MNRB").

The Company's remuneration policy is to reward the Directors, the President & CEO and the Key Senior Management Officers competitively, taking into account performance, market comparisons and competitive pressures in the industry. Whilst not seeking to maintain a strict market position, the Committee takes into account comparable roles in similar organisations that may be the same in size, market sector or business complexity.

The President & CEO does not participate in any way in determining his individual remuneration.

All Directors are paid fees which are recommended by the Board and approved annually by the shareholder at the AGM.

The remuneration structure of Directors of the Company are as follows:

- Fees for duties as Director and as member of the various committees of the Board as well as additional fees for undertaking responsibilities as Chairman of the Board and the various Board Committees.

- Meeting allowance for each meeting attended.

The fees for Directors are recommended by the Board to the shareholder after deliberating the recommendations by the GNRC. The meeting allowance for all Directors is also determined by the Board.

Directors' Remuneration (cont'd.)

(a) Remuneration Policy and Procedure (cont'd.)

The Board has taken into consideration prevailing market practices in determining Directors' remuneration and has adopted the revised fee structure as approved by the shareholder at its 7th Annual General Meeting held on 12 September 2024. The revised structure has been applied in computing the Directors' fees for the financial year ended 31 March 2025.

		Meeting allowance RM	**Annual fees RM** *(Prior to conclusion of 7th AGM)*	**Annual fees RM** *(After the conclusion of 7th AGM)*
Board	Chairman	RM1,500 for each meeting attended	80,000	92,000
	Member		70,000	80,500
Audit Committee	Chairman		22,000	25,300
	Member		17,000	19,550
Risk Management Committee	Chairman		22,000	25,300
	Member		17,000	19,550
Group Nomination & Remuneration Committee	Member/ Permanent Invitee		12,000	13,800
Group Investment Committee ("GIC")	Member		12,000	13,800
Group Digital & Information Technology Committee ("GDNITC") *	Member		-	13,800

**Pursuant to the Directors' Written Resolution dated 30 August 2024, the Board of Takaful Ikhlas General Berhad ("TIGB") approved MNRB's proposal to adopt the newly established Group Digital and Information Technology Committee ("GDNITC") mainly to assist the Board in discharging its responsibility to ensure that material investments in the Company's technology projects and programs are aligned with its organisational strategy, achieve intended business outcomes, and are effectively managed in a way that mitigates risks with effect from 1 October 2024. In conjunction with this adoption, the Board resolved to formally disband the Information Technology Oversight Committee ("ITOC") with effect from 30 September 2024.*

The details of the total remuneration of each Director of the Company during the financial year ended 31 March 2025 are disclosed in Note 5 to the financial statements. Directors' fees amounting to RM890,000 for the financial year ended 31 March 2025 will be proposed for approval at the forthcoming AGM of the Company. The fees were pro-rated based on appointment/resignation date.

Directors' Remuneration (cont'd.)

(a) Remuneration Policy and Procedure (cont'd.)

The remuneration of the GSC members is decided by the MNRB Board. The meeting allowance and annual fees of the GSC members were shared equally with fellow subsidiaries of MNRB Group, namely Malaysian Reinsurance Berhad (for its Retakaful Division), Takaful Ikhlas Family Berhad ("Takaful IKHLAS Family") and the Company. The details of the Company's share of the total remuneration of each member of the GSC during the financial year ended 31 March 2025 is disclosed in Note 5 to the financial statements.

(b) Indemnification of Directors and Officers

Directors and Officers are indemnified under a Directors and Officers Liability Takaful Policy against any liability incurred by them in the discharge of their duties while holding office as Directors and Officers of the Company. The Directors and Officers shall not be indemnified where there is any negligence, fraud, breach of duty or breach of trust proven against them.

Remuneration Policy in respect of the President & CEO, Board Appointees and the Senior Management team of the Company

The objective of the Company's remuneration policy is to attract, motivate, reward and retain quality personnel.

The remuneration of the President & CEO, the Board Appointees and the Senior Management team of the Company are reviewed and approved by the GNRC and the Board respectively.

The basic component of the remuneration package comprises a monthly basic salary. The variable component has been designed to link rewards to corporate and individual performance, based on appropriate and meaningful performance measures set up by the Company, and approved by the GNRC and the Board. Such components comprise a performance-based variable bonus which is awarded once a year. In awarding this variable component, the President & CEO, Board Appointees and Senior Management Team's corporate and individual performance are measured using a balanced measurement approach that encourages business sustainability and ensures prudent risk taking.

The Company's variable compensation varies in line with its financial performance and the meeting of corporate governance requirements.

Staff engaged in all control functions including Actuarial do not carry business profit targets in their goal sheets and hence are compensated independent of the business profit achievements. Their compensation is dependent on the achievement of key results in their respective domain.

Remuneration Policy in respect of the President & CEO, Board Appointees and the Senior Management Team of the Company (cont'd.)

In such annual remuneration reviews, the GNRC takes into consideration factors such as market competitiveness and internal equity, and that the remuneration is commensurate with individual performance and contributions.

The annual budget for salary increment and performance-related variable bonus is submitted to the Board for approval. The competitiveness of the Company’s compensation structure is reviewed when necessary, subject to relevancy and affordability, relative to a peer group of companies that is considered to be relevant for compensation purposes to ensure continued appropriateness. The review is done through a benchmarking exercise from a remuneration survey report conducted independently by consultants.

The Company has implemented the Retention Bonus Guidelines in Q3 of FY24 to help in talent retention that compliments the overall Talent management framework including career development and progression, as well as Rewards and Recognition.

The total value of remuneration for the financial year is as follows:

	Unrestricted RM '000	Deferred RM '000	Remark
Fixed remuneration:			
- Cash-based	3,851	-	Salaries, allowance and EPF
- Other	31	-	Benefits-in-kind
Variable remuneration:			
- Cash-based	1,211	-	Variable bonus and EPF on bonus
- Other	-	-	Benefits-in-kind

Supply of Information

All Directors have full and unrestricted access to all information pertaining to the Company’s business affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties.

Supply of Information (cont'd.)

Prior to Board meetings, every Director receives a notice of meeting, the agenda and Board papers. Sufficient time is given to the Directors to enable them to obtain further explanations, where necessary, so that there will be full participation by Directors at the meeting. The Board papers include the following:

- Reports and recommendations by various Board Committees on issues deliberated at the respective Board Committee meetings;
- Financial Statements on the Company's performance; and
- Compliance reports.

Proper guidelines have been given by the Board pertaining to the content, presentation style and delivery of papers to the Board for each Board meeting to ensure adequate information is disseminated to the Directors.

All Directors have direct access to the members of the Senior Management team and the services of the Company Secretary to enable them to discharge their duties effectively.

The Company Secretary attends and ensures that all Board meetings are properly convened, and that accurate and proper record of the proceedings and resolutions passed are taken and maintained in the statutory register at the registered office of the Company. The Company Secretary works closely with Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committees, and between the Directors and Management.

The Directors may, if necessary, obtain independent professional advice from external consultants, at the Company's expense.

Throughout their period in office, Directors are updated on the Company's business, the competitive and regulatory environments in which it operates and other changes by way of written briefings and meetings with the Senior Management.

Conflict of Interest

As per the Conflict of Interest Policy, Directors are required to declare their respective shareholdings in the Company and related companies and their interests in any contracts with the Company or any of its related companies. Directors are also required to declare their directorships and interests in other companies and shall abstain from any discussions and decision-making in relation to these companies if the interests are deemed to be material pursuant to Companies Act, 2016.

All disclosures by the Directors are properly retained by the Company Secretary.

Directors' Training

The Company acknowledges that continuous education is vital for the Board members to gain insight into the regulatory updates and market developments in order to enhance the Directors' skills and knowledge in order to effectively discharge their responsibilities.

In view of the challenges and recognising the importance of increased board leadership, the Company provides the Board members with relevant training programmes and seminars in order to continuously strengthen their skill set and knowledge as well as to acquire sound understanding of current issues and developments, including sustainability and climate-related matters, within the financial and business environment.

To enable them to contribute effectively from the outset of their appointment, all new Directors are required to undergo an induction programme where they are briefed on the Company, the formal statement of the Board's role, powers that have been delegated to the Company's Senior Management and Management committees as well as the Company's latest financial information.

Being a Director of a financial institution, it is mandatory for a newly appointed Director to attend the Financial Institution Directors' Education ("FIDE") Core programme within one (1) year from the date of appointment. In the event that the new Director has completed the same in another financial institution previously, the Director should provide a copy of his/her FIDE certificate to the Company Secretary.

The Company Secretary facilitates the organising of internal training programmes and the Directors' participation in external programmes, in addition to keeping a complete record of the training programmes attended by the Directors.

During the financial year, all Directors, collectively or on their own, attended various seminars and programmes organised by professional bodies and regulatory authorities as well as those conducted in-house. These include the following:

- MNRB Group Knowledge Sharing Session – "Hajah & Darurah"
- PNB Knowledge Forum 2024: "Navigating the Threads of Economic Relatedness"
- MNRB Group Directors' Training – "Asset Liability Management – It's Role in Insurance & Takaful, towards a Sustainable and Profitable Horizon"
- AML/CFT AND ABC: "Navigating the Anti-Financial Crime Landscape"
- MNRB Group Directors' Training – "Global Reinsurance Market Update & Indonesia General Insurance and Syariah Development Market Update"
- "ESG & Crisis Planning and Crisis Management"
- MNRB Group Directors' Training – "IFRS 17 Insurance Contracts & Implementation Journey"
- "Generative Artificial Intelligence"
- "Anti-Money Laundering (AML) & Anti-Bribery & Corruption (ABC)"
- Training on Sustainability

Directors' Training (cont'd.)

- "Future of Cybersecurity Summit (FOCS) 2024"
- GSC-BOD Engagement Session - "Strengthening the MNRB Foundation for Sustainable Success by Embracing Maqasid Shariah"
- Business Continuity Management Briefing
- CGM Masterclass Series 2024 – "Navigating Climate Risks : Investor Priorities"
- "Artificial Intelligence (AI) Impact & Governance Roundtable Workshop"
- Tax Developments: "Managing One of Life's Certainties "
- "Impact Study of AI, Digital and Green Economy on the Malaysia's Workforce"
- Data & AI Forum

Board Committees

The Board has delegated specific responsibilities to three (3) Board Committees, as follows:

- Audit Committee ("AC");
- Risk Management Committee of the Board ("RMCB"); and
- Group Nomination and Remuneration Committee ("GNRC").

These Board Committees have their respective Terms of Reference, which clearly define their duties and obligations in assisting and supporting the Board. The ultimate responsibility for the final decision on all matters lies with the entire Board.

(i) Audit Committee ("AC")

As at the financial year end, the AC comprises three (3) INED. One (1) member of the AC is a qualified accountant and member of the Malaysian Institute of Accountants.

The AC terms of reference include the review and deliberation of the Company's financial statements, the findings of the External and Internal Auditors, compliance-related matters, related party transactions and any conflict-of-interest situations within the Company, as well as making recommendation to the Board on the appointment/re-appointment of the External Auditors.

The composition including the tenure of the AC members had been reviewed during the financial year.

The AC is authorised by the Board to undertake any activity within its terms of reference and has unlimited access to all information and documents relevant to its activities and to both the Internal and External Auditors, as well as to all employees of the Company.

It is able to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

It also has the authority to obtain independent legal or other professional advice as it considers necessary.

Board Committees (cont'd.)

(i) Audit Committee (cont'd.)

During the financial year, ten (10) AC meetings were held. Details of the AC members' attendance at the meetings held during the financial year were as follows:

	Attendance	Percentage
Chairman		
Arul Sothy S. Mylvaganam	10/10	100%
Members		
Dato' Amirudin Abdul Halim	10/10	100%
Dr. Wan Zamri Wan Ismail	10/10	100%

The main activities that took place during the meetings were:

- Reviewed the quarterly results, unaudited interim financial statements and year-end financial statements prior to approval by the Board;
- Reviewed the disclosures in the audited financial statements to be in compliance with regulatory requirements;
- Reviewed and recommended to the Board, the actuarial valuation of liabilities and the regulatory capital requirements of the Company for quarterly and year-end financial results to be in compliance with Bank Negara Malaysia’s requirements;
- Deliberated and recommended to the Board, the proposed final dividend for the financial year ended 31 March 2024;
- Reviewed the AC Report for inclusion in the Directors' Report;
- Reviewed and recommended to the Board, the zakat payable amount and the basis of computation for the financial year ended 31 March 2024;
- Deliberated on, and recommended to the Board, the adoption of new Malaysian Financial Reporting Standards (“MFRSs”) and Amendments / Annual Improvements to MFRSs that are effective for the financial year ended 31 March 2025;

Board Committees (cont'd.)

(i) Audit Committee (cont'd.)

- Evaluated the performance and recommended to the Board, the appointment and remuneration of the External Auditors for the financial year ended 31 March 2025;

- Reviewed and recommended to the Board, the Tax Agent's tax compliance fee for the year of assessment 2024;

- Reviewed the tax matters affecting the Company;

- Reviewed the Related Party Transactions as entered into by the Company on a periodic basis, including understanding the relationship of the transacting parties, the nature of these parties' business, the nature and timing of transactions and comparing the terms of the transactions with other third party transactions;

- Deliberated on significant matters raised by the External Auditors including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions and received progress updates from Management on actions taken for improvements;

- Reviewed the External Auditors' management letter and Management's response thereto. Meetings without the presence of the Management were also held with the External Auditors on 26 June 2024. Matters discussed during these meetings include key observations noted by the External Auditors during the course of their annual audit;

- Deliberated on matters pertaining to the implementation of MFRS 17 Insurance Contract;

- Reviewed the Internal Audit plan for FY 2025/2026 and External Auditors' audit plan for the year ended 31 March 2025;

- Reviewed the results of the internal audit reports for the Company on the adequacy and effectiveness of governance, risk management and compliance process;

- Reviewed the adequacy and effectiveness of corrective actions taken by Management on all significant matters raised by both the Internal and External Auditors including status of completion achieved; and

- Reviewed the compliance with the Policy Document on Anti-Money Laundering, Countering Proliferating Financing and Targeted Financial Sanctions for Financial Institutions as well as evaluated the effectiveness of the overall compliance risk of the Company.

Board Committees (cont'd.)

(ii) Risk Management Committee of the Board ("RMCB")

The Board has established a dedicated RMCB which oversees the management of the key risk and compliance areas of the Company and to ensure that the risk management and compliance management processes are in place and functioning effectively.

The RMCB comprises three (3) INEDs and one (1) Non-Independent Non-Executive Director (“ NINED”).

The RMCB is responsible for the following:

- Review and recommend risk management strategies, policies, risk appetite and tolerance limits to the Board;

- Review and recommend compliance management strategies and policies to the Board;

- Review the adequacy of the Group Risk Management Framework and Policy ("RM Framework"), Group Compliance Management Framework, and other risk and compliance related frameworks, policies and systems, and the extent to which these are operating effectively in supporting the Company's corporate objectives;

- Ensure sound internal governance and adequate infrastructure, resources and systems are in place for an effective risk management and compliance management, and the staff responsible for implementing risk management and compliance management systems perform those duties independently;

- Provide oversight and stewardship by reviewing, deliberating on, challenging and acknowledging the key risks and compliance matters identified and reported by the Group Management Risk & Compliance Committee ("GMRCC");

- Ensure the Company has the appropriate mechanisms in place to manage, communicate and report potential significant risks to the Board;

- Ensure alignment of risk and compliance activities with the relevant strategies and policies approved by the Board;

- Ensure risk management and compliance management are well-integrated and embedded into the culture and business operations of the Company; and

- Examine whether incentives provided by the remuneration system take into consideration risks, capital, liquidity and the likelihood and timing of earnings.

Board Committees (cont'd.)

(ii) Risk Management Committee of the Board ("RMCB") (cont'd.)

During the financial year, seven (7) RMCB meetings were held. Details of the RMCB members' attendance at the meetings held during the financial year are as follows:

	Attendance	Percentage
Chairman		
Dr. Wan Zamri Wan Ismail	7/7	100%
Members		
Datuk Johar Che Mat	7/7	100%
Woon Tai Hai	7/7	100%
Rosinah Mohd Salleh (Retired on 31 March 2025)	7/7	100%

(iii) Group Nomination & Remuneration Committee ("GNRC")

The GNRC was established to support and advise the Board of Directors in fulfilling its responsibilities to ensure inter alia that the Board and the key management personnel of the Company comprise individuals with the appropriate mix of qualifications, skills and experience. Proposals by the Company to the GNRC shall be deliberated upon and its recommendations be escalated to the Board of the Company for its decision.

During the financial year, nine (9) GNRC meetings were held. Details of the Committee members' attendance at the meetings held during the financial year were as follows:

	Attendance	Percentage
Chairman		
Zaida Khalida Shaari INED, MNRB	9/9	100%
Members		
Junaidah Mohd Said INED, MNRB	9/9	100%
Khalid Sufat INED, MNRB *Representing Malaysian Reinsurance Berhad*	9/9	100%

Board Committees (cont'd.)

(iii) Group Nomination & Remuneration Committee ("GNRC") (cont'd.)

	Attendance	Percentage
<u>Members (cont'd.)</u>		
Dr. Wan Zamri Wan Ismail *Permanent Invitee representing the Company*	9/9	100%
Azizul Mohd Said *Permanent Invitee representing Takaful Ikhlas Family Berhad* *(Appointed on 1 November 2024)*	2/2	100%
Ooi Bee Hong *Permanent Invitee representing Takaful Ikhlas Family Berhad* *(Retired on 1 October 2024)*	7/7	100%

(iv) Other Oversight Committees

The Board also has another two (2) non-mandated oversight committees to support the Board in carrying out its functions as follows:

(a) Group Investment Committee ("GIC")

The GIC oversees, guides and monitors the investment operations of the MNRB Group as well as approves recommended investment related transactions. The Committee is also responsible to note and approve specific transactions of a nature that, by regulation, requires awareness of and sanctioning by the Board.

Dato' Amirudin Abdul Halim was appointed to represent the Company as member in the GIC.

The GIC comprises four (4) INEDs, and one (1) NINED during the financial year end. The GIC is chaired by an INED.

During the financial year, Datuk Johar Che Mat ("Datuk Johar") had resigned as a NINEC and a member of GIC of MNRB on 12 February 2025. On 14 February 2025, Dato' Sulaiman Mohd Tahir was appointed as the new MNRB NINEC in place of Datuk Johar and subsequently, was appointed as a member of GIC on 7 March 2025.

Board Committees (cont'd.)

(iv) Other Oversight Committees (cont'd.)

(b) Group Digital and Information Technology Committee ("GDNITC") (formerly known as Information Technology Oversight Committee ("ITOC"))

Takaful Ikhlas General Berhad ("TIGB")'s Board via its Directors' Written Resolution dated on 30 August 2024 had accepted MNRB's proposal to leverage on the newly established GDNITC effective 1 October 2024 and subsequently, had resolved to disband the Information Technology Oversight Committee ("ITOC") on 30 September 2024.

GDNITC's role is to assist the Board in discharging its responsibility to ensure that material investments in MNRB Group's information technology and digital initiatives are aligned with its organisational strategy, achieve intended business outcomes, and are effectively managed in a way that mitigates risks.

As at the financial year end, the GDNITC comprises three (3) INEDs. During the financial year, one (1) INED has resigned. The GDNITC is chaired by Woon Tai Hai, an INED.

Group Shariah Committee ("GSC")

The Company is advised by the GSC of MNRB Holdings Berhad. The GSC as an integral function of Shariah governance is responsible to provide Shariah advisory oversight and to ensure compliance of the Group's Takaful and Retakaful business activities with Shariah principles during the reporting period.

The establishment of GSC is in compliance with Islamic Financial Services Act ("IFSA") 2013 and BNM's Shariah Governance ("SG") which outlines the Bank's strengthened expectations for effective Shariah governance arrangements that are well-integrated with business and risk strategies of the Islamic financial institutions ("IFI").

Any Shariah non-compliance risk is reported to the GSC and the Board. The effective management of the Shariah non-compliance risk is ensured through the Shariah Control Function i.e. Shariah Review, Shariah Audit and Shariah Risk Management and presentation of a periodic report on Shariah non-compliance and highlights of action plans undertaken to address any Shariah non-compliance risk.

Group Shariah Committee (cont'd.)

The GSC of MNRB consists of six (6) members with the majority of members who are Shariah qualified person fulfilling the requirements of BNM's PD SG under paragraph 12.2.

The GSC plays a significant role in providing objective and sound advice to the Company’s takaful business to ensure that its aims and operations, business, affairs and activities are in compliance with Shariah. This includes:

- Providing a decision or advice to the Company’s takaful business on the application of any rulings of the Shariah Advisory Council ("SAC") of BNM or standards on Shariah matters that are applicable to the operations, business, affairs and activities of the Company;

- Providing a decision or advice on matters which require a reference to be made to the SAC of BNM;

- Providing a decision or advice on the operations, business, affairs and activities of the Company’s takaful business which may trigger a Shariah non-compliance event;

- Deliberating and affirming a Shariah non-compliance finding by any relevant functions; and

- Endorsing a rectification measure to address a Shariah non-compliance event.

A total of eight (8) GSC meetings were held during the financial year and the details of the Group Shariah Committee members' attendance at the meetings are as follows:

	Attendance	Percentage
Chairman		
Prof. Dr. Younes Soualhi	8/8	100%
Members		
Dr. Shamsiah Mohamad	8/8	100%
Shahrir Sofian	8/8	100%
Assoc. Prof. Datuk Dr. Luqman Haji Abdullah	8/8	100%
Dr. Khairul Anuar Ahmad	8/8	100%
Wan Rumaizi Wan Husin	8/8	100%

Key information on each of the GSC members is set out under the section ‘Group Shariah Committees Members Profile’ on pages 43.

Whistleblowing

The Company is committed to carrying out its business in accordance with the highest standards of professionalism, honesty, integrity and ethics. Accordingly, the Company adopts the MNRB Group's Whistleblowing Policy which was established with the following objectives:

- To help develop a culture of accountability and integrity within the Company;
- To provide a safe and confidential avenue for all employees, external parties and other stakeholders to raise concerns about any misconduct;
- To reassure whistleblowers that they will be protected from detrimental action or unfair treatment for disclosing concerns in good faith; and
- To deter wrongdoing and promote standards of good corporate practices.

This Policy governs the disclosures, reporting and investigation of misconduct within the Company as well as the protection offered to the persons making those disclosures ("whistleblowers") from detrimental action in accordance with the Whistleblower Protection Act, 2010.

It is the Company's policy to encourage its employees and external parties to disclose any misconduct, and to fully investigate reports and disclosures of such misconduct, as well as to provide the whistleblower protection in terms of confidentiality of information, and to safeguard the whistleblower from any act of interference that may be detrimental to the whistleblower. The Company assures whistleblowers that all reports will be treated with strict confidentiality and upon verification of genuine cases, prompt investigation will be carried out.

The official avenues for disclosure by the whistleblower are via any of the following recipients:

- The Chairman of the Board of Directors of MNRB;
- The Chairman of the Audit Committee of MNRB; or
- The President & GCEO of MNRB.

The disclosure of misconduct or wrongdoing shall be made in writing via email to disclosure@mnrb.com.my.

Anti-Bribery And Corruption Policy

The Company has zero tolerance for bribery and corruption and strictly follows the MNRB Group's Anti-Bribery and Corruption Policy ("ABC Policy") where the Company's associated persons shall not, directly or indirectly, offer, promise, give, solicit, accept, or agree to accept, or attempt to obtain bribes in order to achieve business or personal advantages for themselves or others, or engage in any transactions that can be construed as having contravened the anti-corruption laws of Malaysia.

Pursuant to the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("MACCA 2018"), specifically in relation to the implementation of the corporate liability provisions which has taken effect from 1 June 2020, the Company had and will continue to carry out measures to ensure that the Company has adequate procedures put in place as per the MNRB Group's Organisational Anti-Corruption Plan ("GACP").

The above mentioned GACP follows the principle of T.R.U.S.T (T – Top level commitment; R – Risk assessment; U – Undertake control measures; S – Systematic review, monitoring and enforcement; and T – Training and communication) as promulgated by the Guidelines of Adequate Measures issued by the Prime Minister's Department.

Accountability and Audit

(i) Financial Reporting

The Board takes responsibility for presenting a balanced and comprehensive assessment of the Company's operations and prospects each time it releases its annual and interim financial statements. The AC of the Board assists by scrutinising the information to be disclosed to ensure accuracy, adequacy and completeness. The Directors are responsible for ensuring that the accounting records are kept properly and that the Company's financial statements are prepared in accordance with applicable approved accounting standards in Malaysia.

The Statement by Directors pursuant to Section 252 (1) of the Companies Act, 2016 is set out on page 48.

Accountability and Audit (cont'd.)

(ii) Internal Control and Risk Management

Responsibility

The Board acknowledges its overall responsibility for the establishment and oversight of the Company’s risk management and internal control systems, as well as the review of its adequacy and effectiveness. The Board also recognises that risk management is a continuous process, designed to manage risks impacting the Company’s business strategies and objectives, within the risk appetite and tolerance established by the Board. In pursuing these objectives, internal control systems can only provide reasonable, but not absolute, assurance against any material financial misstatement, fraud or losses.

The Board adopts the Risk Management ("RM") Framework that describes the structure, approach and process for identifying, evaluating, responding to, monitoring and managing the significant risks faced by the Company. The Framework has been in place for the whole of the financial year ended 31 March 2025 and the latest review was completed in August 2024.

The RM Framework serves as a central risk management framework, supported by related frameworks, policies and underlying procedures. It is consistent with the risk appetite defined by the Board, GMRCC and based on principles of risk governance stipulated in Bank Negara Malaysia ("BNM") Risk Governance Guidelines.

The Board is confident that the RM Framework provides reasonable assurance on the effectiveness and efficiency of the strategic, financial and operational aspects of the Company. The RM Framework is regularly reviewed by the Board.

Risk Management Governance

- A dedicated Board Committee known as the RMCB has been established at the Company to support the Board in meeting the expectations and responsibilities on the risk and compliance management, provides assurance to the Board that the processes have been carried out effectively and inculcates a risk management culture. As part of the risk governance process, the Chairman of RMCB has provided his confirmation to the Chairman of MNRB that the necessary risk management framework had been put in place and had been operating adequately, in all material aspects, to safeguard shareholder's interests and the Company’s assets, as well as to manage the risks of the Company for the entirety of the financial year ended 31 March 2025.

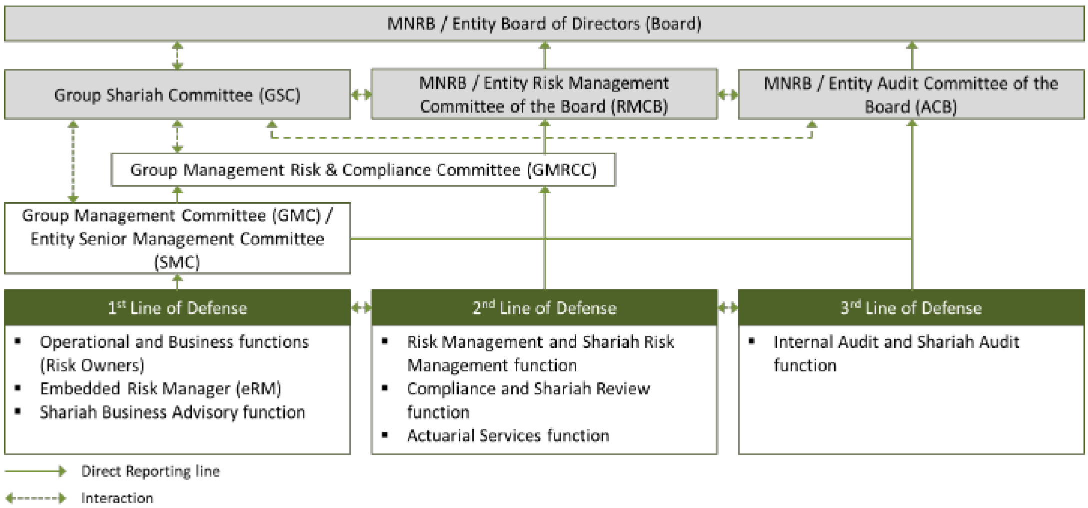
Accountability and Audit (cont'd.)

(ii) Internal Control and Risk Management (cont'd.)

Risk Management Governance (cont'd.)

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

The Company adopts the 'Three (3) Lines of Defence ("LOD")' governance which provides a formal, transparent and effective risk governance structure to promote active involvement from the Board, Senior Management and all staff in the risk management process at the Company.



i) First LOD: Risk Ownership and Steering is carried out by the business and support functions, which have primary responsibility for risk management and control activities embedded in day-to-day business operations.

ii) Second LOD: Risk oversight and monitoring is carried out by the risk management, (including Shariah risk management and review functions), actuarial and compliance functions, which have the primary responsibility for setting up risk and risk-related policies, frameworks, guidelines, and procedures, as well as providing support and direction to the business with regard to risk.

iii) Third LOD: Independent assurance is carried out by Group Internal Audit function who provides independent and objective assurance on the overall effectiveness of risk management and internal controls within the Group.

Accountability and Audit (cont'd.)

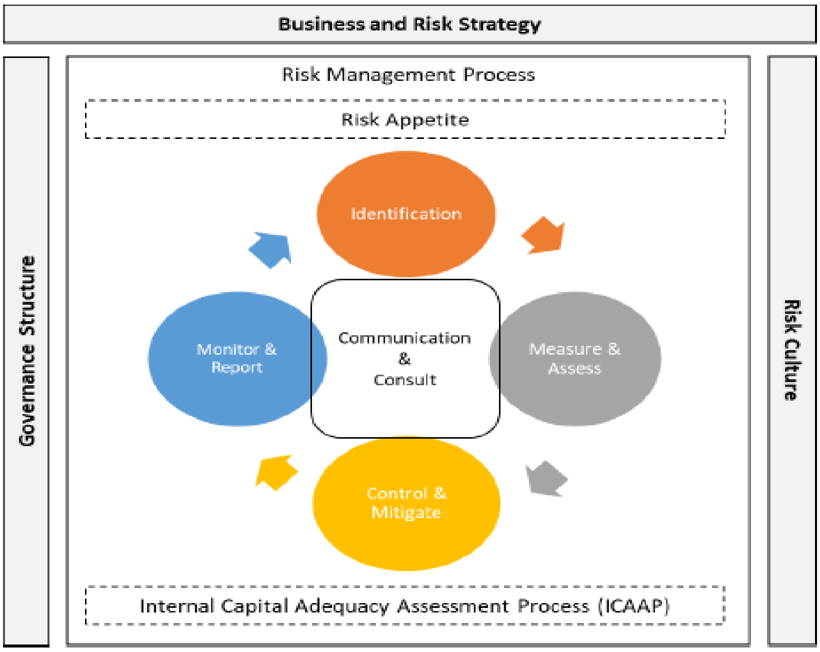
(ii) Internal control and risk management (cont'd.)

Risk management and internal control structure

The key features that the Board has established in reviewing the adequacy and effectiveness of the risk management framework and internal control system include the following:

(a) Risk Management Framework

The Board believes that an effective RM Framework and strong internal control system are essential to the Company in its pursuit to achieve its business objectives, especially on the sustained profitability and enhancement of shareholders' value in today's rapidly changing market environment.



Risk Appetite

Defining risk appetite is an essential element of the Company's risk management. When deciding on its risk appetite, the Company considers its risk capacity, i.e. the amount and type of risk the Company is able to support in pursuit of its business objectives, taking into account its capital structure and access to financial markets.

The Risk Appetite Statement ("RAS") is established by the Board and reviewed on a yearly basis, according to the desired level of risk exposures. Management operationalises the RAS into risk tolerance levels for specific risks.

Accountability and Audit (cont'd.)

(ii) Internal control and risk management (cont'd.)

Risk management and internal control structure (cont'd.)

(a) Risk Management Framework (cont'd.)

Highlights on Key Risks

The Company, through its normal day-to-day business, is exposed to different types of risks that could adversely affect the Company's operating results and financial position. Key risks are constantly monitored by the Management and escalated to the GMRCC and RMCB, and periodically reviewed by the Board. The Company's key risks are described in the relevant sections of the Financial Statements.

(b) Internal Audit Function

- The AC complements the oversight role of the Board by providing an independent assessment of the adequacy and effectiveness of governance, risk management and internal controls. The AC is assisted by an independent Internal Audit Department in performing its role.

- The internal audit function of the Company is undertaken by the Internal Audit Department established at MNRB Holdings Berhad. The department reports directly to the AC of the Company.

- The Internal Audit Department performs regular reviews of the business processes of the Company to assess the adequacy and effectiveness of governance, risk management and internal controls.

- The Internal Audit Department provides recommendations to improve on the effectiveness of risk management, controls and governance processes. Control lapses are escalated to Management and Board for deliberation, where necessary. Status of rectification is tracked and monitored by Management and AC, within the committed timeline. Management will accordingly follow through to ensure the resolution of recommendations agreed upon. Audit reviews are carried out on functions that are identified on a risk-based approach, in the context of the Company's evolving business and its regulatory environment, while also taking into consideration inputs of Senior Management as well as inputs from the AC.

Accountability and Audit (cont'd.)

(ii) Internal control and risk management (cont'd.)

Risk management and internal control structure (cont'd.)

(b) Internal Audit Function (cont'd.)

- The AC meets at least once every quarter to review matters identified in reports prepared by the Internal Auditors, External Auditors, Regulatory Authorities and Management. It further evaluates the effectiveness and adequacy of the Company's internal control system. The AC have active oversight on the Internal Auditors' independence, scope of work and resources. The activities undertaken by the AC during the year are highlighted in the AC Report of the Company.

(c) Other Key Elements of Internal Control

- The Board ensures that all decisions are communicated promptly to staff of all levels within the Company and vice versa where feedback and suggestions on improvements could be communicated to the Management and the Board.

- The Company has a well-defined organisational structure with clear lines of responsibility and accountability. Further, to minimise errors and reduce the possibilities of fraud, critical tasks are assigned to different employees.

- Annual business plans and budgets are developed in line with the Company's strategies and risk appetite, and submitted to the Board for approval. Financial performance and major variances against targets are reviewed by the Management on a regular basis and reported to the Board on a quarterly basis.

- The Company's financial systems record all transactions to produce performance reports that are submitted to the respective Management within internally stipulated timelines. These performance reports are tabled to the AC and approved by the Board.

- The Underwriting Guidelines for the general takaful business have been put in place to manage risks being underwritten.

- Retakaful programmes are in place as risk mitigation initiatives, supported by a spread of retakaful operators with acceptable ratings from accredited agencies. The credit ratings of these companies are reviewed on a regular basis.

Accountability and Audit (cont'd.)

(ii) Internal control and risk management (cont'd.)

Risk management and internal control structure (cont'd.)

(c) Other Key Elements of Internal Control (cont'd.)

- Departmental policies and procedures are available and act as guidance to employees on the necessary steps to be taken in a given set of circumstances. It also specifies relevant authority limits to be complied with by each level of Management.

- Every employee of the Company is contractually bound to observe the adopted MNRB Group Code of Ethics, which promotes a culture of compliance, professionalism, ethical standards and responsible conduct. The Company expects each employee to perform and work with honesty and integrity at all times and uphold the Company's values without fail.

- The Company utilises the Skills Competency Matrix that provides a comprehensive view of the types and levels of skills and competencies needed for any particular job role. The competence of personnel is maintained through a structured recruitment process, a performance measurement and rewards system and a wide variety of training and development programmes.

- The Company implements the annual Mandatory Block Leave ("MBL") to create a positive talent management culture where the Company does not have an overreliance on any particular employee, and as a prudent operational risk management measure particularly with regard to employees posted in sensitive positions or areas of operations such as underwriting, treasury, procurement or investment.

- An annual employee engagement survey is conducted with the objective to gauge the engagement level of employees, to gather their feedback on the effectiveness/ineffectiveness of the various employee touch points and to develop the necessary action plans for improvement of those areas.

- The Group Anti-Fraud Policy has been established to provide a consistent approach to prevent, detect and manage fraud, and to make a clear statement to all employees that the Company does not tolerate fraud of any form.

- The Group Anti-Bribery and Corruption ("Group ABC") Policy has also been established to state the Board's and Management's commitment and stance on bribery and corruption risks, which include disciplinary actions for non-compliance, misconduct or breach of the policy.

Accountability and Audit (cont'd.)

(ii) Internal control and risk management (cont'd.)

Risk management and internal control structure (cont'd.)

(c) Other Key Elements of Internal Control (cont'd.)

- The Group ABC Policy addresses general guidelines on both internal and external concerns on bribery and corruption risk, such as Conflict of Interest, Illegal Gratification and Corrupt Practices, Gift & Entertainment, Corporate Social Responsibility activities, sponsorship and donations, as well as dealing with public officials and third parties.

- The Company adopts the Group Anti-Money Laundering, Countering Financing of Terrorism, Countering Proliferation Financing and Targeted Financial Sanctions (“AML, CFT, CPF & TFS”) Policy that reflect the Company’s commitment in combating money laundering and financing of terrorism. It also sets out the expectations on the Company to be vigilant in ensuring proper controls and monitoring mechanisms to safeguard against being used for money laundering or terrorism financing ("ML/TF") purposes.

- A Group Whistleblowing Policy is in place for employees, external parties and other stakeholders to raise concerns about illegal, unethical or unacceptable practices. This policy governs the disclosures, reporting, investigation of misconduct and protection offered to the person(s) making those disclosures in accordance with the Whistleblower Protection Act 2010.

- A structured Business Continuity Management ("BCM") programme is in place to ensure resumption of critical business operations within the pre-defined Maximum Tolerable Downtime ("MTD"). The Company has also established a Disaster Recovery Plan ("DRP") which outlines the processes and set of procedures to recover the Company’s IT infrastructure within a set Recovery Time Objective ("RTO").

  The BCM Programme and the DRP are validated by conducting regular tests and updated as and when necessary.

- Sufficient takaful coverage, including covers for properties, employee-related, cyber security breaches, and Directors and Officers liabilities, are in place to ensure the Company is adequately protected against these risks and/or claims that could result in financial or reputational loss.

Accountability and Audit (cont'd.)

(ii) Internal control and risk management (cont'd.)

Risk management and internal control structure (cont'd.)

(c) Other Key Elements of Internal Control (cont'd.)

- The Information Communication & Technology Department ("ICTD") is responsible for continuously monitoring and responding to IT security threats to the Company, conducting awareness programmes, as well as performing assessments and network penetration test programmes.

(iii) Relationship with external auditors

Information on the role of the AC in relation to the external auditors is set out under the section 'Board Committees' on pages 22 to 24.

The Company has always maintained a close and transparent relationship with its external auditors in seeking professional advice and ensuring compliance with approved accounting standards.

(iv) Management accountability

The Company has an organisational structure showing all reporting lines as well as clearly documented job descriptions for all its Management and Executive employees and formal performance appraisals are done on a periodic basis.

Authority limits, as approved by the Board, are clearly established and made available to all employees.

Whilst the Board is responsible for creating the framework and policies within which the Company should be operating, the management is accountable for the execution of the enabling policies and attainment of the Company's corporate objectives.

(v) Corporate independence

Significant related party transactions and balances are disclosed in Note 26.

(vi) Public accountability

As a custodian of public funds, the Company's dealings with the public are always conducted fairly, honestly and professionally.

Board of Directors' profile

Datuk Johar Che Mat, Non-Independent Non-Executive Chairman

Male, Malaysian, an Independent Non-Executive Director since 30 November 2018 and was subsequently re-designated as the Non- Independent Non-Executive Chairman (“NINEC”) of the Company effective 1 July 2019. He is a member of the Risk Management Committee of the Board.

He obtained a Bachelor of Economics Degree from University of Malaya in 1975. He has over thirty-seven (37) years of experience in the banking industry. He began his career in 1976 at the Malayan Banking Berhad (Maybank) where he served in various divisions including in senior positions as the Manager/Senior Manager covering the transactional banking (operations), retail finance, retail marketing and private banking. From 1993 to 1995, he was appointed as the Regional Manager for Maybank branches in Selangor and Negeri Sembilan. In 1996, he was promoted as the General Manager, Commercial Banking Division and subsequently served as the Senior General Manager, Corporate Banking and Enterprise Banking Division in 2000. In 2002, he was promoted as the Senior Executive Vice President, Retail Financial Services and was thereafter appointed as the Chief Operating Officer of the Maybank Group from 2006 till 2010.

He resigned as the NINEC of MNRB Holdings Berhad (“MNRB”) and Malaysian Reinsurance Berhad effective 12 February 2025. He was a Director of Malaysian Re (Dubai) Ltd. until 12 July 2024. He was also formerly a board member of various organisations, including MBSB Bank Berhad, Bank Pertanian Berhad Malaysia Berhad, Amanah Raya Group, Proton Holdings Berhad and several other public companies.

He was appointed as Independent Non-Executive Director of Takaful Ikhlas Family Berhad (“TIFB”) on 3 January 2019 and was subsequently re-designated as the NINEC of TIFB effective 1 July 2019, following his appointment as the NINEC at MNRB on even date. He was also appointed as an Independent Non-Executive Director of Edelteq Holdings Sdn Bhd with effect from 1 August 2022 and subsequently, as its Chairman on 4 August 2022. Currently, he is also a Director of Dagang NeXchange Berhad and Ping Petroleum Ltd. He had attended all sixteen (16) Board Meetings held during the financial year.

Arul Sothy S. Mylvaganam, Independent Non-Executive Director

Male, Malaysian, an Independent Non-Executive Director since 1 October 2019. He is the Chairman of the Audit Committee. He is a Fellow of the Association of Chartered Certified Accountants, United Kingdom. He is also a Chartered Accountant with the Malaysian Institute of Accountants, a Fellow of the Institute of Certified Public Accountants, Australia and Certified Financial Planner of the Financial Planning Association of Malaysia. He completed his articleship in London and gained commercial experience in other United Kingdom companies.

Board of Directors' profile (cont'd.)

Arul Sothy S. Mylvaganam, Independent Non-Executive Director (cont'd.)

He had also served in Ernst & Young as Senior Manager of Audit before being appointed as the General Manager and Chief Financial Officer of Syarikat Perumahan Pegawai Kerajaan Sdn. Bhd. Thereafter, he was appointed as the Group Chief Operating Officer of PNB Commercial Sdn. Bhd., a subsidiary of Permodalan Nasional Berhad before he commenced his own financial consultancy practice. He was formerly a Director of Malaysian Reinsurance Berhad and MNRB Holdings Berhad. He was appointed as a Director of MBSB Bank Berhad on 5 May 2020. He had attended thirteen (13) of sixteen (16) Board Meetings held during the financial year.

Woon Tai Hai, Independent Non-Executive Director

Male, Malaysian, an Independent Non-Executive Director (INED) since 1 October 2019. He is a member of the Risk Management Committee of the Board and the Chairman of the Group Digital & Information Technology Committee of MNRB Holdings Berhad. He obtained a Master degree in business administration, a Post Graduate Degree in Accounting and Finance from University of Technology, Sydney, Australia and a Bachelor of Science from University New South Wales, Australia. He has over thirty-five (35) years of experience in Information Technology (IT) and Risk Management related focus. Upon graduation, he spent eleven (11) years working in the Financial Services Industry in Australia including with Lloyds Bank NZA and Commonwealth Bank of Australia before returning to Malaysia in 1993. Upon returning to Malaysia, he spent four (4) years working in a large local Systems integrator and solutions provider focusing on the Malaysian Banking and Finance sector. In 1998, he joined KPMG Malaysia as a Director and held various positions including Executive Director, Chief Information Officer and Chief Knowledge Officer before he retired in 2013.

Over the sixteen (16) years tenure with KPMG, he was admitted into the partnership and led multi-disciplinary (including cross regional engagements) team in assisting multi-national companies, small and medium enterprises, Government Ministries and Agencies and local clientele. After retiring from KPMG, he was appointed as Executive Director of BDO Consulting, Malaysia, where he continued as a Management Consultant for clients in IT and operational excellence related engagements. In 2017, Woon opted for an early retirement from BDO to pursue other areas of interests. Since 2014, he was also appointed as an Advisor to the National Tech Industry Association Malaysia (PIKOM) after helming the PIKOM's chairmanship from 2011 to 2013; and was appointed Ex Officio by Malaysia Australia Business Council (MABC) from 2018 to 2024. In January 2024 he was appointed Industry Advisor to the Information, Communication Technology Faculty of University Tunku Abdul Rahman ((UTAR) to advise and provide input to UTAR on current and future industry environment. He was formerly a Director of DayThree Digital Berhad from 25 August 2022 until 28 May 2025. He had attended all sixteen (16) Board Meetings held during the financial year.

Board of Directors' profile (cont'd.)

Dato' Amirudin Abdul Halim, Independent Non-Executive Director

Male, Malaysian, an Independent Non-Executive Director since 1 April 2021. He is a member of the Audit Committee and Group Investment Committee of MNRB Holdings Berhad. He holds a Bachelor of Arts in Finance from the St. Louis University, Missouri, USA and a Diploma in Business Studies from Universiti Teknologi MARA, Shah Alam. He has also completed Advanced Management Programme from the Wharton Business School, University of Pennsylvania, USA. He started his carrier as a banker with Mayban Finance Berhad in 1988 as an Assistant Branch Manager, Alor Setar Branch and had since served in various divisions in Maybank Group.

Thereafter, he was with Affin Bank Berhad from year 2009 until 2016 as Director, Business Banking and was promoted to the post of Executive Director, Banking. He was appointed as the Chief Operating Officer (Business) of Bank Kerjasama Rakyat Malaysia Berhad from year 2017 until 2019.He has over 30 years' experience in the banking industry encompassing more than 20 years in the Senior Management capacity with some of the top ten (10) banks in Malaysia. He was formerly a director of Bank Simpanan Nasional Berhad from year 2019 until 2022 and Bank Kerjasama Rakyat Malaysia Berhad (Bank Rakyat) from year 2022 until 2024. He had attended fourteen (14) of sixteen (16) Board Meetings held during the financial year.

Dr. Wan Zamri Wan Ismail, Independent Non-Executive Director

Male, Malaysian, an Independent Non-Executive Director since 1 October 2021. He is the Chairman of the Risk Management Committee of the Board, a member of the Audit Committee and a Permanent Invitee of the Group Nomination & Remuneration Committee of MNRB Holdings Berhad. He is an Associate member of the Malaysian Insurance Institute, holds a Master of Science in Islamic Banking and Finance from the International Islamic University Malaysia (“IIUM”). He completed his Ph.D in Contemporary Islamic Studies from Universiti Teknologi MARA in 2022. He possesses more than forty (40) years of experience in the Insurance, Reinsurance, Takaful and Retakaful industries. He began his career with Mayban-Phoenix Assurance Berhad, Malaysian National Reinsurance Berhad and Trust International Insurance Berhad from 1978 until 1986.

He was then appointed as the first Branch Manager of Syarikat Takaful Malaysia Berhad in the state of Kelantan until 1997 before joining Asean Retakaful International (Labuan) Ltd as the Chief Executive Officer until 2004. Thereafter, he was appointed as the Managing Director of Syarikat Takaful Indonesia from 2004 until 2007, and later served at Dar Al- Takaful Plc, Dubai as the Chief Executive Officer until 2010. In 2016, he joined Noor Takaful Insurance Limited Nigeria as the Managing Director until 2017. In 2018, he was appointed as an Independent Non-Executive Director of Noor Takaful Insurance Limited Nigeria until 31 December 2024.

Board of Directors' profile (cont'd.)

Dr. Wan Zamri Wan Ismail, Independent Non-Executive Director (cont'd.)

Over the years of his career, he has presented papers at international conferences and workshops on takaful and retakaful in Malaysia, Indonesia, Singapore, Russia, Brunei, UAE, Thailand, Australia, Bangladesh, Sri Lanka, Nigeria, Gambia, United Kingdom, Egypt and the United States of America. Currently, he is a part time Trainer at Islamic Banking and Finance Institute Malaysia and Malaysian Insurance Institute. He was appointed as a Director of Noor Health Takaful, Nigeria on 1 January 2025. He had attended fifteen (15) of sixteen (16) Board Meetings held during the financial year.

Group Shariah Committee Members' profile

Prof. Dr. Younes Soualhi

Male, Algerian. Appointed as a Chairman of Group Shariah Committee with effect from November 3, 2022. He obtained his Bachelor in Usul al Fiqh from Emir University of Islamic Sciences Algeria, Masters in Usul al-Fiqh from International Islamic University Malaysia and complete his Ph.D in Usul al-Fiqh from University of Malaya.

Holding the esteemed designation of Registered Financial Planner (RFP) under the Malaysian Financial Planning Council (MFPC), he brings a wealth of expertise in financial planning and advisory services to the table. As a distinguished member of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) Shariah sub-committee, he contributes to shaping global standards and best practices in Islamic finance. Currently, he serves as a Senior Researcher and Head of PhD Program (Applied Shariah in Islamic Economics and Finance at the International Shari’ah Research Academy for Islamic Finance (ISRA), where his insights drive pioneering research initiatives in the field.

Additionally, he holds the esteemed position of Professor at INCEIF University, Malaysia, where he imparts invaluable knowledge and expertise to the next generation of Islamic finance professionals. In his capacity as Chairman of the Shariah Committee of Al-Rajhi Bank, Malaysia, he plays a pivotal role in ensuring compliance with Shariah principles within the banking sector.

He also serves as the sole Shariah advisor for Kuwait Retakaful (Labuan), showcasing his expertise in the realm of Islamic insurance. Furthermore, he serves as the Chairman of the Shariah Council of Experts for Salam Takaful, Nigeria, and as the Deputy Chairman of Aljazair Mutahidah Takaful company in Algeria, underscoring his global influence and leadership in Islamic finance. Previously, he held esteemed positions such as Chairman of the Shari’ah board of Munich Re Retakaful and a member of the Shariah Committee of HSBC Amanah Malaysia, further highlighting his extensive experience and trusted reputation in the industry.

Group Shariah Committee Members' profile (cont'd.)

Prof. Dr. Younes Soualhi (cont'd.)

With nearly 23 years of experience, he has taught Islamic finance subjects such as Takaful and Retakaful courses at the master's and Ph.D. levels. His scholarly contributions extend to the publication of articles and books in Islamic Banking and Finance, particularly focusing on Takaful and Retakaful, enriching the academic discourse in the field.

Assoc. Prof. Datuk Dr. Luqman Haji Abdullah

Male, Malaysian. Appointed as a Group Shariah Committee member on November 3, 2020. Obtained his PhD in Islamic Law of Property from University of Edinburgh, Scotland.

He formerly served as the Mufti of Wilayah Persekutuan from May 2020 to May 2025, a role that placed him at the forefront of Islamic legal and ethical guidance at the national level.

Currently, he serves as a distinguished Shariah Committee Member of MBSB Bank, offering expert insights to ensure compliance with Shariah principles in the banking sector. He is also appointed as a Shariah Panel Expert of Jabatan Kemajuan Islam Malaysia (JAKIM), further showcasing his expertise and influence in matters of Islamic governance.

As a dedicated member of the Association of Shariah Advisors in Islamic Finance (ASAS), he contributes to shaping industry standards and best practices. Moreover, he holds significant roles as a Committee Member of the Shariah Advisory Council of Amanah Raya Berhad (ARB), demonstrating his commitment to advancing Islamic finance and philanthropy. Beyond his professional engagements, he serves as the Chairman of Madrasah Rahmaniah Pondok Lubuk Tapah, Pasir Mas, Kelantan, where he plays a pivotal role in nurturing Islamic education and values in the community. His dedication to academic pursuits is further evidenced by his tenure as a Visiting Scholar at the University of Edinburgh, Scotland in 2013.

Previously, he held the esteemed position of Head of the Fiqh and Usul / Islamic Jurisprudence Department at the University of Malaya, where he contributed significantly to academic discourse and scholarship. His areas of specialization encompass Islamic Law of Property, Islamic Jurisprudence/Legal Theories, and Shariah/Fiqh Textual Studies (Dirasah Nassiyyah), reflecting his profound expertise in these domains.

Group Shariah Committee Members' profile (cont'd.)

Dr. Shamsiah Mohamad

Female, Malaysian. Appointed as a Group Shariah Committee member on November 3, 2020. Obtained her PhD specialising in Fiqh & Usul Fiqh from University of Jordan.

She was an Associate Professor at the Academy of Islamic Studies in University of Malaya and a Senior Researcher at International Shari'ah Research Academy for Islamic Finance (ISRA). Her distinguished presence extends to multiple Shariah Committees of prestigious financial institutions, where she is entrusted with navigating complex Shariah issues with assurance.

Currently, she holds esteemed positions as a Member of the Shariah Supervisory Council of Bank Islam Malaysia Berhad, the Shariah Committee of SME Bank, and the Shariah Committee of the Association of Islamic Banking Institutions Malaysia (AIBIM). Additionally, she serves as a Subject Matter Expert at IBFIM, contributes to the Shariah Committee of Lembaga Zakat Selangor, and Shariah Committee to Dana Peladang Kebangsaan, Pertubuhan Peladang Kebangsaan and Jawatankuasa Penasihat Ibadat Haji TH-JAKIM. Her extensive portfolio also includes past memberships on the Shariah Advisory Council of the Securities Commission Malaysia and the Shariah Committee of Bursa Malaysia Securities Berhad.

She has lent her Shariah expertise to institutions such as Standard Chartered Bank, Bank Muamalat Malaysia Berhad, Standard Chartered Saadiq Berhad, JAKIM, Medic IG Holdings, BIMB Investment, and BIMB Securities Sdn Bhd.

Notably, she served on the esteemed Shariah Advisory Council of Bank Negara Malaysia (BNM) from 2013 to 2019. Throughout her career, her focus has remained steadfast on Islamic transactions, where she has garnered profound insights and made substantial contributions.

Group Shariah Committee Members' profile (cont'd.)

Shahrir Sofian

Male, Malaysian. Appointed as a Group Shariah Committee member on November 3, 2020. Obtained his master's in actuarial science (with distinction) at City University, London. He also holds a double degree in Economics and Islamic Studies (majoring in Shariah) from local universities.

Currently, he serves as a respected Shariah Committee member for the Islamic Banking window at Citibank Berhad. With an illustrious career spanning over three decades, he has held various pivotal roles within Bank Negara Malaysia (BNM) since 1987. Notably, he served as Manager in the Financial Sector Development Department and Manager of the Insurance Development Department, where he played a key role in steering compliance review processes.

His contributions to BNM were multifaceted, including involvement in strategic initiatives such as the formulation of the Balance Score Card for Life Insurance/Family Takaful Agents under the LIFE framework and the Development of Business Plan of the Insurance Development Department, which became an integral part of the Bank's overarching business strategy. He played a pivotal role in shaping policy frameworks, including the formulation of the policy document on direct channels and the establishment of dedicated department, namely, the Islamic Banking and Takaful Department, which propelled the progress and development of the Islamic Financial System.

Furthermore, his extensive expertise extends to insurance regulations and operations, where demonstrated a keen understanding and proficiency in navigating the intricacies of this sector.

Dr. Khairul Anuar Ahmad

Male, Malaysian. Appointed as a member of the Group Shariah Committee effective July 1, 2022. He holds a PhD in Islamic Banking and Finance from International Islamic University of Malaysia (IIUM).

Currently, he holds the esteemed position of Senior Lecturer at Universiti Islam Selangor (UIS), where he specializes in Fiqh Muamalat (Islamic Law of Transactions) and Islamic Economics & Banking. He serves as the Chairman of the Shariah Committee at OCBC Al-Amin Bank Berhad, demonstrating his leadership and proficiency in ensuring compliance with Shariah principles within the banking sector. Additionally, he is a respected member of the Shariah Committees at Yayasan Pembangunan Ekonomi Islam Malaysia ("YAPEIM"), Koperasi Pembiayaan Shariah Angkasa Berhad ("KOPSYA"), Afsha Shariah Advisory Sdn Bhd and Sedania As-Salam Capital Sdn Bhd, where his insights contribute to informed decision-making processes.

His extensive experience includes serving as a Member of the Shariah Committee at HSBC Amanah Berhad and FWD Takaful Bhd, underscoring his trusted reputation within the Islamic finance industry. He is also an ordinary member of the Association of Shariah Advisors in Islamic Finance (ASAS), further cementing his standing as a respected authority in the field.

Group Shariah Committee Members' profile (cont'd.)

Dr. Khairul Anuar Ahmad (cont'd.)

Throughout his career as a lecturer, he has contributed significantly to the advancement of Islamic finance through the publication of several articles and research papers. His scholarly contributions enrich the discourse surrounding Islamic finance and serve as a testament to his dedication to the field.

Wan Rumaizi Wan Husin

Male, Malaysian. Appointed as a Group Shariah Committee member on August 1, 2023. Obtained his first degree in Fiqh and Usul al-Fiqh from al Al-Bayt University Jordan and Master’s degree in Fiqh and Usul al-Fiqh from International Islamic University Malaysia.

Formerly, he served as a lecturer at the esteemed Department of Fiqh and Usul al-Fiqh at the Kulliyah of Islamic Revealed Knowledge and Human Sciences of the International Islamic University Malaysia, where he contributed significantly to the academic landscape in Islamic jurisprudence. Known for his dynamic presence and expertise, he is highly active in delivering speeches and specialized training on Shariah principles, particularly in the areas of Fiqh Muamalat, Islamic Economics, and Fiqhi-Medico, garnering admiration for his insightful contributions.

With a wealth of experience in Shariah consultation, he has played pivotal roles such as module developer and member of the Working Group for Malaysian Standard ("MS") 1900:2014 Standard (Shariah-based Quality Management Systems – Requirement with Guidance) secretariat by Standards and Industrial Research Institute of Malaysia ("SIRIM"). Additionally, he has served as a Shariah Advisor for Yayasan Muamalat Belia, Tissue Bank HUSM Kubang Kerian, and as a Shariah Committee Representative to Bank Kerjasama Rakyat Malaysia Berhad ("BKRM")’s BOD Meeting and JAKIM’s Muamalat Panel of Experts.

Currently, he holds esteemed positions including Board member and Chairman of the Shariah Committee at AEON Bank (M) Berhad, Shariah Committee member of AgroBank Berhad, and Shariah Committee member of Tabung Haji. He also serves as the Wakaf Committee member of Majlis Agama Islam dan Adat Istiadat Melayu Kelantan, Panel Consultant Member for the International Research Centre in Islamic Economy and Finance (IRCIEF) at UIS, and a Member of the International Union for Muslim Scholars (Ittihad al-‘Alami li ‘Ulama’ al-Muslimin), Qatar.

Previously, he held significant roles such as Chairman of the Shariah Board at Al-Rajhi Bank Malaysia Berhad, Shariah Committee Member of Bank Kerjasama Rakyat, and Shariah Committee Member of PruBSN Takaful. Additionally, he served as an Executive Committee (EXCO) member of the Association of Shariah Advisors in Islamic Finance (ASAS), further underscoring his commitment to advancing the principles of Shariah in the finance industry.

201701019705 (1233870-A)

Takaful Ikhlas General Berhad
(Incorporated in Malaysia)

Statement by Directors
Pursuant to Section 251(2) of the Companies Act, 2016

We, Datuk Johar Che Mat and Arul Sothy S.Mylvaganam, being two of the directors of Takaful Ikhlas General Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 55 to 203 are properly drawn up in accordance with MFRS Accounting Standards, IFRS Accounting Standards and comply with Shariah requirements and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 March 2025 and of the results and the cash flows of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 25 June 2025.

Datuk Johar Che Mat

Arul Sothy S.Mylvaganam

Kuala Lumpur, Malaysia

Statutory Declaration
Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Chan Kim Ming (MIA membership no. 34773), being the officer primarily responsible for the financial management of Takaful Ikhlas General Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 55 to 203 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed Chan Kim Ming
at Kuala Lumpur in Wilayah Persekutuan
on 25 June 2025

Chan Kim Ming

Before me,

Commissioner for Oaths

PESURUHJAYA SUMPAH
No. W 1006
MOHAMAD ZULISWANDI
BIN MOHAMED
01.01.2025 - 31.12.2027
MALAYSIA

Level 25, Menara Hong Leong,
No. 6, Jalan Damanlela Bukit Damansara
50490 Kuala Lumpur.

Report of the Group Shariah Committee

بسم الله الرحمن الرحيم

In the name of Allah, the Most Beneficent, the Most Merciful

We, Prof. Dr. Younes Soualhi and Shahrir Sofian, on behalf of the members of the Group Shariah Committee of MNRB Holdings Berhad, which provides oversight over the management of Shariah matters of the Company, do hereby submit the following report on behalf of the members of the Committee:

Pursuant to our letter of appointment and terms of reference, we have reviewed the principles and the contracts relating to the transactions and applications introduced by the Company during the financial year ended 31 March 2025. We have also conducted our review to form an opinion pursuant to Section 30(1) of the IFSA 2013, as to whether the Company has complied with the principles of Shariah, Shariah rulings issued by the Shariah Advisory Council ("SAC") of Bank Negara Malaysia ("BNM"), Shariah guidelines issued by BNM pursuant to Section 29 of the IFSA 2013, as well as Shariah decisions resolved by us.

The management of the Company is responsible for ensuring that the Company conducts its business in accordance with the principles of Shariah. It is our responsibility to form an independent opinion, based on our review of the operations of the Company.

We have assessed the work carried out by the Shariah review and Shariah audit which included examining, on a test basis, each type of transactions, the relevant documentations and procedures adopted by the Company.

We planned and performed our review so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Company has not violated any principles of Shariah.

In our opinion:

1. the contracts, transactions and dealings entered into by the Company during the financial year ended 31 March 2025 that we have reviewed are in compliance with the principles of Shariah;

2. the allocation of profit and surplus distribution between Shareholder's Fund and Participants' Risk Fund conform to the basis that had been approved by us in accordance to the principles of Shariah;

Report of the Group Shariah Committee (cont'd.)

3. there were no earnings that have been realised/unrealised from sources or by means prohibited by the principles of Shariah that have been considered for disposal to charitable causes;

4. the calculation, payment and distribution of zakat are in compliance with the principles of Shariah; and

5. during the financial year, no Shariah non-compliant event was identified.

This opinion is rendered based on what has been presented to us by the management of the Company and its Shariah and Business Advisory Department. We, the members of the Group Shariah Committee, do hereby confirm, to our level best that the operations of the Company for the financial year ended 31 March 2025 have been conducted in conformity with the principles of Shariah.

Signed on behalf of the Group Shariah Committee.

Prof. Dr. Younes Soualhi

Shahrir Sofian

Kuala Lumpur, Malaysia
25 June 2025

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
SST ID: W10-2002-32000062
Chartered Accountants
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia

Tel: +603 7495 8000
Fax: +603 2095 5332 (General line)
+603 2095 9076
+603 2095 9078
ey.com

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with confidence

201701019705 (1233870-A)

Independent auditors' report to the member of
Takaful Ikhlas General Berhad
(Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Takaful Ikhlas General Berhad ("the Company"), which comprise the statement of financial position as at 31 March 2025, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 55 to 203.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2025, and of its financial performance and its cash flows for the year then ended in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Shape the future
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201701019705 (1233870-A)

Independent auditors' report to the member of
Takaful Ikhlas General Berhad
(Incorporated in Malaysia)

Report on the audit of the financial statements (cont'd.)

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, Corporate Governance Disclosures and Report of the Group Shariah Committee, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Independent auditors' report to the member of
Takaful Ikhlas General Berhad
(Incorporated in Malaysia)**

Report on the audit of the financial statements (cont'd.)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represents the underlying transactions and events in a manner that achieves fair presentation.

201701019705 (1233870-A)

Independent auditors' report to the member of
Takaful Ikhlas General Berhad
(Incorporated in Malaysia)

Report on the audit of the financial statements (cont'd.)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other matters

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Kannan A/L Rajagopal
No. 03490/03/2026 J
Chartered Accountant

Kuala Lumpur, Malaysia
25 June 2025

Takaful Ikhlas General Berhad
(Incorporated in Malaysia)

Statement of profit or loss
for the year ended 31 March 2025

		2025		2024	
	Note	General Takaful Fund RM '000	Company RM '000	General Takaful Fund RM '000	Company RM '000
Takaful revenue		870,984	870,984	801,376	801,376
Takaful service expenses	3	(805,014)	(733,911)	(748,094)	(677,518)
Takaful service result before retakaful certificates held		**65,970**	**137,073**	**53,282**	**123,858**
Allocation of retakaful contributions		(269,710)	(269,710)	(244,401)	(244,401)
Amounts recoverable from retakaful operators for incurred claims		186,513	188,271	179,868	181,417
Net expense from retakaful certificates held	6	**(83,197)**	**(81,439)**	**(64,533)**	**(62,984)**
Takaful service result		**(17,227)**	**55,634**	**(11,251)**	**60,874**
Profit revenue calculated using the effective profit method	7(a)	28,858	41,498	33,471	41,078
Other investment income	7(b)	4,204	4,420	701	909
Net realised losses	8	(659)	(1,573)	(4,650)	(4,355)
Net fair value gains/(losses) on financial assets at fair value through profit or loss ("FVTPL")	9	(1,551)	(816)	6,452	6,579
Net reversal of impairment/(impairment) on financial assets		9	-	-	-
Net investment income		**30,861**	**43,529**	**35,974**	**44,211**

Takaful Ikhlas General Berhad
(Incorporated in Malaysia)

Statement of profit or loss
for the year ended 31 March 2025 (cont'd.)

		2025		2024	
	Note	General Takaful Fund RM '000	Company RM '000	General Takaful Fund RM '000	Company RM '000
Net takaful profit expenses from takaful certificates issued		(23,694)	(26,011)	(17,880)	(20,808)
Net takaful profit income from retakaful certificates held		7,931	8,722	5,814	6,466
Surplus arising not allocated to participants		(1,412)	(1,412)	(8,206)	(8,206)
Net takaful financial result	10	**(17,175)**	**(18,701)**	**(20,272)**	**(22,548)**
Other income	11	823	8,275	6,279	7,730
Other expenses	12	(211)	(5,854)	(10,730)	(7,528)
Finance cost	16(c)	-	(323)	-	(311)
Net other operating income/(expenses)		**612**	**2,098**	**(4,451)**	**(109)**
(Loss)/Profit before zakat and taxation		**(2,929)**	**82,560**	**-**	**82,428**
Taxation attributable to participants	13	2,929	2,929	-	-
Profit before zakat and taxation attributable to shareholder		**-**	**85,489**	**-**	**82,428**
Zakat		-	(1,324)	-	(837)
Taxation	13	-	(23,391)	-	(18,243)
Net profit for the financial year		**-**	**60,774**	**-**	**63,348**
Basic earnings per share (sen)	23		**26.4**		**27.5**

The accompanying notes form an integral part of the financial statements.

Takaful Ikhlas General Berhad
(Incorporated in Malaysia)

Statement of comprehensive income
for the year ended 31 March 2025

		2025		2024	
	Note	**General Takaful Fund RM '000**	**Company RM '000**	**General Takaful Fund RM '000**	**Company RM '000**
Net profit for the financial year		**-**	**60,774**	**-**	**63,348**
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss:					
Net gains/(losses) on financial assets at Fair Value through Other Comprehensive Income ("FVOCI"):					
- Fair value changes		523	1,390	1,698	2,473
- Transferred to profit or loss upon disposal		(43)	430	872	664
Tax effects relating to components of other comprehensive gain or loss	18	(115)	(316)	(617)	(753)
Other comprehensive income attributable to participants		(365)	(365)	(1,953)	(1,953)
Total other comprehensive income		-	1,139	-	431
Total comprehensive income for the financial year		**-**	**61,913**	**-**	**63,779**

The accompanying notes form an integral part of the financial statements.

201701019705 (1233870-A)

Takaful Ikhlas General Berhad
(Incorporated in Malaysia)

Statement of financial position as at 31 March 2025

	Note	2025 General Takaful Fund RM '000	2025 Company RM '000	2024 General Takaful Fund RM '000	2024 Company RM '000
Assets					
Equipment	14	-	475	-	672
Intangible assets	15	-	56,202	-	50,432
Right-of-use assets	16(a)	-	5,496	-	6,608
Financial and other assets	17	997,185	1,381,930	846,085	1,230,645
Tax recoverable		46	3,440	-	1,904
Deferred tax assets	18	13,426	36,149	12,501	37,096
Retakaful certificate assets	19	291,626	316,962	295,075	317,862
Cash and bank balances		30,105	39,001	11,701	12,300
Total assets		**1,332,388**	**1,839,655**	**1,165,362**	**1,657,519**
Liabilities					
Takaful certificate liabilities	19	1,247,159	1,349,703	1,097,117	1,198,380
Lease liabilities	16(b)	-	5,793	-	6,955
Other payables	20	84,541	116,839	60,026	91,488
Zakat payable		-	2,169	-	2,365
Tax payable		688	-	8,219	15,093
Total liabilities		**1,332,388**	**1,474,504**	**1,165,362**	**1,314,281**
Equity					
Share capital	21	-	230,000	-	230,000
Reserves	22	-	135,151	-	113,238
Total equity		**-**	**365,151**	**-**	**343,238**
Total liabilities and equity		**1,332,388**	**1,839,655**	**1,165,362**	**1,657,519**

The accompanying notes form an integral part of the financial statements.

Takaful Ikhlas General Berhad
(Incorporated in Malaysia)

Statement of changes in equity
for the year ended 31 March 2025

Company	Note	Share capital RM '000	Non-distributable fair value reserves RM '000	Distributable retained profits RM '000	Total RM '000
At 1 April 2023		**230,000**	**(1,601)**	**61,060**	**289,459**
Net profit for the year		-	-	63,348	63,348
Other comprehensive income for the year		-	431	-	431
Total comprehensive income for the year		-	431	63,348	63,779
Dividend paid	27	-	-	(10,000)	(10,000)
At 31 March 2024		**230,000**	**(1,170)**	**114,408**	**343,238**
At 1 April 2024		**230,000**	**(1,170)**	**114,408**	**343,238**
Net profit for the year		-	-	60,774	60,774
Other comprehensive income for the year		-	1,139	-	1,139
Total comprehensive income for the year		-	1,139	60,774	61,913
Dividend paid	27	-	-	(40,000)	(40,000)
At 31 March 2025		**230,000**	**(31)**	**135,182**	**365,151**

The accompanying notes form an integral part of the financial statements.

201701019705 (1233870-A)

Takaful Ikhlas General Berhad
(Incorporated in Malaysia)

Statement of cash flows
for the year ended 31 March 2025

	Note	2025 RM '000	2024 RM '000
Cash flows from operating activities			
Profit before zakat and taxation		82,560	82,428
Adjustments for:			
Depreciation of equipment	14	369	275
Impairment of equipment	14	417	-
Equipment written-off	14	2	-
Amortisation of intangible assets	15	7,209	11,792
Impairment of intangible assets	15	2,176	-
Reclassification of intangible assets to expenses	15	2,110	-
Depreciation of right-of-use assets	16(a)	2,124	2,296
Finance costs on lease liabilities	16(b)	323	311
Net amortisation of premiums	7(a)	1,277	1,443
Profit income	7(a)	(42,775)	(42,521)
Dividend income	7(b)	(4,420)	(909)
Loss on lease modification		-	(31)
Fair value adjustments of financial assets at fair value through profit or loss ("FVTPL")	9	816	(6,579)
Realised loss on disposal of investments	8	1,573	4,355
Allowance for/(writeback of) impairment of takaful certificate receivables		344	(2,870)
Taxation attributable to participants		-	3,280
Operating cash flows before working capital changes		54,105	53,270
Changes in working capital:			
Financial assets at FVTPL and FVOCI		(448,863)	88,112
Deposit placements		290,641	(273,600)
Staff financing		236	331
Retakaful certificate assets		900	(76,955)
Other receivables and deposits		577	3,354
Takaful certificate liabilities		156,894	176,928
Other payables		25,351	209
Operating cash flows after working capital changes		79,841	(28,351)

Takaful Ikhlas General Berhad
(Incorporated in Malaysia)

Statement of cash flows
for the year ended 31 March 2025 (cont'd.)

	Note	2025 RM '000	2024 RM '000
Cash flows from operating activities (cont'd.)			
Operating cash flows after working capital changes (cont'd.)		79,841	(28,351)
Profit income received		46,766	33,580
Dividend income received		4,326	1,153
Surplus paid to participants		(5,915)	(936)
Income tax paid		(36,461)	(24,813)
Zakat paid		(1,519)	(716)
Net cash generated from/(used in) operating activities		**87,038**	**(20,083)**
Cash flows from investing activities			
Purchase of equipment	14	(91)	(174)
Purchase of intangible assets	15	(17,765)	(5,956)
Proceed from disposal of equipment	14	-	52
Payment of principal portion of lease liabilities	16	(2,481)	(2,467)
Net cash used in investing activities		**(20,337)**	**(8,545)**
Cash flows from financing activity			
Dividend paid	27	(40,000)	(10,000)
Net cash used in financing activity		**(40,000)**	**(10,000)**
Net increase/(decrease) in cash and cash equivalents		**26,701**	**(38,628)**
Cash and cash equivalents at beginning of year		12,300	50,928
Cash and cash equivalents at end of year		**39,001**	**12,300**
Cash and cash equivalents comprise:			
Cash and bank balances of:			
Shareholder's fund		8,896	599
General takaful fund		30,105	11,701
		39,001	**12,300**

The accompanying notes form an integral part of the financial statements.

Notes to the financial statements - 31 March 2025

1. Corporate information

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

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

The principal activity of the Company is the management of General Takaful business.

There were no significant changes in the nature of the principal activity of the Company during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 June 2025.

2. Material accounting policies

2.1 Basis of preparation and presentation of financial statements

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act, 2016 in Malaysia.

At the beginning of the current financial year, the Company had adopted the new MFRS Accounting Standards applicable for annual financial periods beginning on or after 1 January 2024 as described fully in Note 2.3 to the financial statements.

As at the financial year end, the Company has met the minimum capital requirements as prescribed by the Risk-Based Capital Framework for Takaful Operators ("RBCT") issued by BNM.

2. Material accounting policies (cont'd.)

2.1 Basis of preparation and presentation of financial statements (cont'd.)

(a) Statement of compliance (cont'd.)

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. Income and expense will not be offset in the statement of profit or loss unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

Takaful operations and its funds

Under the concept of takaful, individuals make contributions to a pool which is managed by a third party with the overall aim of using the monies to aid fellow participants in times of need. Accordingly, as a Takaful Operator, the Company manages the General Takaful Fund in line with the principles of Wakalah (agency), which is the main business model adopted by the Company. Under the Wakalah model, the Takaful Operator is not a participant in the fund but manages the fund (including the relevant assets and liabilities) towards the purpose outlined above.

The financial position and financial performance information of the General Takaful Fund and the Company have been provided as supplementary financial information and to comply with the requirements of BNM/RH/PD 033-5: Financial Reporting for Takaful Operators issued by BNM. The Islamic Financial Services Act, ("IFSA") 2013 in Malaysia requires the clear segregation of the assets, liabilities, income and expenses of the shareholder’s fund and the General Takaful Fund.

However, in compliance with MFRS 10 Consolidated Financial Statements, the assets, liabilities, income and expenses of the General Takaful Fund are consolidated with those of the Takaful Operator to represent the control possessed by the operator over the respective funds.

The General Takaful Fund is consolidated from the date of control and will continue to be consolidated until the date such control ceases which will occur when the Company's licence to manage takaful business is withdrawn or surrendered.

2. Material accounting policies (cont'd.)

2.1 Basis of preparation and presentation of financial statements (cont'd.)

(b) Basis of measurement

The financial statements of the Company have been prepared on a historical cost basis, unless otherwise indicated in the disclosure on material accounting policies.

(c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") and rounded to the nearest thousand (RM '000) unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRS Accounting Standards and IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes.

2. Material accounting policies (cont'd.)

2.1 Basis of preparation and presentation of financial statements (cont'd.)

(d) Use of estimates and judgements (cont'd.)

(i) Estimates of future cash flows

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

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

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

Cash flows are attributed to acquisition activities and other fulfilment activities either directly or estimated based on the type of activities performed by the respective business function. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of certificates using methods that are systematic and rational and will be consistently applied to all costs that have similar characteristics, such as based on total contributions, number of certificates or number of claims.

(ii) Discount rates

For General Takaful business, takaful certificates liabilities are calculated by using risk-free discount rates.

2. Material accounting policies (cont'd.)

2.1 Basis of preparation and presentation of financial statements (cont'd.)

(d) Use of estimates and judgements (cont'd.)

(iii) Risk adjustments for non-financial risk

Risk adjustments for non-financial risk are determined to reflect the compensation that the Company would require for bearing non-financial risk and its degree of risk aversion. The Company applies a confidence level technique to determine the risk adjustments for non-financial risk of both its takaful and retakaful certificates.

Under a confidence level technique, the Company estimates the probability distribution of the expected value of the future cash flows at each reporting date and calculate the risk adjustment for non-financial risk as the excess of the value at risk at the target confidence level over the expected present value of the future cash flows allowing for the associated risks over all future years. The target confidence level is 75th percentile, in line with the regulatory requirement of BNM under the RBCT Framework.

There is no non-financial risk provided during the year.

(iv) Takaful and Retakaful certificates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. The Company disaggregates information to disclose general takaful certificates issued and retakaful certificates held separately. This disaggregation has been determined based on how the Company is managed.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies

(a) Intangible assets

Intangible assets comprise software development costs, computer software and licences and preferred partnership fee in relation to bancatakaful arrangement.

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

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

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

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

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(a) Intangible assets (cont'd.)

(i) Software development in progress

Software development in progress represents development expenditure on software.

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated impairment losses. When development is complete and the asset is available for use, it is reclassified to computer software and amortisation of the asset begins. It is amortised over the period of expected future use. During the period when the assets are not yet available for use, they are tested for impairment annually.

(ii) Computer software and licences

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

The acquired computer software and licences are amortised using the straight-line method over their estimated useful lives not exceeding ten (10) years. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at least at each financial year end.

(iii) Preferred partnership fees

The preferred partnership fees represent the upfront fees paid by the Company to the financial institutions under a preferred bancatakaful arrangement.

Following the initial recognition of the cost of preferred partnership fee, the fee is amortised over the period of the bancatakaful arrangement, with the allocation tied to actual revenue generated from the partnership. Upon the expiry of the contract, if the total projected production is not met, the contract may be extended for an additional period of time as mutually agreed between the Company and the financial institutions.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(b) Leases

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

The Company as lessee

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

(i) Right-of-use assets

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

The ROU assets will be adjusted when there is a revision in the lease payments that result from the remeasurement of the lease liability. The lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

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

The ROU assets are also subject to impairment as disclosed under Note 2.2(e)(iii).

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

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(b) Leases (cont'd.)

The Company as lessee (cont'd.)

(ii) Lease liabilities

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

In calculating the present value of lease payments, it was discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rates ("IBR"). After the commencement date, the amount of lease liabilities is increased to reflect the accretion of profit and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

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

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

(c) Financial assets

Recognition and measurement

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

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

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

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

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

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

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(c) Financial assets (cont'd.)

Recognition and measurement (cont'd.)

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

- Financial assets at AC;
- Financial assets at FVOCI with recycling of cumulative gains and losses;
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition; or
- Financial assets at FVTPL.

(i) Financial assets at AC

Sukuk that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(c) Financial assets (cont'd.)

Recognition and measurement (cont'd.)

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

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

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

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

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(c) Financial assets (cont'd.)

Recognition and measurement (cont'd.)

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

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

The financial assets at AC include Islamic accounts with licensed banks, secured staff financing and other receivables.

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

Sukuk that meet the following conditions are measured subsequently at FVOCI:

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

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

For sukuk at FVOCI, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at AC. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to statement of profit or loss.

Financial assets classified as FVOCI with recycling include unquoted sukuk and Government Investment Issues.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(c) Financial assets (cont'd.)

Recognition and measurement (cont'd.)

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

Upon initial recognition, the Company can irrevocably elect to classify its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under MFRS 132 *Financial Instruments: Presentation* and are neither held for trading nor contingent consideration recognised by an acquirer in a business combination. The classification is determined on an instrument-by-instrument basis.

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or

- On initial recognition, it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or

- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

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

The Company has not elected to classify any equities under this category.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(c) Financial assets (cont'd.)

Recognition and measurement (cont'd.)

(iv) Financial assets at FVTPL

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

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

- Sukuk that fails the SPPI test are classified as at FVTPL. In addition, sukuk that meet either the amortised cost criteria or the FVOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces an accounting mismatch that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each financial year, with any fair value gains or losses recognised in statement of profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in statement of profit or loss includes any dividend or profit earned on the financial asset.

The Company has no derivative instruments. The Company’s financial assets at FVTPL include quoted equities and real estate investment trusts.

(v) Business model assessment

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

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

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(c) Financial assets (cont'd.)

Recognition and measurement (cont'd.)

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

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

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

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

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

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

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

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(c) Financial assets (cont'd.)

Recognition and measurement (cont'd.)

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

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

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

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

(vi) The SPPI Test

The Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test. ‘Principal’ for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or accretion/amortisation of the premium/discount).

(vii) Reclassifications

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

(viii) Offsetting of financial instruments

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

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(c) Financial assets (cont'd.)

Derecognition

A financial asset is primarily derecognised when:

(i) The rights to receive cash flows from the asset have expired; or

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

- The Company has transferred substantially all the risks and rewards of the asset; or

- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

(d) Fair value measurement

The Company measures financial instruments such as financial assets at FVTPL at fair value at each financial year end. The fair values of financial instruments measured at amortised cost are disclosed in Note 31.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(d) Fair value measurement (cont'd.)

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each financial year. The fair values of financial instruments and non-financial assets are disclosed in Note 31 to the financial statements.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(e) Impairment of assets

The Company recognises an allowance for expected credit losses ("ECL") for all financial assets with the exception of financial assets measured at FVTPL and equity instruments. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the appropriate effective profit rate.

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

- Financial assets measured at FVTPL; and
- Equity instruments.

The ECL model also applies to irrevocable loan commitments and financial guarantee contracts, which will include advances, financing, takaful receivables and contract assets under MFRS 15 *Revenue from Contracts with Customers* and lease receivables under MFRS 16 *Leases*.

For credit exposures without significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12-month ECL). For credit exposures with significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (Lifetime ECL).

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

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

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(e) Impairment of assets (cont'd.)

Forward-looking information and ECL measurement

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

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

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

In its ECL models, the Company relies on a broad range of forward looking information as economic inputs, such as government debt, consumer sentiment index, residential property index, consumer price index, net foreign direct investment, GDP, inflation, currency rate, base lending rate and stock index.

(i) Sukuk at AC, FVTPL and FVOCI

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

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(e) Impairment of assets (cont'd.)

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

(i) Sukuk at AC, FVTPL and FVOCI (cont'd.)

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

(ii) Takaful and retakaful certificate receivables (deemed not received)

The impairment on takaful and retakaful certificate receivables (deemed not received) is measured using the simplified approach at initial recognition and throughout its life at an amount equal to lifetime ECL. The ECL is calculated using a provision matrix based on historical data where the takaful certificate receivables are grouped based on different sales channel whilst the retakaful certificate receivables are assessed on totality basis. The impairment is to be calculated on the total outstanding balance including all aging buckets from current to the selected default period and above. Roll rates are to be applied on the outstanding balances of the ageing buckets which form the bases of the roll rates. A forward looking factor is to be included in the calculation of ECL.

Takaful and retakaful certificate receivables are considered to be in default when contractual payments are past due for more than 12 months and 24 months respectively.

(iii) Non-financial assets

The carrying amounts of non-financial assets are reviewed at each financial year end to determine whether there is any indication of impairment. If any such indication exists or when an annual impairment for an asset is required, the asset’s recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”).

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(e) Impairment of assets (cont'd.)

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

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

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

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

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

(iv) Write-offs

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

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(f) Cash and cash equivalents

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

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

(g) Financial liabilities

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

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

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(g) Financial liabilities (cont'd.)

(i) Financial liabilities at FVTPL

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

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

The Company has not designated any financial liabilities as at FVTPL.

(ii) Other financial liabilities

The Company's other financial liabilities include other payables.

Other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective profit method.

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

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

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(h) Investments in subsidiaries and basis of non-consolidation

Subsidiaries are those entities over which the Company has all the following:

(i) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investment in subsidiary, which relate to investment in wholesale unit trust fund, is carried at fair value. On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised as gain or loss on disposal in the income statement.

The Company is exempted from presenting consolidated financial statements based on the criteria set out in paragraph 4 of MFRS 10 Consolidated Financial Statements ("MFRS 10").

The immediate holding company, MNRB Holdings Berhad prepares consolidated financial statements in accordance with MFRS Accounting Standards in Malaysia, which are available for inspection at the registered office of the immediate holding company.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(i) Takaful and retakaful certificates

Takaful certificates

The Company issues certificates that contain takaful risk or both takaful risk and financial risk.

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

A takaful certificate is a certificate under which an entity has accepted significant takaful risk from another party (the participants) by agreeing to compensate the participant if a specified uncertain future event (the covered event) adversely affects the participant. As a general guideline, the Company defines whether significant takaful risk has been accepted by comparing benefits paid or payable on the occurrence of a covered event against benefits paid or payable if the covered event had not occurred. If the ratio of the former exceeds the latter by 5% or more, the takaful risk accepted is deemed to be significant.

The Company also cedes takaful risk in the normal course of its business. Ceded retakaful arrangements do not relieve the Company from its obligations to participants. For both ceded and assumed retakaful, contributions, claims and benefits paid or payable are presented on a gross basis.

Retakaful certificates

Retakaful arrangements, entered into by the Company, that meet the recognition requirements of takaful certificates as described above are accounted for as noted below. Arrangements that do not meet these recognition requirements are accounted for as financial assets.

Retakaful certificate assets represent amounts recoverable from retakaful operators for takaful certificates liabilities which have yet to be settled at the reporting date. Amounts recoverable from retakaful operators are measured consistently with the amounts associated with the underlying takaful certificates and the terms of the relevant retakaful arrangement.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(i) Takaful and retakaful certificates (cont'd.)

Retakaful certificates (cont'd.)

At each reporting date, or more frequently, the Company assesses whether objective evidence exists that retakaful certificate assets are impaired. The impairment loss is recognised in statement of profit or loss.

Retakaful certificate assets are derecognised when the contractual rights are extinguished or expired or when the certificate is transferred to another party.

(i) Separating components from takaful and retakaful certificates

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

MFRS 17 defines investment components as the amounts that a takaful certificate requires a takaful operator to repay to a participant even if a covered event does not occur. Investment components which are highly interrelated with the takaful certificate of which they form a part are considered non-distinct and are not separately accounted for. Receipts and payments of the investment components (including non-distinct investment components) are recorded outside of statement of profit or loss.

Some certificates issued contain profit or ceding commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the participant will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the covered event happening. Ceding commission in the form of contribution discount is not deemed as a non-distinct investment component. The minimum guaranteed amount and profit commission may or may not be deemed as a non-distinct investment component, depending on whether there is a loss-carry forward mechanism.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(i) Takaful and retakaful certificates (cont'd.)

(ii) Level of aggregation

The level of aggregation for the Company is determined firstly by dividing the businesses written into portfolios. Portfolios comprise groups of certificates with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous certificates, certificates with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Company identifies a certificate as the smallest ‘unit’, i.e., the lowest common denominator.

An evaluation is made to determine whether a series of certificates can be treated together in making the profitability assessment based on reasonable and supportable information, or whether a single certificate contains components that need to be separated and treated as if they were stand-alone certificates. As such, what is treated as a certificate for accounting purposes may differ from what is considered as a certificate for other purposes (i.e., legal or management). For retakaful certificates held, the basis depends on the type of retakaful arrangement. The minimum unit of account is at treaty level.

The groups of certificates for which the full retrospective approach have been adopted on transition include certificates issued more than one year apart. The portfolio are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue portfolios of certificates are divided into three groups, as follows:

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

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(i) Takaful and retakaful certificates (cont'd.)

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

The retakaful certificates held portfolios are divided into:

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

(iii) Recognition

The Company recognises groups of takaful certificates that it issues from the earliest of the following:

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

The Company recognises a group of retakaful certificates held it has entered into from the earliest of the following:

- The beginning of the coverage period of the group of retakaful certificates held. However, the Company delays the recognition of a group of retakaful certificates held that provide proportionate coverage until the date when any underlying takaful certificate is initially recognised, if that date is later than beginning of the coverage period of the group of retakaful certificates held; and
- The date the Company recognises an onerous group of underlying takaful certificates if the Company entered into the related retakaful certificates held in the group of retakaful certificates held at or before that date.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(i) Takaful and retakaful certificates (cont'd.)

(iv) Onerous groups of certificates

For General Takaful, the Company assumes no certificates in the portfolio are onerous at initial recognition, unless facts and circumstances indicate

The Company's assessment of the facts and circumstances of onerousness leverages on:

- the Expected Ultimate Combined Ratio (consists of losses, expenses and risk adjustment) available from the valuation, pricing or underwriting exercise when appropriate.

- information within the Company about certificates known or apparent to be onerous (e.g., based on the intention of the initial product approval process for market entry or marketing purposes).

If the facts and circumstances indicate that a group is expected to be onerous, a loss component should be recognised in the statement of financial position and the corresponding loss should be recognised in statement of profit or loss accordingly.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(i) Takaful and retakaful certificates (cont'd.)

(v) Contract boundary

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

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

- The Company has the practical ability to reassess the risks of the portfolio that contains the certificate and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the contributions up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

(vi) Measurement

The Company's takaful certificates issued and retakaful certificates held are eligible for the measurement models as below:

Premium Allocation Approach ("PAA")

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

Under the PAA, the liability for remaining coverage is measured as the amount of contribution received net of acquisition cash flows paid, less the net amount of contribution and acquisition cash flows that have been recognised in statement of profit or loss over the expired portion of the coverage period based on the passage of time.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(i) Takaful and retakaful certificates (cont'd.)

(vi) Measurement (cont'd.)

Premium Allocation Approach ("PAA") (cont'd.)

The Company applies PAA models for all retakaful certificates held, depending on the specific certificate boundaries for each retakaful certificate.

Initial measurement - Takaful certificates

The Company may apply the PAA to the takaful certificates that it issues and retakaful certificates that it holds, provided that:

- The coverage period of each certificate in the group is one year or less, including coverage arising from all contributions within the certificate boundary; or

- For certificates longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those certificates under the PAA does not differ materially from the measurement that would be produced by applying the general model. PAA eligibility is assessed at the inception of the group of certificates and does not need to be reassessed at subsequent measurement.

For certificates with certificate boundary of 12 months or less, the following simplifications apply:

- The Company shall assume that no certificates in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise; and

- While the Company can further subdivide groups of certificates if this is consistent with internal management and reporting purposes, this policy does not require any further subdivision.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(i) Takaful and retakaful certificates (cont'd.)

(vi) Measurement (cont'd.)

Premium Allocation Approach ("PAA") (cont'd.)

Initial measurement - Takaful certificates (cont'd.)

The Company had performed a PAA eligibility assessment, and it was concluded that they qualify for PAA since there was no material difference in the measurement of the liability for remaining coverage between PAA and the general measurement model for certificates longer than 1 year.

Where facts and circumstances indicate that certificates are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the certificate. Such onerous certificates are separately grouped from other certificates and the Company recognises a loss in statement of profit or loss for the net outflow, resulting in the carrying amount of the liability for the group of certificates being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

Subsequent measurement - Takaful certificates

For a group of certificates that apply the PAA, the Company measures the liability for remaining coverage as:

- The contributions, if any, received at initial recognition;
- Minus any takaful acquisition cash flows at that date, unless if the payments are recognised as an expense; and
- Plus or minus any amount arising from the derecognition at that date of the asset or liability recognised for takaful acquisition cash flows.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(i) Takaful and retakaful certificates (cont'd.)

(vi) Measurement (cont'd.)

Premium Allocation Approach ("PAA") (cont'd.)

Subsequent measurement - Takaful certificates (cont'd.)

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company, and include an explicit adjustment for non-financial risk (the risk adjustment). The Company does adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims.

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

Takaful acquisition cash flows are allocated on a straight-line basis as a portion of contribution to statement of profit or loss (through takaful revenue).

Initial measurement - Retakaful certificates

The Company measures its retakaful assets for a group of retakaful certificates that it holds on the same basis as takaful certificates that it issues. However, they are adapted to reflect the features of retakaful certificates held that differ from takaful certificates issued, for example the generation of expenses or reduction in expenses rather than revenue.

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

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(i) Takaful and retakaful certificates (cont'd.)

(vi) Measurement (cont'd.)

Premium Allocation Approach ("PAA") (cont'd.)

Initial measurement - Retakaful certificates (cont'd.)

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

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

Subsequent measurement - Retakaful certificates

Where the Company enters into retakaful certificates held which provide coverage relating to events that occurred before the purchase of the retakaful, such cost of retakaful is recognised in statement of profit or loss on initial recognition.

For General Takaful, the subsequent measurement of retakaful certificates held follows the same principles as those for takaful certificates issued and has been adapted to reflect the specific features of retakaful held.

Where the Company has established a loss-recovery component, the Company subsequently reduces the loss recovery component to zero in line with reductions in the onerous group of underlying takaful certificates in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying takaful certificates that the entity expects to recover from the group of retakaful certificates held.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(i) Takaful and retakaful certificates (cont'd.)

(vi) Measurement (cont'd.)

Premium Allocation Approach ("PAA") (cont'd.)

Subsequent measurement - Retakaful certificates (cont'd.)

Any change in the fulfilment cash flows of a group of retroactive retakaful certificates held due to the changes of the liability for incurred claims of the underlying certificates is taken to statement of profit and loss.

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

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

A loss-recovery component reverses consistently with the reversal of the loss component of underlying groups of certificates issued, even when a reversal of the loss-recovery component is not a change in the fulfilment cash flows of the group of retakaful certificates held.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(i) Takaful and retakaful certificates (cont'd.)

(vii) Takaful receivables and payables

The liability for remaining coverage disclosed under takaful certificate liabilities includes takaful receivables and payables.

Liability for remaining coverage - Takaful certificate receivables

Takaful certificate receivables are recognised when due and measured on initial recognition at the fair value of the consideration to be received. The carrying value of contributions due and uncollected is reviewed for impairment whenever events or circumstances indicate the carrying amount may not be recoverable, with the impairment loss recorded in statement of profit or loss.

Takaful certificate receivables are derecognised following the derecognition criteria for financial instruments.

The impairment on takaful certificate receivables are measured at initial recognition and throughout its life at an amount equal to lifetime ECL. The ECL is calculated using a provision matrix based on historical data where the takaful and retakaful certificate receivables are grouped based on different sales channel. The impairment is calculated on the total outstanding balance including all aging buckets from current to 12 months and above. Roll rates are to be applied on the outstanding balance of the aging bucket which forms the base of the roll rate.

Liability for remaining coverage - Takaful certificate payables

Takaful certificate payables are recognised when due and measured on initial recognition at fair value of the consideration payable less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective yield method.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(i) Takaful and retakaful certificates (cont'd.)

(viii) Takaful certificates – modification and derecognition

The Company derecognises takaful certificates when:

- The rights and obligations relating to the certificates are extinguished (i.e., discharged, cancelled or expired); or

- The certificate is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the certificate. In such cases, the Company derecognises the initial certificate and recognises the modified certificate as a new certificate.

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the certificates as an adjustment to the relevant liability for remaining coverage.

(ix) Takaful acquisition cash flows

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

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

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

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(i) Takaful and retakaful certificates (cont'd.)

(ix) Takaful acquisition cash flows (cont'd.)

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

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

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

- An additional impairment test specifically covering the takaful acquisition cash flows allocated to expected future certificate renewals.

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

(x) Presentation and disclosure

Statement of financial position

The Company presents portfolios of takaful certificate separately from portfolios of retakaful certificate held, and portfolios of asset position are further presented separately from portfolios of liability position. Groups of takaful certificates issued will include any assets for takaful acquisition cash flows. Takaful receivables and payables will be assessed on net portfolio position and reported within takaful certificate liabilities or assets as these are takaful certificate related balances. Retakaful receivables and payables, retakaful assets and liabilities will be assessed on a net portfolio position and reported within retakaful certificate liabilities or assets as these are retakaful certificate related.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(i) Takaful and retakaful certificates (cont'd.)

(x) Presentation and disclosure (cont'd.)

Statement of profit or loss

The Company separately presents income or expenses from takaful certificates issued from income or expenses from retakaful certificates held.

Takaful service result

The takaful revenue for the period represents the portion of expected contribution receipts (excluding any investment component) allocated to that period. The Company allocates the expected contribution receipts across the coverage period of the takaful certificates based on the passage of time. However, if the expected pattern of risk release over the coverage period differs significantly from a time-based allocation, the Company instead allocates revenue based on the expected timing of incurred takaful service expenses.

The Company changes the basis of allocation between the two methods, as necessary, when facts and circumstances change. Such changes are accounted for prospectively as changes in accounting estimates.

For the periods presented, all revenue have been recognised on the basis of the passage of time.

Expenses that relate directly to the fulfilment of certificates are recognised in statement of profit or loss as takaful service expenses when incurred. Expenses that do not relate directly to the fulfilment of certificates are presented in other operating expenses in statement of profit or loss.

Net takaful profit expenses or income from takaful certificates issued

It comprises the change in the carrying amount of the group of takaful certificates arising from the effect of the time value of money and the effect of financial risk and changes in financial risk.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(i) Takaful and retakaful certificates (cont'd.)

(x) Presentation and disclosure (cont'd.)

Loss components

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

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

- the loss component; and
- the liability for remaining coverage excluding the loss component.

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

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(i) Takaful and retakaful certificates (cont'd.)

(x) Presentation and disclosure (cont'd.)

Loss-recovery components

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

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

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

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

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(i) Takaful and retakaful certificates (cont'd.)

(x) Presentation and disclosure (cont'd.)

Net takaful profit income or expenses from retakaful certificates held

Takaful finance income or expenses comprise the change in the carrying amount of the group of takaful certificates arising from:

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

The Company defines the General Takaful Fund as an underlying item. Hence, changes in measurement of a group of takaful certificates caused by changes in the value of the General Takaful Fund are reflected in takaful finance income or expenses.

For certificates measured under the PAA, the main amounts within takaful finance income or expenses are:

- profit accreted on the LIC; and
- the effect of changes in profit rates and other financial assumptions.

(j) Revenue recognition

Revenue from contracts with customers

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to a customer. Generally, satisfaction of a performance obligation occurs when/as the Company's control of the goods or services is transferred to the customer. Control can be defined as the ability to direct the use of an asset and to obtain substantially all of the remaining benefits from the asset. Control also includes the ability to prevent another entity from directing the use of and obtaining the benefits from an asset.

For each separate performance obligation, the Company will need to determine whether the performance obligation is satisfied by transferring the control of goods or services over time. If the performance obligation is not satisfied over time, then it is satisfied at a point in time.

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(j) Revenue recognition (cont'd.)

As a performance obligation is satisfied, the Company shall recognise as revenue the amount of the transaction price (which excludes estimates of variable consideration that are constrained, that is allocated to that performance obligation).

<u>Other revenue</u>

(i) Profit income

Profit income is recognised using the effective profit yield method over the term of the underlying investments.

(ii) Dividend income

Dividend income is recognised at a point in time when the Company's right to receive payment is established.

(k) Income tax

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

Deferred tax is provided for, using the liability method, on temporary differences at the end of the financial year end between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

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

2. Material accounting policies (cont'd.)

2.3 New and amended standards and interpretations

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

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

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

2. Material accounting policies (cont'd.)

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

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

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

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

3. Takaful service expenses

	Note	2025 RM '000	2024 RM '000
General Takaful Fund			
Incurred claims	(i)	531,552	464,243
Amortisation of wakalah acquisition costs	(ii)	214,911	204,303
Incurred wakalah fees		109,962	98,014
Changes to liabilities for incurred claims	(i)	(59,411)	(38,466)
Surplus performance incentive ("SPI")		4,000	10,000
Surplus declared to participants		4,000	10,000
Total takaful service expenses		**805,014**	**748,094**
Company			
Incurred claims	(i)	561,262	492,345
Amortisation of acquisition costs	(ii)	175,034	172,206
Incurred maintenance expenses		79,659	65,423
Losses on onerous certificates		1,268	769
Changes to liabilities for incurred claims	(i)	(87,312)	(63,225)
Surplus declared to participants		4,000	10,000
Total takaful service expenses		**733,911**	**677,518**

Notes:

(i) Certain comparative figures have been reclassified between line items to align with the current year's presentation and disclosure requirements.

(ii) Acquisition cash flows were recognised on a systematic basis over the coverage period of the group of certificates, using a straight-line allocation method consistent with the pattern of services expected to be provided.

4. Expenses by nature

Company	2025 RM '000	2024 RM '000
Staff costs:		
Salaries, bonus, and other related costs	40,488	38,312
President & CEO, Directors and GSC members' remuneration (Note 5)	2,278	2,102
Pension costs - Employees Provident Fund ("EPF")	6,510	5,868
Social security costs	373	140
Other staff expenses	7,911	4,939
	57,560	51,361
Auditors’ remuneration		
- audit fees	553	454
- other assurance services	-	300
- regulatory related fees	63	63
- other services	65	32
Expense relating to short-term leases (Note 16)	18	14
Expense relating to leases of low-value assets (Note 16)	433	114
Amortisation of intangible assets (Note 15)	7,209	11,792
Impairment of equipment (Note 14)	417	-
Impairment of intangible asset (Note 15)	2,176	-
Depreciation of equipment (Note 14)	369	275
Depreciation of right-of-use assets (Note 16)	2,124	2,296
Reclassification of intangible assets to expenses (Note 15)	2,110	-
Management fees paid to holding and related companies	23,584	18,267
Professional and legal fees	1,153	1,517
Marketing and promotional costs	49,192	40,192
Electronic data processing costs	12,701	9,342
Roadside assistance	9,506	7,370
Administrative expenses	2,569	2,215
Transaction and processing fees	3,662	3,454
Regulatory expenses	1,832	1,714
Other expenses	2,885	1,125
Total expenses excluding commissions	180,181	151,897
Commissions	110,418	99,655
Total expenses including commissions	290,599	251,552
Less: Takaful acquisition cash flows incurred	(205,086)	(181,881)
Add: Amortisation of takaful acquisition cash flows	175,034	172,206
	260,547	241,877
Represented by:		
Takaful service expenses:		
Expenses attributed to takaful acquisition cash flows (Note 3)	175,034	172,206
Other directly attributable expenses (Note 3)	79,659	65,423
Other expenses	5,854	4,248
Total	260,547	241,877

4. Expenses by nature (cont'd.)

Expenses attributed to takaful acquisition cash flows and other directly attributable expenses comprise expenses incurred by the Company in the reporting period that relate directly to the fulfilment of certificates issued and retakaful certificates held within MFRS 17's scope. Such expenses include those recognised as assets prior to initial recognition of groups of takaful certificates issued and retakaful certificates held.

5. President & Chief Executive Officer's ("CEO"), Directors' and Group Shariah Committee ("GSC") members' remuneration

	2025 RM '000	2024 RM '000
Company		
(a) President & CEO's remuneration:		
Salary and bonus	998	961
Pension costs - EPF	184	163
Benefits-in-kind	31	25
Others	96	118
	1,309	1,267
Total President & CEO's remuneration excluding benefits-in-kind	1,278	1,242
(b) Executive Director's remuneration:		
Fees	-	-
Allowances and other emoluments	-	-
	-	-
(c) Non-executive Directors' remuneration:		
Fees	641	583
Allowances and other emoluments	249	175
	890	758
(d) GSC members' remuneration:		
Fees	86	81
Allowances and other emoluments	24	21
	110	102
Total remuneration of President & CEO, Directors and GSC members excluding benefits-in-kind	2,278	2,102

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

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

	Number of Directors	
	2025	**2024**
Executive Directors:		
Up to RM50,000	1*	1*
Non-executive Directors:**		
RM100,001 to RM150,000	5	5
RM150,001 to RM200,000	1	1

* The Executive Director, Zaharudin Daud, who resigned on 1 October 2024, was not entitled to any Directors' remuneration for the financial year.

** The remuneration for Non-executive Directors exclude benefits-in-kind.

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

	Salary and bonus RM'000	Fees RM'000	Pension costs RM'000	Others RM'000	Total** RM'000
Company					
2025					
President & CEO:					
Dato' Rodzila @ Rudy Che Lamin	998	-	184	96	1,278
Executive Director:					
Zaharudin Daud (Resigned on 1 October 2024)*	-	-	-	-	-
Non-executive Directors:					
Datuk Johar Che Mat	-	105	-	35	140
Rosinah Mohd Salleh (Retired on 31 March 2025)	-	94	-	33	127
Arul Sothy S. Mylvaganam	-	100	-	35	135
Woon Tai Hai	-	104	-	42	146
Dato' Amirudin Abdul Halim	-	107	-	42	149
Dr. Wan Zamri Wan Ismail	-	131	-	62	193
	-	641	-	249	890
Total Directors' remuneration	-	641	-	249	890

* The Executive Director, Zaharudin Daud, who resigned on 1 October 2024, was not entitled to any Directors’ remuneration for the financial year ended 31 March 2025.

** Total excluding benefits-in-kind

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

	Salary and bonus RM'000	Fees RM'000	Pension costs RM'000	Others RM'000	Total* RM'000
Company (cont'd.)					
2025 (cont'd.)					
GSC members:					
Prof. Dr. Younes Soualhi	-	16	-	4	20
Dr. Shamsiah Mohamad	-	14	-	4	18
Shahrir bin Sofian	-	14	-	4	18
Assoc. Prof. Datuk Dr. Luqman Haji Abdullah	-	14	-	4	18
Dr. Khairul Anuar Ahmad	-	14	-	4	18
Wan Rumaizi Wan Husin	-	14	-	4	18
	-	86	-	24	110
Total remuneration of President & CEO, Directors and GSC members	998	727	184	369	2,278

* Total excluding benefits-in-kind

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

	Salary and bonus RM'000	Fees RM'000	Pension costs RM'000	Others RM'000	Total** RM'000
Company (cont'd.)					
2024					
President & CEO:					
Dato' Rodzila @ Rudy Che Lamin	961	-	163	118	1,242
Executive Director:					
Zaharudin Daud (Resigned on 1 October 2024)*	-	-	-	-	-
Non-executive Directors:					
Datuk Johar Che Mat	-	97	-	24	121
Rosinah Mohd Salleh (Retired on 31 March 2025)	-	87	-	24	111
Arul Sothy S. Mylvaganam	-	92	-	26	118
Woon Tai Hai	-	87	-	24	111
Dato' Amirudin Abdul Halim	-	99	-	32	131
Dr. Wan Zamri Wan Ismail	-	121	-	45	166
	-	583	-	175	758
Total Directors' remuneration	-	583	-	175	758

* The Executive Director, Zaharudin Daud, who resigned on 1 October 2024, was not entitled to any Directors' remuneration for the financial year ended 31 March 2024.

** Total excluding benefits-in-kind

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

	Salary and bonus RM'000	Fees RM'000	Pension costs RM'000	Others RM'000	Total* RM'000
Company (cont'd.)					
2024 (cont'd.)					
GSC members:					
Prof. Dr. Younes Soualhi	-	16	-	4	20
Dr. Shamsiah Mohamad	-	14	-	4	18
Shahrir bin Sofian	-	14	-	4	18
Assoc. Prof. Datuk Dr. Luqman Haji Abdullah	-	14	-	3	17
Dr. Khairul Anuar Ahmad	-	14	-	3	17
Wan Rumaizi Wan Husin	-	9	-	3	12
	-	81	-	21	102
Total remuneration of President & CEO, Directors and GSC members	961	664	163	314	2,102

* Total excluding benefits-in-kind

6. Net expense from retakaful certificates held

	Note	2025 RM '000	2024 RM '000
General Takaful Fund			
Allocation of retakaful contributions		(269,710)	(244,401)
Amounts recoverable from retakaful operators for incurred claims			
Amounts recoverable from claims	(i)	208,627	195,845
Changes in amounts recoverable arising from changes in LFIC	(i)	(22,114)	(15,977)
		186,513	179,868
Net expense from retakaful certificates held		(83,197)	(64,533)
Company			
Allocation of retakaful contributions		(269,710)	(244,401)
Amounts recoverable from retakaful operators for incurred claims			
Amounts recoverable from claims	(i)	221,484	208,556
Changes in amounts recoverable arising from changes in LFIC	(i)	(33,213)	(27,139)
		188,271	181,417
Net expense from retakaful certificates held		(81,439)	(62,984)

Note:

(i) Non-performance risk in relation to retakaful certificate assets is nil. Certain comparative figures have been reclassified between line items to align with the current year's presentation and disclosure requirements.

7. Investment income

	2025 RM '000	2024 RM '000
(a) Profit income calculated using the effective profit method		
General Takaful Fund		
Financial assets at FVTPL:		
Profit income	9,578	10,032
Financial assets at FVOCI:		
Profit income	4,206	140
Financial assets at amortised cost:		
Profit income	15,574	24,121
Net amortisation of premiums	(500)	(822)
	28,858	33,471
Company		
Financial assets at FVTPL:		
Profit income	9,578	13,952
Financial assets at FVOCI:		
Profit income	13,035	140
Financial assets at amortised cost:		
Profit income	20,162	28,429
Net amortisation of premiums	(1,277)	(1,443)
	41,498	41,078
(b) Other investment income		
General Takaful Fund		
Financial assets at FVTPL:		
Dividend income from:		
Quoted Shariah approved equities in Malaysia	874	489
Real estate investment trusts	32	44
Shariah approved unit trust funds	3,298	168
	4,204	701

7. Investment income (cont'd.)

	2025 RM '000	2024 RM '000
(b) Other investment income (cont'd.)		
Company		
Financial assets at FVTPL:		
Dividend income from:		
Quoted Shariah approved equities in Malaysia	1,090	697
Real estate investment trusts	32	44
Shariah approved unit trust funds	3,298	168
	4,420	909

8. Net realised losses

	2025 RM '000	2024 RM '000
General Takaful Fund		
Financial assets at FVTPL:		
Quoted Shariah approved equities in Malaysia	(270)	(3,885)
Shariah approved unit trust funds	277	(1,073)
Government Investment Issues	(579)	1,180
Unquoted sukuk:		
Government guaranteed	(130)	-
Financial assets at FVOCI:		
Government Investment Issues	-	(872)
Unquoted sukuk:		
Unsecured	43	-
	(659)	(4,650)

8. Net realised losses (cont'd.)

	2025 RM '000	2024 RM '000
Company		
Financial assets at FVTPL:		
Quoted Shariah approved equities in Malaysia	(711)	(3,798)
Shariah approved unit trust funds	277	(1,073)
Government Investment Issues	(579)	1,180
Unquoted sukuk:		
Government guaranteed	(130)	-
Financial assets at FVOCI:		
Government Investment Issues	(91)	(664)
Unquoted sukuk:		
Government guaranteed	(410)	-
Unsecured	71	-
	(1,573)	(4,355)

9. Net fair value gains/(losses) on financial assets at FVTPL

	2025 RM '000	2024 RM '000
General Takaful Fund		
Quoted Shariah approved equities in Malaysia	(1,268)	3,490
Real estate investment trusts	10	(25)
Shariah approved unit trust funds	(105)	2,131
Government Investment Issues	(423)	860
Unquoted sukuk	235	(4)
	(1,551)	6,452
Company		
Quoted Shariah approved equities in Malaysia	(533)	3,621
Real estate investment trusts	10	(5)
Shariah approved unit trust funds	(105)	1,921
Government Investment Issues	(423)	1,046
Unquoted sukuk	235	(4)
	(816)	6,579

10. Net takaful financial result

	2025 RM '000	2024 RM '000
General Takaful Fund		
Takaful profit (expenses)/income from takaful certificates issued		
Profit accreted to takaful certificates using locked-in rate	(23,364)	(18,687)
Due to changes in profit rates and other financial assumptions	(330)	807
Net takaful profit expenses from takaful certificates issued	(23,694)	(17,880)
Profit accreted to retakaful certificates using locked-in rate		
Profit accreted to retakaful certificates using locked-in rate	7,789	6,171
Due to changes in profit rates and other financial assumptions	142	(357)
Net takaful profit income from retakaful certificates held	7,931	5,814
Surplus arising not allocated to participants	(1,412)	(8,206)
Net takaful financial result	**(17,175)**	**(20,272)**
Company		
Takaful profit (expenses)/income from takaful certificates issued		
Profit accreted to takaful certificates using locked-in rate	(25,642)	(21,715)
Due to changes in profit rates and other financial assumptions	(369)	907
Net takaful profit expenses from takaful certificates issued	(26,011)	(20,808)
Profit accreted to retakaful certificates using locked-in rate		
Profit accreted to retakaful certificates using locked-in rate	8,565	6,860
Due to changes in profit rates and other financial assumptions	157	(394)
Net takaful profit income from retakaful certificates held	8,722	6,466
Surplus arising not allocated to participants	(1,412)	(8,206)
Net takaful financial result	**(18,701)**	**(22,548)**

11. Other income

	2025 RM '000	2024 RM '000
General Takaful Fund		
Brokerage income	-	5,101
Miscellaneous income	823	1,178
Total other income	**823**	**6,279**
Company		
Brokerage income	3,187	2,117
Management fee income	2,797	1,192
Miscellaneous income	2,291	4,421
Total other income	**8,275**	**7,730**

12. Other expenses

	2025 RM '000	2024 RM '000
General Takaful Fund		
Investment expenses	(167)	(63)
Transfer of investment income	-	(7,341)
Taxation attributable to participants	-	(3,280)
Other operating expenses	(44)	(46)
Total other expenses	**(211)**	**(10,730)**
Company		
Investment expenses	(167)	(63)
Investment management fee	(2,991)	(2,298)
Impairment of equipment	(417)	-
Impairment of intangible assets	(2,176)	-
Taxation attributable to participants	-	(3,280)
Other operating expenses	(103)	(1,887)
Total other expenses (Note 4)	**(5,854)**	**(7,528)**

13. Taxation

	2025 RM '000	2024 RM '000
General Takaful Fund/Company		
Current income tax	(1,889)	8,517
Deferred income tax (Note 18)	(1,040)	(5,237)
Taxation attributable to participants	**(2,929)**	**3,280**
Company		
Current income tax:		
Current year's provision	19,799	21,234
Underprovision of tax expense in prior years	1,921	1,334
	21,720	22,568
Deferred income tax (Note 18):		
Deferred tax relating to origination and reversal of temporary differences	2,148	(4,733)
(Overprovision)/Underprovision of deferred tax in prior years	(477)	408
	1,671	(4,325)
Taxation for the year	**23,391**	**18,243**

Domestic income tax for the Company is calculated at the Malaysian statutory tax rate of 24% (2024: 24%) of the estimated assessable profit for the year.

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

	2025 RM '000	2024 RM '000
Company		
Profit before zakat and taxation	85,489	82,428
Taxation at Malaysian statutory tax rate	20,517	19,783
Expenses not deductible for tax purposes	1,822	764
Income not subject to tax	(392)	(4,046)
(Overprovision)/Underprovision of deferred tax in prior years	(477)	408
Underprovision of tax expense in prior years	1,921	1,334
Tax expense for the year	**23,391**	**18,243**

14. Equipment

Company	Computer equipment RM '000	Furniture, fittings and office equipment RM '000	Motor vehicles RM '000	Total RM '000
Cost				
At 1 April 2023	594	94	564	1,252
Additions during the year	1	173	-	174
Disposal during the year	-	-	(227)	(227)
At 31 March 2024	595	267	337	1,199
Additions during the year	34	57	-	91
Reclassification from intangible assets (Note 15)	500	-	-	500
Written-off during the year	(13)	(5)	-	(18)
At 31 March 2025	1,116	319	337	1,772
Accumulated Depreciation and Impairment				
At 1 April 2023	178	29	220	427
Charge for the year (Note 4)	187	20	68	275
Disposal during the year	-	-	(175)	(175)
At 31 March 2024	365	49	113	527
Charge for the year (Note 4)	248	54	67	369
Impairment during the year (Note 4)	417	-	-	417
Written-off during the year	(13)	(3)	-	(16)
At 31 March 2025	1,017	100	180	1,297
Net Book Value				
At 31 March 2025	99	219	157	475
At 31 March 2024	230	218	224	672

15. Intangible assets

	Software development in progress RM '000	Computer software and licences RM '000	Preferred partnership fee RM '000	Total RM '000
Company				
Cost				
At 1 April 2023	7,074	5,363	52,000	64,437
Additions during the year	5,441	515	-	5,956
Reclassifications	(4,152)	4,152	-	-
At 31 March 2024	8,363	10,030	52,000	70,393
Additions during the year	14,301	2,144	1,320	17,765
Reclassifications	(6,617)	6,617	-	-
Reclassification to equipment (Note 14)	(500)	-	-	(500)
Reclassification to expenses (Note 4)	(2,110)	-	-	(2,110)
At 31 March 2025	13,437	18,791	53,320	85,548
Accumulated Amortisation and Impairment				
At 1 April 2023	-	918	7,251	8,169
Charge for the year (Note 4)	-	928	10,864	11,792
At 31 March 2024	-	1,846	18,115	19,961
Charge for the year (Note 4)	-	2,055	5,154	7,209
Impairment during the year (Note 4)	-	2,176	-	2,176
At 31 March 2025	-	6,077	23,269	29,346
Net Carrying Amount				
At 31 March 2025	13,437	12,714	30,051	56,202
At 31 March 2024	8,363	8,184	33,885	50,432

16. Leases

Company as a lessee

The Company has lease contracts for head office and branches used in its operations, with lease terms between 2 to 6 years. The Company’s obligations under its leases are secured by the lessor’s title to the leased assets.

16. Leases (cont'd.)

Company as a lessee (cont'd.)

Generally, the Company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension options, which are further discussed below.

The Company also has leases of office building with lease term 12 months or less and leases of low value. The Company applies the 'short term lease' and lease of 'low value assets' recognition for these leases.

(a) Right-of-use ("ROU") assets

Set out below are the carrying amounts of ROU assets recognised and the movements during the period:

Company	**Office buildings RM '000**
Cost	
At 1 April 2023	10,971
Lease modification	(408)
Additions during the year	1,706
Lease derecognised during the year	(1,484)
At 31 March 2024	10,785
Additions during the year	1,377
Lease derecognised during the year	(1,293)
At 31 March 2025	10,869
Accumulated Depreciation	
At 1 April 2023	3,007
Lease modification	358
Charge for the year (Note 4)	2,296
Lease derecognised during the year	(1,484)
At 31 March 2024	4,177
Charge for the year (Note 4)	2,124
Lease derecognised during the year	(928)
At 31 March 2025	5,373
Net Carrying Amount	
At 31 March 2025	5,496
At 31 March 2024	6,608

16. Leases (cont'd.)

Company as a lessee (cont'd.)

(b) Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	RM '000
Company	
At 1 April 2023	8,202
Lease modification	687
Additions	1,706
Lease derecognised during the year	(1,484)
Accretion of profit*	311
Payments	(2,467)
At 31 March 2024	6,955
Additions	1,377
Lease derecognised during the year	(381)
Accretion of profit*	323
Payments	(2,481)
At 31 March 2025	5,793

* The Company used a weighted average incremental borrowing rate at 4.5% (2024: 4.6%).

(c) Amount recognised in the statement of profit or loss

	2025 RM '000	2024 RM '000
Company		
Depreciation expense of ROU assets (Note 4)	2,124	2,296
Finance cost on lease liabilities	323	311
Expense relating to short-term leases (Note 4)	18	14
Expense relating to leases of low-value assets (Note 4)	433	114
Expenses relating to leases	451	128
Total amount recognised in profit or loss	2,898	2,735

16. Leases (cont'd.)

Company as a lessee (cont'd.)

(d) Cash and non-cash outflow for leases

	2025 RM '000	2024 RM '000
Company		
Payment of lease liabilities	(2,481)	(2,467)
Non-cash additions to ROU assets	1,377	1,706
	(1,104)	(761)

(e) Extension option

The leases of the Company's offices premises contain extension options exercisable by the Company and not the lessors. At the commencement of a lease, the Company assesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Most of the extension options in the offices have been included in the lease liability when the Company is reasonably certain that the lease will be extended based on past practice and existing economic incentive.

17. Financial and other assets

The following table summarises the fair values and carrying values of financial assets of the General Takaful Fund and the Company, other than cash and bank balances:

	2025		2024	
	General Takaful Fund RM '000	Company RM '000	General Takaful Fund RM '000	Company RM '000
Unquoted sukuk:				
Government guaranteed	-	4,968	4,836	24,258
Unsecured	208,089	270,751	110,324	127,633
Government Investment Issues	232,800	395,111	25,474	75,788
Quoted Shariah approved equities in Malaysia	28,013	36,555	2,982	7,925
Real estate investment trusts	752	752	543	543
Shariah approved unit trust funds	55,642	55,642	105,772	105,772
Islamic commercial papers	19,821	24,776	-	-
Deposit placements with licensed:				
Islamic banks	382,629	520,077	471,062	757,100
Development banks	58,076	58,722	110,743	112,340
Staff financing:				
Receivable within 12 months	-	145	-	216
Receivable after 12 months	-	127	-	292
Income due and accrued	8,048	10,229	11,222	14,126
Sundry receivables and prepayments	3,315	4,075	3,127	4,652
	997,185	1,381,930	846,085	1,230,645
Financial assets at FVTPL (Note 17(a))	438,028	446,570	159,711	164,654
Financial assets at FVOCI (Note 17(b))	87,268	317,209	90,220	177,265
Financial assets at AC and other assets (Note 17(c))	471,889	618,151	596,154	888,726
	997,185	1,381,930	846,085	1,230,645

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

	2025 General Takaful Fund RM '000	2025 Company RM '000	2024 General Takaful Fund RM '000	2024 Company RM '000
(a) Financial assets at FVTPL				
At fair value:				
Unquoted sukuk:				
Government guaranteed	-	-	4,836	4,836
Unsecured	120,821	120,821	20,104	20,104
Government Investment Issues	232,800	232,800	25,474	25,474
Quoted Shariah approved equities in Malaysia	28,013	36,555	2,982	7,925
Real estate investment trusts	752	752	543	543
Shariah approved unit trust funds	55,642	55,642	105,772	105,772
	438,028	446,570	159,711	164,654
(b) Financial assets at FVOCI				
At fair value:				
Unquoted sukuk:				
Government guaranteed	-	4,968	-	19,422
Unsecured	87,268	149,930	90,220	107,529
Government Investment Issues	-	162,311	-	50,314
	87,268	317,209	90,220	177,265

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

	2025		2024	
	General Takaful Fund RM '000	Company RM '000	General Takaful Fund RM '000	Company RM '000
(c) Financial assets at AC and other assets				
At amortised cost				
Islamic commercial papers	19,821	24,776	-	-
Deposit placements with licensed:				
Islamic banks	382,629	520,077	471,062	757,100
Development banks	58,076	58,722	110,743	112,340
Staff financing:				
Receivable within 12 months	-	145	-	216
Receivable after 12 months	-	127	-	292
Income due and accrued	8,048	10,229	11,222	14,126
Sundry receivables	3,315	3,813	3,127	4,045
	471,889	617,889	596,154	888,119
Other assets:				
Prepayments	-	262	-	607
	471,889	618,151	596,154	888,726

All items above, other than prepayments are financial assets measured at amortised cost.

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

The weighted average annual effective profit rate for each class of profit-bearing financial assets are as below:

(d) Weighted average annual effective profit rate

	2025		2024	
	General Takaful Fund RM '000	Company RM '000	General Takaful Fund RM '000	Company RM '000
Unquoted sukuk:				
Government guaranteed	0.04%	0.05%	0.00%	0.08%
Unsecured	1.64%	1.43%	3.21%	2.54%
Government Investment Issues	1.86%	2.08%	0.65%	1.16%
	3.54%	3.56%	3.86%	3.77%
Deposit placements with licensed:				
Islamic banks	3.09%	3.19%	3.09%	3.25%
Development banks	0.52%	0.40%	0.77%	0.51%
	3.61%	3.58%	3.86%	3.75%
Staff financing	-	0.32%	-	0.24%

(e) Investment in Wholesale Unit Trust Fund

During the financial year ended 31 March 2024, the Company invested RM100 million in a Wholesale Unit Trust Fund (“WUTF”). Subsequently, on 26 March 2025, the Company redeemed a total of 44,704,947 units, amounting to RM45 million. The remaining investment balance as at 31 March 2025 stood at RM55 million.

18. Deferred tax assets

2025	General Takaful Fund RM '000	Company RM '000
At 1 April 2024	12,501	37,096
Recognised in:		
Statement of profit or loss (Note 13)	-	(1,671)
Tax borne by participants (Note 13)	1,040	1,040
Other comprehensive income	(115)	(316)
At 31 March 2025	13,426	36,149
2024		
At 1 April 2023	7,881	28,287
Recognised in:		
Statement of profit or loss (Note 13)	-	4,325
Tax borne by participants (Note 13)	5,237	5,237
Other comprehensive income	(617)	(753)
At 31 March 2024	12,501	37,096

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The net deferred tax assets/(liabilities) shown in the statement of financial position have been determined after appropriate offsetting as follows:

2025	General Takaful Fund RM '000	Company RM '000
Deferred tax assets	14,252	39,701
Deferred tax liabilities	(826)	(3,552)
	13,426	36,149
2024		
Deferred tax assets	13,295	38,591
Deferred tax liabilities	(794)	(1,495)
	12,501	37,096

18. Deferred tax assets (cont'd.)

The components and movements of deferred tax assets/(liabilities) during the financial year are as follows:

	Financial Assets RM '000	Accelerated Capital Allowance RM '000	Takaful Certificate Liabilities RM '000	Total RM '000
General Takaful Fund				
2025				
At 1 April 2024	60	(682)	13,123	12,501
Statement of profit or loss (Note 13)	404	48	588	1,040
Other comprehensive income	(115)	-	-	(115)
At 31 March 2025	349	(634)	13,711	13,426
2024				
At 1 April 2023	2,572	(234)	5,543	7,881
Statement of profit or loss (Note 13)	(1,895)	(448)	7,580	5,237
Other comprehensive income	(617)	-	-	(617)
At 31 March 2024	60	(682)	13,123	12,501

18. Deferred tax assets (cont'd.)

	Financial Assets RM '000	Accelerated Capital Allowance RM '000	Leases RM '000	Takaful Certificate Liabilities RM '000	Others RM '000	Total RM '000
Company						
2025						
At 1 April 2024	1,179	(775)	97	30,470	6,125	37,096
Statement of profit or loss (Note 13)	(535)	(2,028)	(12)	(244)	1,148	(1,671)
Tax borne by participants (Note 13)	404	48	-	588	-	1,040
Other comprehensive income	(316)	-	-	-	-	(316)
At 31 March 2025	732	(2,755)	85	30,814	7,273	36,149
2024						
At 1 April 2023	3,723	(569)	77	21,233	3,823	28,287
Statement of profit or loss (Note 13)	104	242	20	1,657	2,302	4,325
Tax borne by participants (Note 13)	(1,895)	(448)	-	7,580	-	5,237
Other comprehensive income	(753)	-	-	-	-	(753)
At 31 March 2024	1,179	(775)	97	30,470	6,125	37,096

19. Takaful and retakaful certificates

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

	Fire RM '000	Motor RM '000	Personal Accident RM '000	Others RM '000	Surplus Payables RM '000	Total RM '000
2025						
General Takaful Fund						
Takaful certificates issued						
Remaining coverage	(86,064)	(320,570)	(7,572)	(13,433)	-	(427,639)
Incurred claims	(32,620)	(491,618)	(16,021)	(61,740)	(28,187)	(630,186)
Unallocated Surplus						(189,334)
Liabilities						(1,247,159)
Retakaful certificates held						
Remaining coverage	(42,816)	(98,422)	630	(11,248)	-	(151,856)
Incurred claims	44,359	367,432	1,515	30,176	-	443,482
Assets						291,626
Company						
Takaful certificates issued						
Remaining coverage	(109,629)	(336,911)	(13,377)	(2,734)	-	(462,651)
Incurred claims	(36,871)	(543,953)	(18,165)	(70,542)	(28,187)	(697,718)
Unallocated Surplus						(189,334)
Liabilities						(1,349,703)
Retakaful certificates held						
Remaining coverage	(42,816)	(98,422)	630	(11,248)	-	(151,856)
Incurred claims	45,541	388,336	1,620	33,321	-	468,818
Assets						316,962

19. Takaful and retakaful certificates (cont'd.)

	Fire RM '000	Motor RM '000	Personal Accident RM '000	Others RM '000	Surplus Payables RM '000	Total RM '000
2024						
General Takaful Fund						
Takaful certificates issued						
Remaining coverage	(112,180)	(194,990)	(19,875)	(15,973)	-	(343,018)
Incurred claims	(37,956)	(442,300)	(18,344)	(38,344)	(30,968)	(567,912)
Unallocated Surplus						(186,187)
Liabilities						(1,097,117)
Retakaful certificates held						
Remaining coverage	(13,799)	(20,156)	143	(8,875)	-	(42,687)
Incurred claims	29,855	263,006	260	44,641	-	337,762
Assets						295,075
Company						
Takaful certificates issued						
Remaining coverage	(127,012)	(220,143)	(22,443)	(15,673)	-	(385,271)
Incurred claims	(41,857)	(488,316)	(20,247)	(45,534)	(30,968)	(626,922)
Unallocated Surplus						(186,187)
Liabilities						(1,198,380)
Retakaful certificates held						
Remaining coverage	(13,799)	(20,156)	143	(8,875)	-	(42,687)
Incurred claims	30,709	281,317	260	48,263	-	360,549
Assets						317,862

19. Takaful and retakaful certificates (cont'd.)

Takaful certificate assets/(liabilities)

The roll-forward of net asset or liability for takaful certificates issued, showing the liabilities for remaining coverage and the liabilities for incurred claims, is disclosed in the table below:

	Liabilities for remaining coverage	Liabilities for incurred claims	Unallocated surplus	
	Excluding loss component RM '000	Estimates of the present value of future cash flows RM '000	RM '000	Total RM '000
2025				
General Takaful Fund				
Takaful certificate liabilities as at 1 April 2024	**(343,018)**	**(567,912)**	**(186,187)**	**(1,097,117)**
Takaful revenue	870,984	-	-	870,984
Takaful service expenses (Note 3)	(214,911)	(590,103)	-	(805,014)
Incurred claims	-	(531,552)	-	(531,552)
Amortisation of wakalah acquisition costs	(214,911)	-	-	(214,911)
Incurred wakalah fees	-	(109,962)	-	(109,962)
Changes to liabilities for incurred claims	-	59,411	-	59,411
Surplus performance incentive	-	(4,000)	-	(4,000)
Surplus declared to participants	-	(4,000)	-	(4,000)
Takaful service result	**656,073**	**(590,103)**	**-**	**65,970**
Takaful financial result (Note 10)	(5,546)	(18,148)	(1,412)	(25,106)
Profit accreted to takaful certificates using locked-in rate	(5,546)	(17,818)	-	(23,364)
Due to changes in profit rates and other financial assumptions	-	(330)	-	(330)
Surplus arising not allocated to participants	-	-	(1,412)	(1,412)
Total changes in the statement of profit or loss	**650,527**	**(608,251)**	**(1,412)**	**40,864**
Other movements	-	-	(1,735)	(1,735)
Cash (inflow)/outflow:	(735,148)	545,977	-	(189,171)
Contributions received net of wakalah fee	(977,188)	-	-	(977,188)
Takaful acquisition cash flow ("TACF")	242,040	-	-	242,040
Claims, surplus and other expenses paid	-	545,977	-	545,977
Takaful certificate liabilities as at 31 March 2025	**(427,639)**	**(630,186)**	**(189,334)**	**(1,247,159)**

19. Takaful and retakaful certificates (cont'd.)

Takaful certificate assets/(liabilities) (cont'd.)

The roll-forward of net asset or liability for takaful certificates issued, showing the liabilities for remaining coverage and the liabilities for incurred claims, is disclosed in the table below:

	Liabilities for remaining coverage		Liabilities for incurred claims		Unallocated surplus	
	Excluding loss component RM '000	Loss component RM '000	Estimates of the present value of future cash flows RM '000	Risk adjustment RM '000	RM '000	Total RM '000
2025 (cont'd.)						
Company						
Takaful certificate liabilities as at 1 April 2024	**(382,377)**	**(2,894)**	**(573,984)**	**(52,938)**	**(186,187)**	**(1,198,380)**
Takaful revenue	870,984	-	-	-	-	870,984
Takaful service expenses (Note 3)	(175,034)	(1,268)	(553,873)	(3,736)	-	(733,911)
Incurred claims	-	-	(531,552)	(29,710)	-	(561,262)
Amortisation of acquisition costs	(175,034)	-	-	-	-	(175,034)
Incurred maintenance expenses	-	-	(79,659)		-	(79,659)
Losses and reversal of losses on onerous certificates	-	(1,268)	-	-	-	(1,268)
Changes to liabilities for incurred claims	-	-	61,338	25,974	-	87,312
Surplus declared to participants	-	-	(4,000)	-	-	(4,000)
Takaful service result	**695,950**	**(1,268)**	**(553,873)**	**(3,736)**	**-**	**137,073**
Takaful financial result (Note 10)	(5,546)	(240)	(18,420)	(1,805)	(1,412)	(27,423)
Profit accreted to takaful certificates using locked-in rate	(5,546)	(240)	(18,085)	(1,771)	-	(25,642)
Due to changes in profit rates and other financial assumptions	-	-	(335)	(34)	-	(369)
Surplus arising not allocated to participants	-	-	-	-	(1,412)	(1,412)
Total changes in the statement of profit or loss	**690,404**	**(1,508)**	**(572,293)**	**(5,541)**	**(1,412)**	**109,650**
Other movements	-	-	-	-	(1,735)	(1,735)
Cash (inflow)/outflow:	(766,276)	-	507,038	-	-	(259,238)
Contributions received net of wakalah fee	(971,362)	-	-	-	-	(971,362)
Takaful acquisition cash flow ("TACF")	205,086	-	-	-	-	205,086
Claims, surplus and other expenses paid	-	-	507,038	-	-	507,038
Takaful certificate liabilities as at 31 March 2025	**(458,249)**	**(4,402)**	**(639,239)**	**(58,479)**	**(189,334)**	**(1,349,703)**

19. Takaful and retakaful certificates (cont'd.)

Takaful certificate assets/(liabilities)

The roll-forward of net asset or liability for takaful certificates issued, showing the liabilities for remaining coverage and the liabilities for incurred claims, is disclosed in the table below:

	Liabilities for remaining coverage	Liabilities for incurred claims	Unallocated surplus	
	Excluding loss component RM '000	Estimates of the present value of future cash flows RM '000	RM '000	Total RM '000
2024				
General Takaful Fund				
Takaful certificate liabilities as at 1 April 2023	**(298,893)**	**(457,634)**	**(176,964)**	**(933,491)**
Takaful revenue	801,376	-	-	801,376
Takaful service expenses (Note 3)	(204,303)	(543,791)	-	(748,094)
Incurred claims*	-	(464,243)	-	(464,243)
Amortisation of wakalah acquisition costs	(204,303)	-	-	(204,303)
Incurred wakalah fees	-	(98,014)	-	(98,014)
Changes to liabilities for incurred claims*	-	38,466	-	38,466
Surplus performance incentive	-	(10,000)	-	(10,000)
Surplus declared to participants	-	(10,000)	-	(10,000)
Takaful service result	**597,073**	**(543,791)**	**-**	**53,282**
Takaful financial result (Note 10)	(4,634)	(13,246)	(8,206)	(26,086)
Profit accreted to takaful certificates using locked-in rate	(4,634)	(14,053)	-	(18,687)
Due to changes in profit rates and other financial assumptions	-	807	-	807
Surplus arising not allocated to participants	-	-	(8,206)	(8,206)
Total changes in the statement of profit or loss	**592,439**	**(557,037)**	**(8,206)**	**27,196**
Other movements	-	-	(1,017)	(1,017)
Cash (inflow)/outflow:	(636,564)	446,759	-	(189,805)
Contributions received net of wakalah fee	(852,995)	-	-	(852,995)
Takaful acquisition cash flow ("TACF")	216,431	-	-	216,431
Claims, surplus and other expenses paid	-	446,759	-	446,759
Takaful certificate liabilities as at 31 March 2024	**(343,018)**	**(567,912)**	**(186,187)**	**(1,097,117)**

* Certain comparative figures have been reclassified between line items to align with the current year's presentation and disclosure requirements.

19. Takaful and retakaful certificates (cont'd.)

Takaful certificate assets/(liabilities) (cont'd.)

The roll-forward of net asset or liability for takaful certificates issued, showing the liabilities for remaining coverage and the liabilities for incurred claims, is disclosed in the table below:

	Liabilities for remaining coverage		**Liabilities for incurred claims**		**Unallocated surplus**	
	Excluding loss component RM '000	**Loss component RM '000**	**Estimates of the present value of future cash flows RM '000**	**Risk adjustment RM '000**	**RM '000**	**Total RM '000**
2024 (cont'd.)						
Company						
Takaful certificate liabilities as at 1 April 2023	**(330,269)**	**(1,880)**	**(466,519)**	**(49,626)**	**(176,964)**	**(1,025,258)**
Takaful revenue	801,376	-	-	-	-	801,376
Takaful service expenses (Note 3)	(172,206)	(769)	(502,756)	(1,787)	-	(677,518)
Incurred claims*	-	-	(464,243)	(28,102)	-	(492,345)
Amortisation of acquisition costs	(172,206)	-	-	-	-	(172,206)
Incurred maintenance expenses	-	-	(65,423)	-	-	(65,423)
Losses and reversal of losses on onerous certificates	-	(769)	-	-	-	(769)
Changes to liabilities for incurred claims*	-	-	36,910	26,315	-	63,225
Surplus declared to participants	-	-	(10,000)	-	-	(10,000)
Takaful service result	**629,170**	**(769)**	**(502,756)**	**(1,787)**	**-**	**123,858**
Takaful financial result (Note 10)	(5,527)	(245)	(13,511)	(1,525)	(8,206)	(29,014)
Profit accreted to takaful certificates					-	
using locked-in rate	(5,527)	(245)	(14,334)	(1,609)	-	(21,715)
Due to changes in profit rates and other					-	
financial assumptions	-	-	823	84	-	907
Surplus arising not allocated to participants	-	-	-	-	(8,206)	(8,206)
Total changes in the statement of profit or loss	**623,643**	**(1,014)**	**(516,267)**	**(3,312)**	**(8,206)**	**94,844**
Other movements					(1,017)	(1,017)
Cash (inflow)/outflow:	(675,751)	-	408,802	-	-	(266,949)
Contributions received net of wakalah fee	(857,632)	-	-	-	-	(857,632)
Takaful acquisition cash flow ("TACF")	181,881	-	-	-	-	181,881
Claims, surplus and other expenses paid	-	-	408,802	-	-	408,802
Takaful certificate liabilities as at 31 March 2024	**(382,377)**	**(2,894)**	**(573,984)**	**(52,938)**	**(186,187)**	**(1,198,380)**

* Certain comparative figures have been reclassified between line items to align with the current year's presentation and disclosure requirements.

19. Takaful and retakaful certificates (cont'd.)

Retakaful certificates assets/(liabilities)

The roll-forward of net asset or liability for retakaful certificates held, showing the assets for remaining coverage and the assets for incurred claims, is disclosed in the table below:

	Assets for remaining coverage	Assets for incurred claims	
	Excluding loss recovery component RM '000	Estimates of the present value of future cash flows RM '000	Total RM '000
2025			
General Takaful Fund			
Retakaful certificate assets as at 1 April 2024	**(42,687)**	**337,762**	**295,075**
Allocation of retakaful contribution	(269,710)	-	(269,710)
Amounts recoverable from retakaful operators	-	186,513	186,513
Amount recoverable for incurred claims and other expenses	-	208,627	208,627
Changes to amount recoverable for incurred claims	-	(22,114)	(22,114)
Net income or expense from retakaful certificates held	**(269,710)**	**186,513**	**(83,197)**
Takaful financial result	-	7,931	7,931
Profit accreted to retakaful contracts using locked-in rate	-	7,789	7,789
Due to changes in profit rates and other financial assumptions	-	142	142
Total changes in the statement of profit or loss	**(269,710)**	**194,444**	**(75,266)**
Cash outflow/(inflow):	160,541	(88,724)	71,817
Contribution paid	160,541	-	160,541
Amount received	-	(88,724)	(88,724)
Retakaful certificate assets as at 31 March 2025	**(151,856)**	**443,482**	**291,626**

19. Takaful and retakaful certificates (cont'd.)

Retakaful certificates assets/(liabilities) (cont'd.)

The roll-forward of net asset or liability for retakaful certificates held, showing the assets for remaining coverage and the assets for incurred claims, is disclosed in the table below:

	Assets for remaining coverage	Assets for incurred claims		
	Excluding loss recovery component RM '000	Estimates of the present value of future cash flows RM '000	Risk adjustment RM '000	Total RM '000
2025 (cont'd.)				
Company				
Retakaful certificate assets as at 1 April 2024	**(42,687)**	**337,762**	**22,787**	**317,862**
Allocation of retakaful contribution	(269,710)	-	-	(269,710)
Amounts recoverable from retakaful operators	-	186,513	1,758	188,271
Amount recoverable for incurred claims and other expenses	-	208,627	12,857	221,484
Changes to amount recoverable for incurred claims	-	(22,114)	(11,099)	(33,213)
Net income or expense from retakaful certificates held	**(269,710)**	**186,513**	**1,758**	**(81,439)**
Takaful financial result	-	7,931	791	8,722
Profit accreted to retakaful contracts using locked-in rate	-	7,789	776	8,565
Due to changes in profit rates and other financial assumptions	-	142	15	157
Total changes in the statement of profit or loss	**(269,710)**	**194,444**	**2,549**	**(72,717)**
Cash outflow/(inflow):	160,541	(88,724)	-	71,817
Contribution paid	160,541	-	-	160,541
Amount received	-	(88,724)	-	(88,724)
Retakaful certificate assets as at 31 March 2025	**(151,856)**	**443,482**	**25,336**	**316,962**

19. Takaful and retakaful certificates (cont'd.)

Retakaful certificates assets/(liabilities) (cont'd.)

The roll-forward of net asset or liability for retakaful certificates held, showing the assets for remaining coverage and the assets for incurred claims, is disclosed in the table below:

	Assets for remaining coverage	Assets for incurred claims	
	Excluding loss recovery component RM '000	Estimates of the present value of future cash flows RM '000	Total RM '000
2024			
General Takaful Fund			
Retakaful certificate assets as at 1 April 2023	**(27,457)**	**247,778**	**220,321**
Allocation of retakaful contribution	(244,401)	-	(244,401)
Amounts recoverable from retakaful operators	-	179,868	179,868
Amount recoverable for incurred claims and other expenses*	-	195,845	195,845
Changes to amount recoverable for incurred claims*	-	(15,977)	(15,977)
Net income or expense from retakaful certificates held	**(244,401)**	**179,868**	**(64,533)**
Takaful financial result	-	5,814	5,814
Profit accreted to retakaful contracts using locked-in rate	-	6,171	6,171
Due to changes in profit rates and other financial assumptions	-	(357)	(357)
Total changes in the statement of profit or loss	**(244,401)**	**185,682**	**(58,719)**
Cash outflow/(inflow):	229,171	(95,698)	133,473
Contribution paid	229,171	-	229,171
Amount received	-	(95,698)	(95,698)
Retakaful certificate assets as at 31 March 2024	**(42,687)**	**337,762**	**295,075**

* Certain comparative figures have been reclassified between line items to align with the current year's presentation and disclosure requirements.

19. Takaful and retakaful certificates (cont'd.)

Retakaful certificates assets/(liabilities) (cont'd.)

The roll-forward of net asset or liability for retakaful certificates held, showing the assets for remaining coverage and the assets for incurred claims, is disclosed in the table below:

	Assets for remaining coverage	Assets for incurred claims		
	Excluding loss recovery component RM '000	Estimates of the present value of future cash flows RM '000	Risk adjustment RM '000	Total RM '000
2024 (cont'd.)				
Company				
Retakaful certificate assets as at 1 April 2023	**(27,457)**	**247,778**	**20,586**	**240,907**
Allocation of retakaful contribution	(244,401)	-	-	(244,401)
Amounts recoverable from retakaful operators	-	179,868	1,549	181,417
Amount recoverable for incurred claims and other expenses*	-	195,845	12,711	208,556
Changes to amount recoverable for incurred claims*	-	(15,977)	(11,162)	(27,139)
Net income or expense from retakaful certificates held	**(244,401)**	**179,868**	**1,549**	**(62,984)**
Takaful financial result	-	5,814	652	6,466
Profit accreted to retakaful contracts using locked-in rate	-	6,171	689	6,860
Due to changes in profit rates and other financial assumptions	-	(357)	(37)	(394)
Total changes in the statement of profit or loss	**(244,401)**	**185,682**	**2,201**	**(56,518)**
Cash outflow/(inflow):	229,171	(95,698)	-	133,473
Contribution paid	229,171	-	-	229,171
Amount received	-	(95,698)	-	(95,698)
Retakaful certificate assets as at 31 March 2024	**(42,687)**	**337,762**	**22,787**	**317,862**

* Certain comparative figures have been reclassified between line items to align with the current year's presentation and disclosure requirements.

20. Other payables

	General Takaful Fund RM '000	Company RM '000
2025		
Provision on:		
Marketing-related expenses	-	24,981
Staff bonus	-	14,464
Roadside assistance	-	2,401
Others	-	6,309
Amount due to shareholder's fund*	32,029	-
Amount due to related companies*	227	13,791
Stamp duty payable	1,793	1,793
Service tax payable	7,843	7,855
Unidentified credit items	28,726	28,726
Amount due to intermediaries	11,565	11,565
Other accruals and payables	2,358	4,954
	84,541	116,839
2024		
Provision on:		
Marketing-related expenses	-	22,684
Staff bonus	-	12,429
Roadside assistance	-	937
Others	-	4,897
Advance contributions	3,994	3,994
Amount due to shareholder's fund*	10,873	-
Amount due to related companies*	244	854
Stamp duty payable	1,032	1,032
Service tax payable	3,006	3,006
Amount due to intermediaries	1,393	1,393
Other accruals and payables^	39,484	40,262
	60,026	91,488

Note:

* The amounts due to the shareholder's fund and its related companies (its holding company and fellow subsidiaries) are unsecured, not subject to any profit elements and are repayable on demand.

^ Included in the other payables above are clearing and suspense accounts, sundry creditors, accruals and provisions, and control accounts, representing liabilities incurred on the normal course of operations and temporary balances pending final allocation or settlement as at the reporting date.

21. Share capital

Company

	Number of ordinary shares		Amount	
	2025 '000	2024 '000	2025 RM '000	2024 RM '000
Issued and fully paid; at no par value:				
At beginning/end of the year	230,000	230,000	230,000	230,000

22. Reserves

	2025 RM '000	2024 RM '000
Company		
Distributable retained profits	135,182	114,408
Non-distributable fair value reserves	(31)	(1,170)
	135,151	113,238

The fair value reserves arose from the changes in the fair value of FVOCI investments. The retained profits as at 31 March 2025 can be distributed as dividends under the single-tier system.

23. Earning per share

The basic/diluted earnings per share ("EPS") calculated based on the net profit for the financial year divided by the number of ordinary shares in issue during the year is as follows:

	2025	2024
Company		
Profit attributable to ordinary shareholder (RM '000)	60,774	63,348
Number of ordinary shares in issue ('000)	230,000	230,000
Basic/diluted earnings per share (sen)	26.4	27.5

24. Capital commitments and contingencies

Capital commitments

	2025 RM '000	2024 RM '000
Company		
Authorised and contracted for:		
Intangible assets	7,175	2,335
Motor vehicle and equipment	1,185	-
	8,360	2,335
Authorised but not contracted for:		
Intangible assets	15,781	4,700
Motor vehicle and equipment	2,301	-
	18,082	4,700
Payable within 1 year	16,493	3,878
Payable after 1 year but not more than 5 years	9,949	3,157
	26,442	7,035

Contingencies

The Company has provided bank guarantees on service contracts with external parties of RM816,951 (2024: RM537,648) in the form of cash deposit in marginal accounts.

25. Regulatory capital requirement

The capital structure of the Company as at 31 March 2025 and 31 March 2024, as prescribed under the Risk-Based Capital Framework for Takaful Operators ("RBCT Framework") is provided below:

	General Takaful Fund RM '000	Company RM'000
2025		
Tier-1 capital		
Share capital	-	230,000
Retained profits/accumulated surplus	203,822	335,074
Tier-2 capital		
Fair value reserves	1,799	1,768
Amount deducted from capital	(7,882)	(87,006)
Total capital available ("TCA")	197,739	479,836
2024		
Tier-1 capital		
Share capital	-	230,000
Retained profits/accumulated surplus	198,877	318,593
Tier-2 capital		
Fair value reserves	1,433	767
Amount deducted from capital	(8,041)	(80,696)
Total capital available ("TCA")	192,269	468,664

26. Related party disclosures

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

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

26. Related party disclosures (cont'd.)

(a) Related party transactions

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

2025	General Takaful Fund RM '000	Company RM '000
Income/(expenses) and dividend:		
Transactions with MNRB Holdings Berhad:		
Gross contributions	544	544
Claims paid	(18)	(18)
Management fees	-	(24,666)
Management expense chargeback	-	(3,322)
Dividend paid	-	(40,000)
Transactions with Takaful Ikhlas Family Berhad, a fellow subsidiary:		
Gross contribution received	118	118
Gross contribution paid for takaful cover	-	(930)
Claims paid	(5)	(5)
Rental paid	-	(349)
Management fees	-	1,299
Management expense chargeback	-	(4,462)
Transactions with Malaysian Reinsurance Berhad, a fellow subsidiary:		
Gross contributions received	102	102
Contributions ceded	(29,610)	(29,610)
Retakaful commission income	1,982	1,982
Claims recoveries	15,939	15,939
Management fees	-	(39)
Rental paid	-	(1,145)
Management expense chargeback	-	(148)
Transactions with Labuan Reinsurance (L) Ltd, in which Malaysian Reinsurance Berhad is a substantial shareholder:		
Gross contributions received	5	5
Contributions ceded	(13,367)	(13,367)
Retakaful commission income	1,519	1,519
Claims recoveries	3,783	3,783

26. Related party disclosures (cont'd.)

(a) Related party transactions (cont'd.)

2024	General Takaful Fund RM '000	Company RM '000
Income/(expenses) and dividend:		
Transactions with MNRB Holdings Berhad:		
Gross contributions	483	483
Claims paid	(3,365)	(3,365)
Management fees	-	(16,141)
Management expense chargeback	-	(1,852)
Dividend paid	-	(10,000)
Transactions with Takaful Ikhlas Family Berhad, a fellow subsidiary:		
Gross contribution received	137	137
Gross contribution paid for takaful cover	-	(786)
Rental paid	-	(349)
Management fees	-	(13)
Management expense chargeback	-	(3,146)
Transactions with Malaysian Reinsurance Berhad, a fellow subsidiary:		
Gross contributions received	112	112
Contributions ceded	(17,123)	(17,123)
Retakaful commission income	1,534	1,534
Claims recoveries	8,497	8,497
Rental paid	-	(309)
Management fees	-	(1,145)
Management expense chargeback	-	(176)
Transactions with Labuan Reinsurance (L) Ltd, in which Malaysian Reinsurance Berhad is a substantial shareholder:		
Gross contributions received	18	18
Contributions ceded	(10,472)	(10,472)
Retakaful commission income	1,043	1,043
Claims recoveries	4,357	4,357

26. Related party disclosures (cont'd.)

(b) Related party balances

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

2025	General Takaful Fund RM '000	Company RM '000
Other receivables :		
Malaysian Reinsurance Berhad	-	(126)
Takaful Ikhlas Family Berhad	-	(162)
	-	(288)
Takaful certificate receivables:		
MNRB Holdings Berhad	6	6
	6	6
Retakaful certificate assets:		
Malaysian Reinsurance Berhad	7,457	7,457
Labuan Reinsurance (L) Ltd	5,030	5,030
	12,487	12,487
Takaful certificate payables:		
Malaysian Reinsurance Berhad	(1,791)	(1,791)
Takaful Ikhlas Family Berhad	(3)	(3)
	(1,794)	(1,794)
Other payables:		
MNRB Holdings Berhad	(13,590)	(13,590)
	(13,590)	(13,590)

26. Related party disclosures (cont'd.)

(b) Related party balances (cont'd.)

2024	General Takaful Fund RM '000	Company RM '000
Other receivables:		
Malaysian Reinsurance Berhad	-	14
Takaful Ikhlas Family Berhad	-	782
	-	796
Takaful certificate receivables:		
MNRB Holdings Berhad	5	5
Retakaful certificate assets:		
Malaysian Reinsurance Berhad	11,129	11,129
Labuan Reinsurance (L) Ltd	7,264	7,264
	18,393	18,393
Takaful certificate payables:		
Malaysian Reinsurance Berhad	(586)	(586)
Takaful Ikhlas Family Berhad	(7)	(7)
	(593)	(593)
Other payables:		
MNRB Holdings Berhad	-	(610)

26. Related party disclosures (cont'd.)

(c) Key management personnel

The remuneration of Directors and other members of key management during the year are as follows:

	2025 RM '000	2024 RM '000
Company		
President & CEO's remuneration (Note 5):		
Salaries and bonus	998	961
Pension costs - EPF	184	163
Benefits-in-kind	31	25
Others	96	118
	1,309	1,267
Executive Directors' remuneration (Note 5):		
Fees	-	-
Allowances and other emoluments	-	-
	-	-
Non-executive Directors' remuneration (Note 5):		
Fees	641	583
Allowances and other emoluments	249	175
	890	758
Group Shariah Committee members' remuneration (Note 5):		
Fees	86	81
Allowances and other emoluments	24	21
	110	102
Other key management personnel's remuneration:		
Salaries and bonus	2,848	3,184
Pension costs - EPF	463	522
Others	473	482
Total	3,784	4,188

27. Dividends

The amounts of dividends paid by the Company are as follows:

	RM '000
In respect of the financial year ended 31 March 2024:	
Final single tier dividend of 17.39% on 230,000,002 ordinary shares, declared on 9 October 2024 and paid on 15 October 2024.	40,000
In respect of the financial year ended 31 March 2023:	
Final single tier dividend of 4.35% on 230,000,002 ordinary shares, declared on 18 September 2023 and paid on 3 October 2023.	10,000

The Directors do not recommend the payment of any dividend in respect of the current financial year.

28. Risk management framework

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

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

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

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

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

28. Risk management framework (cont'd.)

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

The primary objectives of the RM Framework are as follows:

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

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

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

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

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

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

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

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

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

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

28. Risk management framework (cont'd.)

(a) Risk management governance

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

The Company has adopted the Three (3) Lines of Defence governance model which provides a formal, transparent, and effective risk governance structure to promote active involvement from the Board, Senior Management, and all employees in the risk management process across the Company.

In addition, the Company has set up an in-house risk management function, compliance function and committee to ensure efficient risk management.

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

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

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

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

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

28. Risk management framework (cont'd.)

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

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

(vi) The Information Technology Steering Committee ("ITSC"), chaired by the President & CEO, is established to oversee the implementation of IT strategic plans and provide direction in support of IT related initiatives and activities;

(vii) The Group Business Continuity Management Committee ("GBCMC") is established and responsible to review and recommend changes to the Group BCM Framework, evaluate the Business Continuity, Crisis Management, and Disaster Recovery Plans, approve the BCM programme workplan, and deliberate on issues related to crisis management and recovery centers;

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

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

28. Risk management framework (cont'd.)

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

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

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

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

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

(b) Capital management

The Internal Capital Adequacy Assessment Process (“ICAAP”) encompasses the overall process where the Company ensures adequate capital is available to meet its capital requirements on an ongoing basis, under normal and stressed conditions, in line with BNM's Policy Document on Internal Capital Adequacy Assessment Process for Takaful Operators, the Risk-Based Capital Framework for Takaful Operators (“RBCT Framework”) and the Policy Document on Stress Testing.

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

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

28. Risk management framework (cont'd.)

(b) Capital management (cont'd)

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

(c) Regulatory framework

The Company is required to comply with the Islamic Financial Services Act (“IFSA”) 2013, the Companies Act 2016, any other relevant Acts, and as applicable, Policy Documents issued by BNM from time to time.

In line with the RBCT Framework requirements on capital adequacy, the Company actively manages its capital adequacy by taking into consideration the potential impact on the Company's business strategies, risk profile and overall resilience of the Company.

The Breakdown of the TCA are as disclosed in Note 25.

The BNM Policy Document BNM/RFI/PD033-7 on Takaful Operational Framework ("TOF") 2019, specifies the parameters to govern the operational processes of takaful operators and defines in detail, where necessary, the various rules and requirements for takaful operators without limiting or specifying particular contracts to apply to the takaful operations. As required by the TOF, the Company’s respective components of the operational model were endorsed by the GSC and approved by the Board.

The Company is also a member of Perbadanan Insurans Deposit Malaysia ("PIDM"), which was established under the PIDM Act 2011, which administers the protection system for takaful and insurance benefits in the event of failure of a member institution.

29. Takaful risk of the general takaful fund

(a) Nature of risk

The Company principally manages the following classes of general takaful: Motor, Fire, Personal Accident and Miscellaneous (which includes Engineering and Marine).

Each participant pays a portion of the contribution, which is known as Tabarru' ("donation") into the General Takaful Fund ("GTF") for the purpose of meeting claims arising from events or risks covered under the takaful certificates. The Company is exposed to concentration risk through its takaful certificates in certain geographic regions, industry sectors, or line of business.

The risks are mitigated by, among others, diversification across a large portfolio of business, which is designed to smoothen the overall claim experience. The solvency of the GTF is managed by adopting prudent underwriting and claims management practices and controls.

The Company also manages its risk exposure through the use of retakaful arrangements. The retakaful treaty arrangements of the Company are reviewed annually by the Treaty Working Group ("TWG"), GMRCC and subsequently, as delegated by the Board, recommended to the RMCB for approval. The TWG is responsible to ensure all aspects of the business operations, risk management including risk appetite, risk tolerance and business strategies of the Company were taken into consideration in the overall procurement of the Company's Retakaful Programme and being carried out in the best interest of the Company. Selection of retakaful operators participating in the retakaful arrangements is in accordance with the criteria stipulated by BNM and the Board.

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

29. Takaful risk of the general takaful fund (cont'd.)

(b) Reserving risk

Reserving risk relates to the risk arising from inadequate reserves to meet the net claims amount payable. The determination of GTF's Liabilities for Remaining Coverage ("LFRC") and Liabilities for Incurred Claims ("LFIC") relies on the information derived from various sources such as historical claims experience, existing knowledge of occurred events, the terms and conditions of relevant certificates and interpretation of prevailing circumstances.

The Company sets aside case and technical reserves to meet the expected ultimate loss arising from the claim. These claim reserves are updated periodically taking into account the claims development.

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

(c) Catastrophe Risk

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

(d) Contribution Risk

Contribution risk arises when contributions charged are insufficient to meet expected claims and expenses. This risk is mitigated by adhering to the pricing policy and ceding risks above our risk appetite to retakaful operators with strong financial standing.

29. Takaful risk of the general takaful fund (cont'd.)

(e) Impact on liabilities, profit and equity

Key assumptions

The principal assumption underlying the estimation of liabilities is that the future claims development will follow a pattern similar to the historical trend experience.

Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future. Examples of external factors that may affect claims development include isolated one-off occurrence, changes in market factors such as public attitude to claims notification and reporting, economic conditions, judicial decision as well as government legislation. Examples of internal factors include changes in portfolio mix, changes in certificate conditions and changes in claims handling procedures, especially those that affect the speed of claim settlement.

Other key circumstances affecting the reliability of assumptions include delays in settlement.

Sensitivity analysis

The Liabilities for Incurred Claims ("LFIC") are sensitive to the key assumptions shown below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation processes.

The analysis below is performed on possible movements in key assumptions with all other assumptions held constant, showing the impact on LFIC and equity for the Company. The correlation of assumptions will have significant effects in determining the LFIC but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

The sensitivity analysis has been performed on claims handling expenses (“CHE”) and claims management expenses (“CME”), discount rate and the claims experience for the main classes of business which are Motor Act, Motor Others and Fire. Motor Act is analysed using changes in claim severity while Motor Others and Fire are analysed using changes in the expected ultimate loss ratio.

29. Takaful risk of the general takaful fund (cont'd.)

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

Sensitivity analysis (cont'd.)

	Company							
Change in assumptions	Impact on takaful service result before retakaful certificates held RM '000	Impact on takaful service result RM '000	Impact on profit before tax, before retakaful certificates held RM '000	Impact on profit before tax RM '000	Impact on takaful certificate liabilities RM '000	Impact on takaful certificate liabilities and retakaful certificate assets RM '000	Impact on equity before retakaful certificates held RM '000	Impact on equity RM '000
2025	Increase/(decrease)							
Motor Act Average Severity								
+10% of Ultimate Claims	(98,851)	(54,595)	(13,101)	(7,759)	98,912	54,627	(9,708)	(5,749)
-10% of Ultimate Claims	97,866	54,449	12,865	7,613	(97,927)	(54,483)	9,533	5,641
Motor Others Expected Loss Ratio								
+10% of Ultimate Claims	(73,520)	(42,641)	(4,142)	(2,863)	73,543	42,654	(3,069)	(2,121)
-10% of Ultimate Claims	72,465	42,474	3,840	2,696	(72,489)	(42,488)	2,845	1,998
Fire Expected Loss Ratio								
+10% of Ultimate Claims	(10,088)	(6,731)	(364)	(319)	10,092	6,733	(270)	(236)
-10% of Ultimate Claims	9,257	6,688	288	276	(9,261)	(6,692)	213	205
Claim Handling Expense ("CHE") & Claim Management Expense ("CME")								
+10% of Ultimate Claims	(5,966)	(5,966)	(5,969)	(5,969)	5,969	5,969	(4,423)	(4,423)
-10% of Ultimate Claims	5,988	5,988	5,992	5,992	(5,992)	(5,992)	4,440	4,440
Discounting								
+100 basis points	9,204	5,297	1,967	1,203	(18,368)	(10,568)	1,458	891
-100 basis points	(9,526)	(5,482)	(2,036)	(1,246)	19,011	10,936	(1,509)	(923)

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29. Takaful risk of the general takaful fund (cont'd.)

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

Sensitivity analysis (cont'd.)

	Company							
Change in assumptions	**Impact on takaful service result before retakaful certificates held RM '000**	**Impact on takaful service result RM '000**	**Impact on profit before tax, before retakaful certificates held RM '000**	**Impact on profit before tax RM '000**	**Impact on takaful certificate liabilities RM '000**	**Impact on takaful certificate liabilities and retakaful certificate assets RM '000**	**Impact on equity before retakaful certificates held RM '000**	**Impact on equity RM '000**
2024	Increase/(decrease)							
Motor Act Average Severity								
+10% of Ultimate Claims	(84,682)	(47,598)	(12,072)	(7,448)	84,546	47,521	(8,945)	(5,519)
-10% of Ultimate Claims	83,476	47,460	11,761	7,312	(83,339)	(47,383)	8,715	5,418
Motor Others Expected Loss Ratio								
+10% of Ultimate Claims	(58,396)	(34,276)	(3,536)	(2,560)	58,333	34,239	(2,620)	(1,897)
-10% of Ultimate Claims	57,252	34,148	3,289	2,433	(57,188)	(34,110)	2,437	1,803
Fire Expected Loss Ratio								
+10% of Ultimate Claims	(12,079)	(5,539)	(519)	(362)	12,065	5,532	(385)	(268)
-10% of Ultimate Claims	11,047	5,496	396	321	(11,032)	(5,489)	293	238
CHE & CME								
+10% of Ultimate Claims	(5,478)	(5,478)	(5,470)	(5,470)	5,470	5,470	(4,053)	(4,053)
-10% of Ultimate Claims	5,480	5,480	5,471	5,471	(5,471)	(5,471)	4,054	4,054
Discounting								
+100 basis points	8,380	4,703	1,913	1,197	(16,714)	(9,373)	1,418	887
-100 basis points	(8,686)	(4,873)	(1,985)	(1,241)	17,323	9,713	(1,471)	(920)

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

29. Takaful risk of the general takaful fund (cont'd.)

(f) Claims development table

The following tables show the estimate of cumulative incurred claims, including both claims reported and IBNR (including IBNER) for each successive accident year at each financial year end, together with cumulative payments to-date.

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

29. Takaful risk of the general takaful fund (cont'd.)

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

<u>**Gross LFIC for 2025:**</u>

	As at 31 March										
Accident year	**2016 RM '000**	**2017 RM '000**	**2018 RM '000**	**2019 RM '000**	**2020 RM '000**	**2021 RM '000**	**2022 RM '000**	**2023 RM '000**	**2024 RM '000**	**2025 RM '000**	**Total RM '000**
At the end of accident year	174,218	190,776	195,417	188,468	194,052	204,481	294,653	364,274	479,071	545,412	545,412
One year later	163,828	192,331	196,877	192,772	185,943	206,425	297,021	369,867	454,998		454,998
Two year later	157,286	185,552	198,738	186,612	194,488	204,385	281,113	356,049			356,049
Three year later	153,908	187,120	197,158	192,388	192,522	198,486	278,725				278,725
Four year later	155,963	184,175	197,653	192,613	192,208	193,566					193,566
Five year later	154,356	184,535	194,630	193,832	189,795						189,795
Six year later	147,206	172,314	181,879	184,568							184,568
Seven year later	144,233	169,860	183,458								183,458
Eight year later	144,110	169,288									169,288
Ninth year later	144,097										144,097
Current estimate of cumulative undiscounted claims incurred	144,097	169,288	183,458	184,568	189,795	193,566	278,725	356,049	454,998	545,412	2,699,956
At the end of accident year	70,093	80,611	82,191	73,362	78,164	81,540	115,765	137,910	182,915	226,771	226,771
One year later	112,184	132,501	131,743	127,672	120,590	132,365	195,496	239,839	296,060		296,060
Two year later	130,725	153,910	158,922	147,522	140,866	153,413	222,637	283,104			283,104
Three year later	138,037	162,779	168,814	165,025	159,330	168,954	242,613				242,613
Four year later	140,658	165,165	174,992	174,415	166,544	174,073					174,073
Five year later	141,922	167,414	176,515	178,553	176,180						176,180
Six year later	143,256	168,238	178,749	180,728							180,728
Seven year later	143,553	169,051	179,050								179,050
Eight year later	144,024	169,198									169,198
Ninth year later	144,081										144,081
Cumulative payments to-date	144,081	169,198	179,050	180,728	176,180	174,073	242,613	283,104	296,060	226,771	2,071,858
Gross liabilities for incurred claims:											
Best estimate of undiscounted claims liabilities (including Allocated Loss Adjustment Expenses ("ALAE"))	17	89	4,407	3,840	13,615	19,492	36,113	72,945	158,938	318,642	628,098
Discounting Impact	(1)	(4)	(195)	(177)	(617)	(878)	(1,615)	(3,175)	(6,920)	(13,860)	(27,442)
											600,656
Takaful payables and others											29,530
											630,186
Risk adjustment and other claim-related expenses											67,532
											697,718

29. Takaful risk of the general takaful fund (cont'd.)

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

Net LFIC for 2025:

	As at 31 March										
Accident year	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**Total**
	RM '000	**RM '000**	**RM '000**	**RM '000**	**RM '000**	**RM '000**	**RM '000**	**RM '000**	**RM '000**	**RM '000**	**RM '000**
At the end of accident year	110,041	113,257	113,775	107,381	118,287	127,751	155,257	222,317	271,714	319,348	319,348
One year later	100,341	113,434	113,959	106,516	108,953	122,867	154,435	225,101	240,770		240,770
Two year later	96,034	108,941	110,916	102,714	108,923	120,150	146,862	167,199			167,199
Three year later	94,500	107,880	110,336	104,226	105,836	117,327	124,109				124,109
Four year later	94,192	106,783	109,770	104,998	104,879	103,637					103,637
Five year later	93,674	106,876	109,236	105,221	104,471						104,471
Six year later	89,117	100,796	101,984	102,876							102,876
Seven year later	87,895	98,744	98,768								98,768
Eight year later	87,872	87,588									87,588
Ninth year later	87,869										87,869
Current estimate of cumulative undiscounted claims incurred	87,869	87,588	98,768	102,876	104,471	103,637	124,109	167,199	240,770	319,348	1,436,635
At the end of accident year	43,970	43,970	50,502	49,290	46,005	47,549	53,774	55,640	84,438	126,607	126,607
One year later	69,156	69,156	79,164	79,694	75,861	74,034	81,153	96,918	150,760		150,760
Two year later	80,147	80,147	90,931	92,440	85,132	84,566	94,110	123,155			123,155
Three year later	84,404	84,404	95,729	97,264	90,723	90,732	104,887				104,887
Four year later	85,974	85,974	97,147	98,941	94,927	93,248					93,248
Five year later	86,721	86,721	97,953	99,665	97,856						97,856
Six year later	87,294	87,294	98,156	100,995							100,995
Seven year later	87,492	87,492	98,345								98,345
Eight year later	87,811	87,572									87,572
Ninth year later	87,866										87,866
Cumulative payments to-date	87,866	87,572	98,345	100,995	97,856	93,248	104,887	123,155	150,760	126,607	1,071,291
Net liabilities for incurred claims:											
Best estimate of undiscounted claims liabilities (including ALAE)	3	16	424	1,881	6,614	10,388	19,222	44,044	90,010	192,742	365,344
Discounting Impact	-	(1)	(24)	(101)	(308)	(521)	(964)	(2,233)	(4,650)	(6,404)	(15,206)
											350,138
Net takaful, retakaful receivables and others											(163,434)
											186,704
Risk adjustment and other claim-related expenses											42,196
											228,900

29. Takaful risk of the general takaful fund (cont'd.)

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

Gross LFIC for 2024:

	As at 31 March										
Accident year	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**Total**
	RM '000	**RM '000**	**RM '000**	**RM '000**	**RM '000**	**RM '000**	**RM '000**	**RM '000**	**RM '000**	**RM '000**	**RM '000**
At the end of accident year	176,571	174,218	190,776	195,417	188,468	194,052	204,481	294,653	364,274	479,071	479,071
One year later	176,737	163,828	192,331	196,877	192,772	185,943	206,425	297,021	369,867		369,867
Two year later	172,414	157,286	185,552	198,738	186,612	194,488	204,385	281,113			281,113
Three year later	168,315	153,908	187,120	197,158	192,388	192,522	198,486				198,486
Four year later	167,527	155,963	184,175	197,653	192,613	192,208					192,208
Five year later	171,452	154,356	184,535	194,630	193,832						193,832
Six year later	163,584	147,206	172,314	181,879							181,879
Seven year later	162,573	144,233	169,860								169,860
Eight year later	161,969	144,110									144,110
Ninth year later	161,809										161,809
Current estimate of cumulative undiscounted claims incurred	161,809	144,110	169,860	181,879	193,832	192,208	198,486	281,113	369,867	479,071	2,372,235
At the end of accident year	72,433	70,093	80,611	82,191	73,362	78,164	81,540	115,765	137,910	182,915	182,915
One year later	121,645	112,184	132,501	131,743	127,672	120,590	132,365	195,496	239,839		239,839
Two year later	141,980	130,725	153,910	158,922	147,522	140,866	153,413	222,637			222,637
Three year later	154,662	138,037	162,779	168,814	165,025	159,330	168,954				168,954
Four year later	157,119	140,658	165,165	174,992	174,415	166,544					166,544
Five year later	160,685	141,922	167,414	176,515	178,553						178,553
Six year later	161,168	143,256	168,238	178,749							178,749
Seven year later	161,293	143,553	169,051								169,051
Eight year later	161,333	144,024									144,024
Ninth year later	161,800										161,800
Cumulative payments to-date	161,800	144,024	169,051	178,749	178,553	166,544	168,954	222,637	239,839	182,915	1,813,066
Gross liabilities for incurred claims:											
Best estimate of undiscounted claims liabilities (including ALAE)	9	87	809	3,130	15,280	25,664	29,531	58,476	130,028	296,155	559,169
Discounting Impact	-	(4)	(41)	(171)	(806)	(1,335)	(1,513)	(2,990)	(6,510)	(14,828)	(28,198)
											530,971
Takaful payables and others											36,940
											567,911
Risk adjustment and other claim-related expenses											59,011
											626,922

29. Takaful risk of the general takaful fund (cont'd.)

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

Net LFIC for 2024:

	As at 31 March										
Accident year	**2015 RM '000**	**2016 RM '000**	**2017 RM '000**	**2018 RM '000**	**2019 RM '000**	**2020 RM '000**	**2021 RM '000**	**2022 RM '000**	**2023 RM '000**	**2024 RM '000**	**Total RM '000**
At the end of accident year	104,071	110,041	113,257	113,775	107,381	118,287	127,751	155,257	222,317	271,714	271,714
One year later	102,643	100,341	113,434	113,959	106,516	108,953	122,867	154,435	225,101		225,101
Two year later	97,354	96,034	108,941	110,916	102,714	108,923	120,150	146,862			146,862
Three year later	94,702	94,500	107,880	110,336	104,226	105,836	117,327				117,327
Four year later	94,152	94,192	106,783	109,770	104,998	104,879					104,879
Five year later	94,338	93,674	106,876	109,236	105,221						105,221
Six year later	90,196	89,117	100,796	101,984							101,984
Seven year later	90,030	87,895	98,744								98,744
Eight year later	89,839	87,872									87,872
Ninth year later	89,789										89,789
Current estimate of cumulative undiscounted claims incurred	89,789	87,872	98,744	101,984	105,221	104,879	117,327	146,862	225,101	271,714	1,349,493
At the end of accident year	45,169	43,970	50,502	49,290	46,005	47,549	53,774	55,640	84,438	103,757	103,757
One year later	71,475	69,156	79,164	79,694	75,861	74,034	81,153	96,918	146,451		146,451
Two year later	82,078	80,147	90,931	92,440	85,132	84,566	94,110	114,054			114,054
Three year later	86,274	84,404	95,729	97,264	90,723	90,732	101,457				101,457
Four year later	87,824	85,974	97,147	98,941	94,927	93,283					93,283
Five year later	89,303	86,721	97,953	99,665	96,878						96,878
Six year later	89,481	87,294	98,156	100,680							100,680
Seven year later	89,485	87,492	98,447								98,447
Eight year later	89,509	87,811									87,811
Ninth year later	89,783										89,783
Cumulative payments to-date	89,783	87,811	98,447	100,680	96,878	93,283	101,457	114,054	146,451	103,757	1,032,601
Net liabilities for incurred claims:											
Best estimate of undiscounted claims liabilities (including ALAE)	5	61	298	1,304	8,343	11,596	15,870	32,808	78,650	167,957	316,892
Discounting Impact	-	(2)	(18)	(67)	(405)	(594)	(829)	(1,693)	(4,159)	(7,795)	(15,562)
											301,330
Net takaful, retakaful receivables and others											(71,180)
											230,150
Risk adjustment and other claim-related expenses											36,223
											266,373

30. Financial risk

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

(a) Credit risk

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

Credit risk includes the following major elements:

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

(ii) Retakaful counterparty risk which is the risk of financial loss arising from the default or the deterioration of the solvency position of the retakaful operator; and

(iii) Contribution credit risk which is the risk of financial loss arising from the non-payment of takaful contribution.

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

The Company is exposed to retakaful counterparty risk of three (3) different types:

(i) As a result of recoveries owing from the retakaful operators for claims;

(ii) From retakaful contributions due from takaful operators; and

30. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

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

Credit risk in respect of customer balances incurred on non-payment of takaful contributions will only persist during the contribution warranty period specified in the certificate or until expiry, when the certificate expires or is terminated.

Management of credit risk

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

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

(ii) The GIG establishes minimum credit rating requirements for Corporate Sukuk investments to mitigate the risk of potential counterparty default.

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

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

(v) Retakaful Policy outlines the minimum requirement and direction on the company's retakaful strategy and operational matters pertaining to retakaful. To mitigate retakaful counterparty risk, the Company will give due consideration to the credit quality of a retakaful operator. To facilitate this process, a list of retakaful operators based on their rating is maintained within the Company. The Company regularly reviews the financial security of its retakaful operator.

Credit exposure by credit rating

The table below provides information regarding the credit risk exposures of the Company by classifying assets according to the risk categories. The retakaful operators' share of unearned contribution reserves have been excluded from the analysis as they are not contractual obligations.

30. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

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

Significant increase in credit risk ("SICR")

The Company applies the General Approach or ‘three (3)-bucket’ approach which is based on the change in the credit quality of financial instruments since initial recognition to assess the impairment for investment assets. In particular, recognition of ECL is dependent on which of the three (3) stages a particular financial instrument is assigned to. Assets move through the three (3) stages as credit quality changes and the stages dictate how the Company measures impairment losses and applies the effective profit rate (“EPR”) method with a forward looking element to compute the ECL.

The Company has considered both quantitative and qualitative parameters in the assessment of credit risk status from the initial recognition of the securities and at the reporting date. These include the establishment of staging criteria to each stage, debt rating deterioration threshold and a waterfall approach to determine the credit rating as at origination date and as at reporting date.

Expected credit loss

The Company assesses the possible default events within twelve (12) months for the calculation of the twelve (12)- month ECL in Stage One (1). Given the impairment policy, the probability of defaulting new instruments acquired is generally determined to be minimal, in addition to the exception rule to apply zero loss given default ratio to specified financial assets which is applicable to the Company. A newly purchased or originated financial assets will be subject to ECL upon recognition in Stage One (1).

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

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

The table below shows the fair value of the Company’s financial investments measured by credit risk, based on the Company’s risk categories and the movements in allowances for impairment losses.

30. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

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

Expected credit loss (cont'd.)

	General Takaful Fund	Company
	Stage 1	
	12-months ECL	
2025	RM '000	RM '000
Financial assets at FVOCI		
Government Guaranteed	-	167,279
AAA	67,083	94,403
AA	17,115	47,421
A	3,070	8,106
Carrying amount	87,268	317,209
2024		
Financial assets at FVOCI		
Government Guaranteed	-	69,736
AAA	67,436	79,717
AA	19,708	19,708
A	3,076	8,104
Carrying amount	90,220	177,265

30. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

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

As at the reporting date, all financial assets at FVOCI held by the Company are classified as Stage 1.

Movements in allowances for impairment losses for financial assets at FVOCI are as follows:

	General Takaful Fund	Company
	Stage 1	
	12-months ECL	
2025	**RM '000**	**RM '000**
As at 1 April 2024	13	21
Net adjustment of loss allowance	(9)	-
As at 31 March 2025	4	21
2024		
As at 1 April 2023	10	15
Net adjustment of loss allowance	3	6
As at 31 March 2024	13	21

30. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

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

Other financial assets consist of takaful and retakaful certificate receivables and other receivables.

The Company applied the simplified approach to its receivables and measures the allowance for impairment loss based on lifetime ECL from initial recognition as described in Note 2.2(e).

Definition of default

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

(i) Quantitative criteria

Takaful and retakaful certificate receivables and other receivables are considered to be in default when the counterparty fails to make contractual payments within twelve (12) months when they fall due, which is derived based on the Company’s historical information in consideration that period of coverage for majority of businesses are 12 months.

(ii) Qualitative criteria

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

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

Incorporation of forward-looking information

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

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

30. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Credit quality of financial assets (cont'd.)

Credit exposure by credit rating (cont'd.)

	Investment grade (i)					Non-investment grade (i)			
General Takaful fund	**Government guaranteed RM '000**	**AAA/P1 RM '000**	**AA RM '000**	**A RM '000**	**BBB RM '000**	**BB to C RM '000**	**Not Rated RM '000**	**Not subject to credit risk RM '000**	**Total RM '000**
2025									
Financial assets at FVTPL									
Unquoted sukuk:									
Unsecured	-	80,420	35,366	5,035	-	-	-	-	120,821
Government Investment Issues	232,800	-	-	-	-	-	-	-	232,800
- Mandatorily measured:									
Quoted Shariah approved equities in Malaysia	-	-	-	-	-	-	-	28,013	28,013
Real estate investment trusts	-	-	-	-	-	-	-	752	752
Shariah approved unit trust fund	-	-	-	-	-	-	-	55,642	55,642
Financial assets at FVOCI									
Unquoted sukuk:									
Unsecured	-	67,083	17,115	3,070	-	-	-	-	87,268
Financial assets at AC									
Islamic commercial papers	-	-	-	-	-	-	-	19,821	19,821
Deposit placements with licensed:									
Islamic banks	-	235,934	59,993	86,702	-	-	-	-	382,629
Development banks	-	24,963	33,113	-	-	-	-	-	58,076
Income due and accrued	2,008	3,904	1,177	910	-	-	-	49	8,048
Sundry receivables	-	-	-	-	-	-	3,315	-	3,315
Retakaful certificate assets	-	-	-	276,756	-	-	14,870	-	291,626
Cash and bank balances	-	28,347	1,673	85	-	-	-	-	30,105
	234,808	440,651	148,437	372,558	-	-	18,185	104,277	1,318,916

(i) Based on public ratings assigned by external rating agencies including Rating Agency Malaysia ("RAM"), Malaysian Rating Corporation ("MARC"), AM Best and Standard & Poor ("S&P").

30. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Credit quality of financial assets (cont'd.)

Credit exposure by credit rating (cont'd.)

General Takaful fund (cont'd.)	Investment grade (i)					Non-investment grade (i)			
	Government guaranteed RM '000	AAA/P1 RM '000	AA RM '000	A RM '000	BBB RM '000	BB to C RM '000	Not Rated RM '000	Not subject to credit risk RM '000	Total RM '000
2024									
Financial assets at FVTPL									
Unquoted sukuk:									
Government guaranteed	4,836	-	-	-	-	-	-	-	4,836
Unsecured	-	5,055	10,020	5,029	-	-	-	-	20,104
Government Investment Issues	25,474	-	-	-	-	-	-	-	25,474
- Mandatorily measured:									
Quoted Shariah approved equities in Malaysia	-	-	-	-	-	-	-	2,982	2,982
Real estate investment trusts	-	-	-	-	-	-	-	543	543
Shariah approved unit trust fund	-	-	-	-	-	-	-	105,772	105,772
Financial assets at FVOCI									
Unquoted sukuk:									
Unsecured	-	67,436	19,708	3,076	-	-	-	-	90,220
Financial assets at AC									
Deposit placements with licensed:									
Islamic banks	-	308,376	100,867	61,819	-	-	-	-	471,062
Development banks	-	55,916	54,827	-	-	-	-	-	110,743
Income due and accrued	392	6,259	3,161	1,410	-	-	-	-	11,222
Sundry receivables	-	-	-	-	-	-	3,127	-	3,127
Retakaful certificate assets	-	-	-	251,526	31,253	-	12,296	-	295,075
Cash and bank balances	-	11,413	288	-	-	-	-	-	11,701
	30,702	454,455	188,871	322,860	31,253	-	15,423	109,297	1,152,861

(i) Based on public ratings assigned by external rating agencies including Rating Agency Malaysia ("RAM"), Malaysian Rating Corporation ("MARC"), AM Best and Standard & Poor ("S&P").

30. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Credit quality of financial assets (cont'd.)

Credit exposure by credit rating (cont'd.)

Company	Investment grade (i)					Non-investment grade (i)			
	Government guaranteed RM '000	AAA/P1 RM '000	AA RM '000	A RM '000	BBB RM '000	BB to C RM '000	Not Rated RM '000	Not subject to credit risk RM '000	Total RM '000
2025									
Financial assets at FVTPL									
Unquoted sukuk:									
Unsecured	-	80,420	35,366	5,035	-	-	-	-	120,821
Government Investment Issues	232,800	-	-	-	-	-	-	-	232,800
- Mandatorily measured:									
Quoted Shariah approved equities in Malaysia	-	-	-	-	-	-	-	36,555	36,555
Real estate investment trusts	-	-	-	-	-	-	-	752	752
Shariah approved unit trust fund	-	-	-	-	-	-	-	55,642	55,642
Financial assets at FVOCI									
Unquoted sukuk:									
Government guaranteed	4,968	-	-	-	-	-	-	-	4,968
Unsecured	-	94,403	47,421	8,106	-	-	-	-	149,930
Government Investment Issues	162,311	-	-	-	-	-	-	-	162,311
Financial assets at AC									
Islamic commercial papers	-	-	-	-	4,955	-	-	19,821	24,776
Deposit placements with licensed:									
Islamic banks	-	337,130	88,781	94,166	-	-	-	-	520,077
Development banks	-	24,963	33,759	-	-	-	-	-	58,722
Staff financing:									
Receivable within 12 months	-	-	-	-	-	-	145	-	145
Receivable after 12 months	-	-	-	-	-	-	127	-	127
Income due and accrued	3,383	4,337	1,390	1,017	-	-	-	102	10,229
Sundry receivables	-	-	-	-	-	-	3,813	-	3,813
Prepayments	-	-	-	-	-	-	-	262	262
Retakaful certificate assets	-	-	-	300,800	-	-	16,162	-	316,962
Cash and bank balances	-	37,208	1,690	85	-	-	18	-	39,001
	403,462	578,461	208,407	409,209	4,955	-	20,265	113,134	1,737,893

(i) Based on public ratings assigned by external rating agencies including Rating Agency Malaysia ("RAM"), Malaysian Rating Corporation ("MARC"), AM Best and Standard & Poor ("S&P").

30. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Credit quality of financial assets (cont'd.)

Credit exposure by credit rating (cont'd.)

	Investment grade (i)					Non-investment grade (i)			
Company (cont'd.)	**Government guaranteed RM '000**	**AAA/P1 RM '000**	**AA RM '000**	**A RM '000**	**BBB RM '000**	**BB to C RM '000**	**Not Rated RM '000**	**Not subject to credit risk RM '000**	**Total RM '000**
2024									
Financial assets at FVTPL									
Unquoted sukuk:									
Government guaranteed	4,836	-	-	-	-	-	-	-	4,836
Unsecured	-	5,055	10,020	5,029	-	-	-	-	20,104
Government Investment Issues	25,474	-	-	-	-	-	-	-	25,474
- Mandatorily measured:									
Quoted Shariah approved equities in Malaysia	-	-	-	-	-	-	-	7,925	7,925
Real estate investment trusts	-	-	-	-	-	-	-	543	543
Shariah approved unit trust fund	-	-	-	-	-	-	-	105,772	105,772
Financial assets at FVOCI									
Unquoted sukuk:									
Government guaranteed	19,422	-	-	-	-	-	-	-	19,422
Unsecured	-	79,717	19,708	8,104					107,529
Government Investment Issues	50,314	-	-	-	-	-	-	-	50,314
Financial assets at AC									
Deposit placements with licensed:									
Islamic banks	-	433,862	224,242	98,996	-	-	-	-	757,100
Development banks	-	55,916	56,424	-	-	-	-	-	112,340
Staff financing:									
Receivable within 12 months	-	-	-	-	-	-	216	-	216
Receivable after 12 months	-	-	-	-	-	-	292	-	292
Income due and accrued	1,002	8,071	3,485	1,568	-	-	-	-	14,126
Sundry receivables	-	-	-	-	-	-	4,045	-	4,045
Prepayments	-	-	-	-	-	-	-	607	607
Retakaful certificate assets	-	-	-	270,950	33,667	-	13,245	-	317,862
Cash and bank balances	-	11,596	687	-	-	-	17	-	12,300
	101,048	594,217	314,566	384,647	33,667	-	17,815	114,847	1,560,807

(i) Based on public ratings assigned by external rating agencies including Rating Agency Malaysia ("RAM"), Malaysian Rating Corporation ("MARC"), AM Best and Standard & Poor ("S&P").

30. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

Other financial assets - Reconciliation of allowance account

The Company's takaful certificate receivables are part of the Liabilities for Remaining Coverage.

Incorporation of forward-looking information

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

General Takaful Fund/ Company

2025	Not due RM '000	0-3 months RM '000	4-6 months RM '000	7-9 months RM '000	10-12 months RM '000	> 1 year RM '000	Total RM '000
ECL rate	0.0%	0.8%	2.3%	15.1%	11.0%	30.9%	3.7%
Gross carrying amount - Takaful certificate receivables	3,204	85,247	12,909	5,039	2,885	7,216	116,500
Allowance for ECL	-	716	294	763	318	2,228	4,319
Not credit impaired	-	15	79	72	43	1,068	1,277
Credit impaired	-	701	215	691	275	1,160	3,042

30. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

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

Incorporation of forward-looking information (cont'd.)

General Takaful Fund/ Company (cont'd.)

2024	**Not due RM '000**	**0-3 months RM '000**	**4-6 months RM '000**	**7-9 months RM '000**	**10-12 months RM '000**	**> 1 year RM '000**	**Total RM '000**
ECL rate	0.0%	0.4%	1.1%	8.5%	42.4%	48.1%	2.7%
Gross carrying amount - Takaful certificate receivables	3,937	106,507	26,523	3,222	2,474	4,877	147,540
Allowance for ECL	-	465	287	274	605	2,344	3,975
Not credit impaired	-	27	111	23	165	1,124	1,450
Credit impaired	-	438	176	251	440	1,220	2,525

30. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

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

Incorporation of forward-looking information (cont'd.)

The table below shows the gross carrying amounts of takaful certificate and other receivables and the movement of allowance for ECL:

	Not credit impaired		Credit impaired		Total	
	Takaful Certificates	Others	Takaful Certificates	Others	Takaful Certificates	Others
General Takaful Fund / Company	**RM '000**	**RM '000**	**RM '000**	**RM '000**	**RM '000**	**RM '000**
2025						
Gross carrying amount						
As at 1 April 2024	144,696	1,394	1,392	58	146,088	1,452
(Decrease)/Increase	(30,792)	(230)	13	(31)	(30,779)	(261)
As at 31 March 2025	113,904	1,164	1,405	27	115,309	1,191
Allowance for ECL						
As at 1 April 2024	(2,449)	(76)	(1,392)	(58)	(3,841)	(134)
Decrease/(Increase)	(593)	76	142	31	(451)	107
As at 31 March 2025	(3,042)	-	(1,250)	(27)	(4,292)	(27)

30. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

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

Incorporation of forward-looking information (cont'd.)

	Not credit impaired		Credit impaired		Total	
	Takaful Certificates	Others	Takaful Certificates	Others	Takaful Certificates	Others
General Takaful Fund / Company (cont'd.)	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
2024						
Gross carrying amount						
As at 1 April 2023	97,713	1,001	1,536	72	99,249	1,073
Increase/(Decrease)	46,983	393	(144)	(14)	46,839	379
As at 31 March 2024	144,696	1,394	1,392	58	146,088	1,452
Allowance for ECL						
As at 1 April 2023	(5,130)	(103)	(1,536)	(72)	(6,666)	(175)
Decrease/(Increase)	2,681	27	144	14	2,825	41
As at 31 March 2024	(2,449)	(76)	(1,392)	(58)	(3,841)	(134)

30. Financial risk (cont'd.)

(a) Credit risk (cont'd.)

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

Incorporation of forward-looking information (cont'd.)

Movements in allowance for impairment losses for takaful certificate receivables are as follows:

	Individually impaired		Collectively impaired		Total	
	Takaful Certificates	Others	Takaful Certificates	Others	Takaful Certificates	Others
General Takaful Fund / Company (cont'd.)	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
2025						
Allowance for ECL						
As at 1 April 2024	(1,391)	(58)	(2,450)	(76)	(3,841)	(134)
Net adjustment of loss allowance	142	31	(593)	76	(451)	107
As at 31 March 2025	(1,249)	(27)	(3,043)	-	(4,292)	(27)
2024						
Allowance for ECL						
As at 1 April 2023	(1,535)	(72)	(5,131)	(103)	(6,666)	(175)
Net adjustment of loss allowance	144	14	2,681	27	2,825	41
As at 31 March 2024	(1,391)	(58)	(2,450)	(76)	(3,841)	(134)

30. Financial risk (cont'd.)

(b) Liquidity risk

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

The Company assesses its liquidity risk by ensuring the following:

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

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

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

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

(i) Daily cash flows;

(ii) Minimum liquidity holdings;

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

(iv) The holding of liquid assets in the respective funds; and

(v) Liquidity risk position.

To manage the liquidity of the takaful funds, the investment mandate requires that a certain proportion of the funds be held as liquid assets in accordance with the liquidity requirements set forth by BNM's RBCT Framework. For general takaful fund, the minimum limit for deposits is ten percent (10%) of the gross average total claims incurred for the three (3) preceding financial years.

Maturity profiles

The tables in the following pages summarise the maturity profiles of the assets and liabilities of the Company based on the remaining undiscounted contractual obligations, including profit payable and receivable. For takaful certificate liabilities and retakaful certificate assets, maturity profiles are determined based on the estimated timing of net cash outflows from the recognised takaful liabilities.

30. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

General takaful fund

2025

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

	Carrying value RM '000	Up to 1 year RM '000	1 - 5 years RM '000	Over 5 years RM '000	No maturity date RM '000	Total RM '000
Financial assets at FVTPL						
Unquoted sukuk:						
Unsecured	120,821	25,952	94,514	13,161	-	133,627
Government Investment Issues	232,800	5,077	256,778	-	-	261,855
Mandatorily measured:						
Quoted Shariah approved equities in Malaysia	28,013	-	-	-	28,013	28,013
Real estate investment trusts	752	-	-	-	752	752
Shariah approved unit trust funds	55,642	-	-	-	55,642	55,642
Financial assets at FVOCI						
Unquoted sukuk:						
Unsecured	87,268	48,814	21,977	27,450	-	98,241
Financial assets at AC						
Islamic commercial papers	19,821	20,000	-	-	-	20,000
Deposit placements with licensed:						
Islamic banks	382,629	384,840	-	-	-	384,840
Development banks	58,076	59,248	-	-	-	59,248
Income due and accrued	8,048	8,048	-	-	-	8,048
Sundry receivables	3,315	3,813	-	-	-	3,813
Cash and bank balances	30,105	30,105	-	-	-	30,105
Total financial assets	**1,027,290**	**585,897**	**373,269**	**40,611**	**84,407**	**1,084,184**

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

	Carrying value RM '000	Up to 1 year RM '000	1 - 5 years RM '000	Over 5 years RM '000	No maturity date RM '000	Total RM '000
Other payables	84,541	84,541	-	-	-	84,541
Total financial liabilities	**84,541**	**84,541**	**-**	**-**	**-**	**84,541**

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

	Carrying value RM '000	Up to 1 year RM '000	1 - 5 years RM '000	Over 5 years RM '000	No maturity date RM '000	Unallocated surplus* RM '000	Total RM '000
Takaful certificate liabilities	819,520	336,213	281,936	12,037	-	189,334	819,520
Retakaful certificate liabilities	-	-	-	-	-	-	-
	819,520	336,213	281,936	12,037	-	189,334	819,520

* The unallocated surplus represents fulfilment cash flows that remain after all takaful certificate services have been provided to the certificates in a group. In accordance with paragraph B71 of MFRS 17, such amounts reflect expected payments to current or future participants, and need not be allocated to specific groups but instead be recognised as a liability arising from all groups collectively.

30. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

General takaful fund (cont'd.)

2024

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

	Carrying value RM '000	Up to 1 year RM '000	1 - 5 years RM '000	Over 5 years RM '000	No maturity date RM '000	Total RM '000
Financial assets at FVTPL						
Unquoted sukuk:						
Government guaranteed	4,836	-	5,430	-	-	5,430
Unsecured	20,104	10,163	5,403	6,621	-	22,187
Government Investment Issues	25,474	-	16,302	14,397	-	30,699
Mandatorily measured:						
Quoted Shariah approved equities in Malaysia	2,982	-	-	-	2,982	2,982
Real estate investment trusts	543	-	-	-	543	543
Shariah approved unit trust funds	105,772	-	-	-	105,772	105,772
Financial assets at FVOCI						
Unquoted sukuk:						
Unsecured	90,220	2,549	73,822	28,385	-	104,756
Financial assets at AC						
Deposit placements with licensed:						
Islamic banks	471,062	478,036	-	-	-	478,036
Development banks	110,743	113,024	-	-	-	113,024
Income due and accrued	11,222	11,222	-	-	-	11,222
Sundry receivables	3,127	3,127	-	-	-	3,127
Takaful certificate receivables	295,075	151,827	135,588	7,660	-	295,075
Cash and bank balances	11,701	-	-	-	11,701	11,701
Total financial assets	**1,152,861**	**769,948**	**236,545**	**57,063**	**120,998**	**1,184,554**

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

	Carrying value RM '000	Up to 1 year RM '000	1 - 5 years RM '000	Over 5 years RM '000	No maturity date RM '000	Total RM '000
Other payables	60,026	60,026	-	-	-	60,026
Total financial liabilities	**60,026**	**60,026**	**-**	**-**	**-**	**60,026**

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

	Carrying value RM '000	Up to 1 year RM '000	1 - 5 years RM '000	Over 5 years RM '000	No maturity date RM '000	Unallocated surplus* RM '000	Total RM '000
Takaful certificate liabilities	754,099	310,090	244,035	13,787	-	186,187	754,099
Retakaful certificate liabilities	-	-	-	-	-	-	-
	754,099	310,090	244,035	13,787	-	186,187	754,099

* The unallocated surplus represents fulfilment cash flows that remain after all takaful certificate services have been provided to the certificates in a group. In accordance with paragraph B71 of MFRS 17, such amounts reflect expected payments to current or future participants, and need not be allocated to specific groups but instead be recognised as a liability arising from all groups collectively.

30. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

Company

2025

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

	Carrying value RM '000	Up to 1 year RM '000	1 - 5 years RM '000	Over 5 years RM '000	No maturity date RM '000	Total RM '000
Financial assets at FVTPL						
Unquoted sukuk:						
Government guaranteed	-	-	-	-	-	-
Unsecured	120,821	25,952	94,514	13,161	-	133,627
Government Investment Issues	232,800	5,077	256,778	-	-	261,855
Mandatorily measured:						
Quoted Shariah approved						
equities in Malaysia	36,555	-	-	-	36,555	36,555
Warrants		-	-	-	-	-
Real estate investment trusts	752	-	-	-	752	752
Shariah approved unit trust funds	55,642	-	-	-	55,642	55,642
Financial assets at FVOCI						
Unquoted sukuk:						
Government guaranteed	4,968	-	5,210	-	-	5,210
Unsecured	149,930	74,816	56,204	37,076	-	168,096
Government Investment Issues	162,311	5,077	178,787	-	-	183,864
Financial assets at AC						
Islamic commercial papers	24,776	25,000	-	-	-	25,000
Deposit placements with licensed:						
Islamic banks	520,077	522,825	-	-	-	522,825
Development banks	58,722	59,912	-	-	-	59,912
Secured staff financing:						
Receivable within 12 months	145	145				145
Receivable after 12 months	127		127			127
Income due and accrued	10,229	10,229	-	-	-	10,229
Sundry receivables	3,813	3,813	-	-	-	3,813
Prepayments	262	-	-	-	262	262
Cash and bank balances	39,001	39,001	-	-	-	39,001
Total financial assets	**1,420,931**	**771,847**	**591,620**	**50,237**	**93,211**	**1,506,915**

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

	Carrying value RM '000	Up to 1 year RM '000	1 - 5 years RM '000	Over 5 years RM '000	No maturity date RM '000	Total RM '000
Lease liabilities	5,793	1,917	3,876	-	-	5,793
Other payables	116,839	116,839	-	-	-	116,839
Total financial liabilities	**122,632**	**118,756**	**3,876**	**-**	**-**	**122,632**

The following table summarises the maturity profile of portfolios of takaful certificates issued that are liabilities and portfolios of retakaful certificates held that are liabilities based on the estimates of the present value of the future cash flows expected to be paid

	Carrying value RM '000	Up to 1 year RM '000	1 - 5 years RM '000	Over 5 years RM '000	No maturity date RM '000	Unallocated surplus* RM '000	Total RM '000
Takaful certificate liabilities	828,573	340,836	286,185	12,218	-	189,334	828,573
Retakaful certificate liabilities	-	-	-	-	-	-	-
	828,573	340,836	286,185	12,218	-	189,334	828,573

* The unallocated surplus represents fulfilment cash flows that remain after all takaful certificate services have been provided to the certificates in a group. In accordance with paragraph B71 of MFRS 17, such amounts reflect expected payments to current or future participants, and need not be allocated to specific groups but instead be recognised as a liability arising from all groups collectively.

30. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

Company (cont'd.)

2024

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

	Carrying RM '000	Up to 1 RM '000	1 - 5 RM '000	Over 5 RM '000	No maturity RM '000	RM '000
Financial assets at FVTPL						
Unquoted sukuk:						
Government guaranteed	4,836	-	5,430	-	-	5,430
Unsecured	20,104	10,163	5,403	6,621	-	22,187
Government Investment Issues	25,474	-	16,302	14,397	-	30,699
Mandatorily measured:						
Quoted Shariah approved equities in Malaysia	7,925	-	-	-	7,925	7,925
Real estate investment trusts	543	-	-	-	543	543
Shariah approved unit trust funds	105,772	-	-	-	105,772	105,772
Financial assets at FVOCI						
Unquoted sukuk:						
Government guaranteed	19,422	-	10,789	14,035	-	24,824
Unsecured	107,529	2,549	79,225	44,793	-	126,567
Government Investment Issues	50,314	5,099	50,039	-	-	55,138
Financial assets at AC						
Deposit placements with licensed:						
Islamic banks	757,100	767,159	-	-	-	767,159
Development banks	112,340	114,653	-	-	-	114,653
Secured staff financing:						
Receivable within 12 months	216	216				216
Receivable after 12 months	292		292			292
Income due and accrued	14,126	14,126	-	-	-	14,126
Sundry receivables	4,045	4,045	-	-	-	4,045
Prepayments	607	-	-	-	607	607
Retakaful certificate assets	317,862	163,553	146,060	8,252	-	317,865
Cash and bank balances	12,300	-	-	-	12,300	12,300
Total financial assets	**1,560,807**	**1,081,563**	**313,540**	**88,098**	**127,147**	**1,610,348**

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

	Carrying value RM '000	Up to 1 year RM '000	1 - 5 years RM '000	Over 5 years RM '000	No maturity date RM '000	Total RM '000
Lease liabilities	6,955	2,101	4,854			6,955
Other payables	91,488	91,488	-	-	-	91,488
Total financial liabilities	**98,443**	**93,589**	**4,854**	**-**	**-**	**98,443**

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

	Carrying value RM '000	Up to 1 year RM '000	1 - 5 years RM '000	Over 5 years RM '000	No maturity date RM '000	Unallocated surplus* RM '000	Total RM '000
Takaful certificate liabilities	760,171	310,964	248,955	14,065	-	186,187	760,171
Retakaful certificate liabilities	-	-	-	-	-	-	-
	760,171	310,964	248,955	14,065	-	186,187	760,171

* The unallocated surplus represents fulfilment cash flows that remain after all takaful certificate services have been provided to the certificates in a group. In accordance with paragraph B71 of MFRS 17, such amounts reflect expected payments to current or future participants, and need not be allocated to specific groups but instead be recognised as a liability arising from all groups collectively.

30. Financial risk (cont'd.)

(c) Market risk

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

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

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

Profit rate risk

The Company is exposed to profit rate risk as follows:

(i) Fair values of fixed profit-bearing assets would move inversely to changes in profit rates; and

(ii) Future cash flows of variable profit-bearing assets would move in direct proportion to changes in rates.

The Company’s earnings are impacted by fluctuations in market profit rates, as such changes affect profit income from cash and cash equivalents, including investments in Islamic deposits. The value of the Company’s fixed income portfolio moves inversely with profit rates. While there is no direct contractual relationship between financial assets and takaful contracts, the Company's profit rate risk policy mandates managing net profit rate risk. This is achieved by maintaining an appropriate balance of fixed and variable rate instruments to support takaful contract liabilities as well as managing the maturity profiles of profit-bearing financial assets.

The Company manages its profit rate risk by aligning, where possible, the duration and profile of assets and liabilities to minimise the impact of mismatches between their values due to changes in profit rate. Additionally, the Company continuously monitors financial, market and economic developments to assess profit rates direction and formulate its investment strategies.

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

30. Financial risk (cont'd.)

(c) Market risk (cont'd.)

Profit rate risk (cont'd.)

Sensitivity analysis

A change of 25 basis points ("bps") in profit rates at the reporting date would have increased/(decreased) the value of investments by the amounts shown as follows:

	Changes in variable	Impact on carrying value RM '000	Impact on participants' fund * RM '000
		(Decrease)/increase	
General takaful fund			
2025			
Financial assets at FVOCI			
Unquoted sukuk	+ 25 bps	(665)	(505)
	- 25 bps	665	505
Government Investment Issues	+ 25 bps	(5)	(4)
	- 25 bps	5	4
Financial assets at AC			
Islamic Commercial Papers	+ 25 bps	(11)	(8)
	- 25 bps	11	8
2024			
Financial assets at FVOCI			
Unquoted sukuk	+ 25 bps	(773)	(587)
	- 25 bps	773	587

* Impact on participants' fund is net of tax of 24% (2024: 24%) for the General Takaful Fund.

30. Financial risk (cont'd.)

(c) Market risk (cont'd.)

Profit rate risk (cont'd.)

Sensitivity analysis (cont'd.)

	Changes in variable	Impact on carrying value RM '000	Impact on equity/ participants' fund * RM '000
		(Decrease)/increase	
Company			
2025			
Financial assets at FVOCI			
Unquoted sukuk	+ 25 bps	(1,098)	(834)
	- 25 bps	1,098	834
Government Investment Issues	+ 25 bps	(1,400)	(1,064)
	- 25 bps	1,400	1,064
Financial assets at AC			
Islamic Commercial Papers	+ 25 bps	(13)	(10)
	- 25 bps	13	10
2024			
Unquoted sukuk	+ 25 bps	(1,286)	(977)
	- 25 bps	1,286	977
Government Investment Issues	+ 25 bps	(318)	(242)
	- 25 bps	318	242

* Impact on participants' fund is net of tax of 24% (2024: 24%) for the General Takaful Fund.

30. Financial risk (cont'd.)

(c) Market risk (cont'd.)

Price risk

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

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

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

Sensitivity analysis

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

	Changes in market value	Impact on carrying value RM '000	Impact on profit/(loss) before tax RM '000	Impact on equity/ participants' fund * RM '000
	-------------------------Increase/(decrease)			------------------------
General takaful fund				
2025				
Financial assets	+ 5%	21,147	21,147	16,072
at FVTPL	- 5%	(21,147)	(21,147)	(16,072)

30. Financial risk (cont'd.)

(c) Market risk (cont'd.)

Price risk (cont'd.)

Sensitivity analysis (cont'd.)

	Changes in market value	Impact on carrying value RM '000	Impact on profit/(loss) before tax RM '000	Impact on equity/ participants' fund * RM '000
	-------Increase/(decrease)-------			
General takaful fund (cont'd.)				
2024				
Financial assets	+ 5%	7,984	7,984	6,068
at FVTPL	- 5%	(7,984)	(7,984)	(6,068)
Company				
2025				
Financial assets	+ 5%	21,574	21,574	16,396
at FVTPL	- 5%	(21,574)	(21,574)	(16,396)
2024				
Financial assets	+ 5%	8,231	8,231	6,256
at FVTPL	- 5%	(8,231)	(8,231)	(6,256)

* Impact on equity/participants' fund is net of tax of 24% (2023: 24%) for the general takaful funds.

Asset-Liability Mismatch Risk

One (1) of the risks the Company faces due to the nature of its investments and liabilities is the mismatch of assets to liabilities (investment risks). The Company currently manages these positions through the assessment of interest rate risk, foreign exchange risk and liquidity risk and monitoring of the investment portfolio duration as well as the liability duration on a quarterly basis.

30. Other risks

(a) Operational risk

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

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

(b) Compliance risk

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

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

(c) Shariah Non-Compliance Risk

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

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

(ii) Standards on Shariah matters issued by BNM pursuant to section 29(1) of the IFSA 2013 and section 33E(1) of the Development Financial Institutions Act

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

(iv) Decisions or advices of the Group Shariah Committee.

30. Other risks (cont'd.)

(c) Shariah Non-Compliance Risk (cont'd.)

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

Any transaction identified as potentially Shariah non-compliant will be escalated to the Group Shariah Committee for deliberation and decisions of any breaches of Shariah requirements. Risk Management Department will monitor the incident and the progress of corrective actions, ensuring that updates are provided promptly to the Group Shariah Committee, the Board, and BNM. In cases of Shariah non-compliant transactions, any income generated will be purified by donating the amount to charity or returning it to the customer, as decided by the Group Shariah Committee.

For Financial Year-Ended (“FYE”) March 2025, there is no actual loss arising from Shariah non-compliance events recorded and reported under Takaful Ikhlas General Berhad.

(d) Sustainability Risk

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

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

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

30. Other risks (cont'd.)

(d) Sustainability Risk (cont'd.)

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

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

31. Fair values

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 this is extended to include all assets and liabilities measured and/or disclosed at fair value.

The levels of the fair value hierarchy as defined by the accounting standards are an indication of the observability of prices or valuation input. The following levels of hierarchy are used for determining and disclosing the fair value of the Company's assets/liabilities:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities, either directly or indirectly.

Refers to financial instruments which are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis. Such financial instruments include actively traded quoted equities, warrants and quoted unit and property trust fund.

31. Fair values (cont'd.)

The levels of the fair value hierarchy as defined by the accounting standards are an indication of the observability of prices or valuation input. The following levels of hierarchy are used for determining and disclosing the fair value of the Company's assets/liabilities

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

Refers to inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices). Such financial instruments include government guaranteed ("GG") sukuk, unsecured sukuk and Government Investment Issues ("GII").

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

Refers to financial instruments where fair values are measured using unobservable market inputs. The valuation technique is consistent with Level 2. The chosen valuation technique incorporates management's assumptions and data.

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no reclassifications between Level 1 and Level 2 of the fair value hierarchy during the current and previous financial years.

There were no transfers in and out of Level 3 of the fair value hierarchy during the current and previous financial years.

31. Fair values (cont'd.)

(i) Fair value disclosures based on 3-level hierarchy

No transfers have occurred between levels in the hierarchy. The following tables show financial assets that are measured and/or disclosed at fair value on a recurring basis analysed by the different bases of fair values:

	Valuation technique using: Level 1 Quoted market prices RM '000	Level 2 Observable inputs RM '000	Level 3 Significant unobservable inputs RM '000	Total RM '000
General takaful fund				
2025				
Financial assets:				
Financial assets at FVTPL:				
Unquoted sukuk:				
Unsecured	-	120,821	-	120,821
Government Investment Issues	-	232,800	-	232,800
Quoted Shariah approved equities in Malaysia	28,013	-	-	28,013
Real estate investment trusts	752	-	-	752
Shariah approved unit trust funds	55,642	-	-	55,642
	84,407	353,621	-	438,028
Financial assets at FVOCI:				
Unquoted sukuk:				
Unsecured	-	87,268	-	87,268
Government Investment Issues	-	-	-	-
	-	87,268	-	87,268
	84,407	440,889	-	525,296

31. Fair values (cont'd.)

(v) Fair value disclosures based on 3-level hierarchy (cont'd.)

	Valuation technique using: Level 1 Quoted market prices RM '000	Level 2 Observable inputs RM '000	Level 3 Significant unobservable inputs RM '000	Total RM '000
General takaful fund (cont'd.)				
2024				
Financial assets:				
Financial assets at FVTPL:				
Unquoted sukuk:				
Government guaranteed	-	4,836	-	4,836
Unsecured	-	20,104	-	20,104
Government Investment Issues	-	25,474	-	25,474
Quoted Shariah approved equities in Malaysia	2,982	-	-	2,982
Real estate investment trusts	543	-	-	543
Shariah approved unit trust funds	105,772	-	-	105,772
	109,297	50,414	-	159,711
Financial assets at FVOCI:				
Unquoted sukuk:				
Unsecured	-	90,220	-	90,220
Government Investment Issues	-	-	-	-
	-	90,220	-	90,220
	109,297	140,634	-	249,931

31. Fair values (cont'd.)

(v) Fair value disclosures based on 3-level hierarchy (cont'd.)

	Valuation technique using:			
	Level 1 Quoted market prices RM '000	Level 2 Observable inputs RM '000	Level 3 Significant unobservable inputs RM '000	Total RM '000
Company				
2025				
Financial assets:				
Financial assets at FVTPL:				
Unquoted sukuk:				
Unsecured	-	120,821	-	120,821
Government Investment Issues	-	232,800	-	232,800
Quoted Shariah approved equities in Malaysia	36,555	-	-	36,555
Real estate investment trusts	752	-	-	752
Shariah approved unit trust funds	55,642	-	-	55,642
	92,949	353,621	-	446,570
Financial assets at FVOCI:				
Unquoted sukuk:				
Government guaranteed	-	4,968	-	4,968
Unsecured	-	149,930	-	149,930
Government Investment Issues	-	162,311	-	162,311
	-	317,209	-	317,209
	92,949	670,830	-	763,779

31. Fair values (cont'd.)

(v) Fair value disclosures based on 3-level hierarchy (cont'd.)

Company	Valuation technique using: Level 1 Quoted market prices RM '000	Level 2 Observable inputs RM '000	Level 3 Significant unobservable inputs RM '000	Total RM '000
2024				
Financial assets:				
Financial assets at FVTPL:				
Unquoted sukuk:				
Government guaranteed	-	4,836	-	4,836
Unsecured	-	20,104	-	20,104
Government Investment Issues	-	25,474	-	25,474
Quoted Shariah approved equities in Malaysia	7,925	-	-	7,925
Real estate investment trusts	543	-	-	543
Shariah approved unit trust funds	105,772	-	-	105,772
	114,240	50,414	-	164,654
Financial assets at FVOCI:				
Unquoted sukuk:				
Government guaranteed	-	19,422	-	19,422
Unsecured	-	107,529	-	107,529
Government Investment Issues	-	50,314	-	50,314
	-	177,265	-	177,265
	114,240	227,679	-	341,919