

MNRB HOLDINGS BERHAD

197201001795 (13487-A)

UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED
31 DECEMBER 2023

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023**

	Individual period		Cumulative period	
	Three months ended		Nine months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Insurance/takaful revenue	877,091	719,437	2,477,674	2,106,682
Insurance/takaful service expenses	(789,305)	(644,211)	(2,267,656)	(2,042,391)
Insurance/takaful service result before reinsurance/retakaful contracts held	87,786	75,226	210,018	64,292
Allocation of reinsurance premium/retakaful contribution	(193,368)	(65,199)	(410,813)	(231,838)
Amounts recoverable from reinsurers/retakaful operators	133,878	107,319	274,535	251,801
Net expense from reinsurance/retakaful contracts held	(59,490)	42,120	(136,278)	19,963
Insurance/takaful service result	28,296	117,346	73,740	84,255
Investment income on financial assets	103,780	84,257	303,964	225,511
Net realised (losses)/gains	(48)	410	(12,842)	1,741
Net fair value gains/(losses)	79,780	119,932	93,673	(38,823)
Net foreign exchange (losses)/gains	(9,990)	(22,491)	23,689	4,550
Investment return	173,522	182,108	408,484	192,979
Net finance/profit expenses from insurance/takaful contracts issued	(24,818)	(60,036)	(89,260)	(48,157)
Net finance/profit income/(expense) from reinsurance/retakaful contracts held	6,597	(3,046)	12,541	(2,123)
Net insurance/takaful financial result	(18,221)	(63,082)	(76,719)	(50,280)
Recognition of actual unallocated surplus	(85,020)	(163,860)	(175,222)	(135,562)
Fees and other operating (expense)/income	(2,716)	4,081	30,184	21,835
Management and other operating income/(expenses)	3,723	(15,373)	(15,481)	(27,670)
Finance cost	(6,980)	(5,956)	(20,713)	(14,704)
Net other operating income and expenses	(5,973)	(17,248)	(6,010)	(20,539)
Share of results of associates	4,786	10,008	9,043	(6,570)
Profit before zakat and taxation	97,390	65,272	233,316	64,283
Zakat	(344)	(465)	(1,379)	(1,008)
Taxation	(12,435)	(7,389)	(36,221)	(15,573)
Profit after zakat and taxation for the period, attributable to owners of the Company	84,611	57,418	195,716	47,702
Basic earnings per share attributable to equity holders of the Company (sen)	10.80	7.33	24.99	6.09

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023**

	Individual period		Cumulative period	
	Three months ended		Nine months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Profit after zakat and taxation for the period, attributable to owners of the Company	84,611	57,418	195,716	47,702
Other comprehensive income/(loss), net of tax				
Items that are or may be reclassified subsequently to profit or loss				
Net gains/(losses) on investments in debt securities measured at FVOCI	21,268	41,098	21,704	(4,620)
Net realised (losses)/gains transferred to profit or loss	(672)	3,369	(1,665)	105
Effects of post acquisition foreign exchange translation reserve on investment in associate	(2,347)	(21,484)	2,735	(11,198)
Effects of foreign exchange translation reserve on investment in subsidiary	-	(355)	514	427
Tax effects thereon	(1,059)	(6,096)	560	(1,476)
Other comprehensive (income)/losses attributable to participants	(2,924)	(3,955)	(3,042)	1,182
	<u>14,266</u>	<u>12,577</u>	<u>20,806</u>	<u>(15,580)</u>
Items that will not be reclassified subsequently to profit or loss				
Net fair value gains on equity investments at FVOCI	78	212	264	296
Revaluation surplus of land and buildings	555	538	1,666	1,613
Tax effects thereon	(44)	(44)	260	(127)
Other comprehensive income attributable to participants	(511)	(495)	(1,533)	(1,484)
	<u>78</u>	<u>211</u>	<u>657</u>	<u>298</u>
Total other comprehensive income/(loss) for the period, net of tax	14,344	12,788	21,463	(15,282)
Total comprehensive income for the period, net of tax	98,955	70,206	217,179	32,420
Total comprehensive income for the period attributable to owners of the Company	98,955	70,206	217,179	32,420

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

	31.12.2023	31.03.2023
	RM'000	RM'000
		(Restated)
Assets		
Property, plant and equipment	232,482	225,802
Intangible assets	64,078	60,248
Right-of-use assets	1,612	3,368
Investments in associates	38,950	122,164
Financial and other assets	10,857,192	10,142,648
Deferred tax assets	33,515	31,016
Insurance/takaful contract assets	42,876	66,518
Reinsurance/retakaful contract assets	938,809	689,237
Tax recoverable	38,461	42,423
Cash and bank balances	178,937	205,462
Total assets	12,426,912	11,588,886
Liabilities		
Insurance/takaful contract liabilities	8,708,651	7,980,462
Reinsurance/retakaful contract liabilities	182,741	157,922
Borrowing	520,000	520,000
Lease liabilities	1,784	3,426
Other payables	191,061	310,002
Deferred tax liabilities	16,002	4,718
Tax payable	18,454	7,746
Provision for zakat	3,480	2,203
Total liabilities	9,642,173	8,986,479
Equity		
Share capital	738,502	738,502
Reserves	2,046,237	1,863,905
Total equity attributable to owners of the Company	2,784,739	2,602,407
Total liabilities and equity	12,426,912	11,588,886
Net assets per share (RM)	3.56	3.32

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023**

	← Attributable to owners of the Company →					
	← Reserves →					
	← Non-distributable →		Distributable			
	Share capital RM'000	Foreign exchange translation RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Retained profits RM'000	Total RM'000
At 31 March 2023, as previously reported	738,502	47,332	34,810	50,375	1,711,554	2,582,573
Impact of initial application of MFRS 17	-	-	-	-	19,834	19,834
At 1 April 2023, restated	738,502	47,332	34,810	50,375	1,731,388	2,602,407
Net profit for the period	-	-	-	-	195,716	195,716
Total other comprehensive income for the period	-	3,249	16,548	1,666	-	21,463
Total comprehensive income for the period	-	3,249	16,548	1,666	195,716	217,179
Dividend paid during the period	-	-	-	-	(34,847)	(34,847)
At 31 December 2023	738,502	50,581	51,358	52,041	1,892,257	2,784,739
At 31 March 2022, as previously reported	738,502	45,966	25,973	49,575	1,611,658	2,471,674
Impact of initial application of MFRS 17	-	-	-	-	27,998	27,998
At 1 April 2022, restated	738,502	45,966	25,973	49,575	1,639,656	2,499,672
Net loss for the period	-	-	-	-	47,702	47,702
Total other comprehensive (loss)/income for the period	-	(10,771)	(5,995)	1,484	-	(15,282)
Total comprehensive (loss)/income for the period	-	(10,771)	(5,995)	1,484	47,702	32,420
Dividend paid during the period	-	-	-	-	(19,577)	(19,577)
At 31 December 2022, restated	738,502	35,195	19,978	51,059	1,667,781	2,512,515

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023**

	31.12.2023	31.12.2022
	RM'000	RM'000
		(Restated)
Cash flows from operating activities		
Profit before zakat and taxation	233,316	64,283
Adjustments for:		
Net fair value (gains)/losses on financial assets	(93,673)	38,823
Net foreign exchange gains	(23,689)	(4,550)
Reversal of impairment on financial assets	28	858
Depreciation of:		
- property, plant and equipment	5,122	4,934
- right-of-use assets	2,217	2,078
Amortisation of intangible assets	11,416	9,002
Net amortisation of premiums on investments	3,023	2,316
Net gains on disposal of intangible assets	(2,187)	-
Net losses on disposal of investments	131,295	95,202
Write-off of intangible assets	-	1,484
Interest/profit income	(300,499)	(221,161)
Dividend income	(7,673)	(7,813)
Rental income	(3,043)	(3,216)
Finance cost	20,713	14,704
Realised loss/(gains) on disposal of investments	12,842	(1,741)
Share of results of associates	(9,043)	6,570
(Loss)/profit from operations before changes in operating assets and liabilities	<u>(19,835)</u>	<u>1,773</u>
Increase in placements with licensed financial institutions, islamic investment accounts and marketable securities	(524,423)	(419,826)
Purchase of investments	(91,681)	(88,321)
Decrease in staff loans	645	713
Increase in other receivables	(49,883)	(46,564)
Changes in insurance/takaful contract assets	42,876	(19,673)
Changes in reinsurance/retakaful contract assets	(249,572)	(46,679)
Changes in insurance/takaful contract liabilities	728,189	524,961
Changes in reinsurance/retakaful contract liabilities	24,819	22,819
Increase/(decrease) in other payables	31,926	(42,552)
Taxes and zakat paid	(19,071)	(25,634)
Interest/profit received	159,360	168,263
Dividends received	7,824	7,732
Rental received	3,523	2,966
Net cash generated from/(used in) operating activities	<u>44,697</u>	<u>39,978</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,186)	(10,056)
Purchase of intangible assets	(1,162)	(2,597)
Net cash used in investing activities	<u>(13,348)</u>	<u>(12,653)</u>
Cash flows from financing activities		
Payment of lease liabilities	(2,698)	(1,902)
Interest/profit paid	(20,331)	(14,439)
Dividends paid	(34,847)	(19,577)
Net cash used in financing activities	<u>(57,876)</u>	<u>(35,918)</u>
Cash and bank balances		
Net increase/(decrease) during the period	(26,528)	(8,592)
At beginning of the period	<u>205,462</u>	<u>214,050</u>
At end of the period	<u>178,935</u>	<u>205,458</u>

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

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

A1. Basis of preparation

The condensed consolidated interim financial statements of MNRB Holdings Berhad ("MNRB" or "the Company") and its subsidiaries (MNRB and its subsidiaries are collectively referred to as "the Group") as at and for the financial period ended 31 December 2023 have been prepared in accordance with MFRS 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB"), IAS 34 *Interim Financial Reporting* issued by International Accounting Standards Board, paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and Guidelines/Circulars issued by Bank Negara Malaysia ("BNM") and Shariah rulings and precepts.

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

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

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

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

Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to MFRS 101 <i>Presentation of Financial Statement</i> - Non-Current Liabilities with Covenants	1 January 2024
Amendments to MFRS 7 <i>Financial Instruments : Disclosures</i> and MFRS 107 <i>Cash Flow Statement</i> - Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 16 <i>Leases</i> - Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 121 <i>The Effects of Changes in Foreign Exchange Rates</i> - Lack of Exchangeability	1 January 2025

The adoption of the above amendments to MFRSs is not expected to have any material impact on the financial statements of the Group.

A2. Initial application of MFRS 17

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

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

(i) Changes to classification and measurement

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

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

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

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

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

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

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

(a) Premium Allocation Approach ("PAA")

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

(b) General Measurement Model ("GMM")

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

(c) Variable Fee Approach ("VFA")

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

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

(ii) Changes to presentation and disclosure

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

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

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

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

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

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

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

Instead, the statement of profit or loss reflects the following items from the financial period ending 31 December 2023 and 31 December 2022:

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

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

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

(iii) Transition

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

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

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

The MFRS 17 introduces a consistent accounting measurement model for all insurance contracts by applying the General Measurement Model ("GMM"). However, due to the complexity of the GMM, MFRS 17 provides the option of using simplified approach which is the Premium Allocation Approach ("PAA"), primarily for short-term contracts. Variable Fee Approach ("VFA") was adopted for contracts with direct participation features.

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

(iii) Transition (cont'd.)

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

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

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

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

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

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

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

	31.03.2023 RM'000	Effects of adoption of MFRS 17 RM'000	01.04.2023 RM'000 (Restated)	31.03.2022 RM'000	Effects of adoption of MFRS 17 RM'000	1.04.2022 RM'000 (Restated)
Assets						
Property, plant and equipment	225,802	-	225,802	211,213	-	211,213
Intangible assets	124,797	(64,549)	60,248	75,136	(17,735)	57,401
Right-of-use assets	3,368	-	3,368	5,554	-	5,554
Investments in associates	122,164	-	122,164	134,094	-	134,094
Financial and other assets	10,033,716	108,932	10,142,648	8,975,983	(265)	8,975,719
Deferred tax assets	42,618	(11,602)	31,016	38,330	(7,469)	30,861
Reinsurance/retakaful assets	850,692	(850,692)	-	952,271	(952,271)	-
Insurance/takaful receivables	706,541	(706,541)	-	614,826	(614,826)	-
Insurance/takaful contract assets	-	66,518	66,518	-	22,673	22,673
Reinsurance/retakaful contract assets	-	689,237	689,237	-	704,967	704,967
Tax recoverable	42,423	-	42,423	50,702	-	50,702
Cash and bank balances	205,462	-	205,462	214,050	-	214,050
Total assets	12,357,583	(768,697)	11,588,886	11,272,159	(864,925)	10,407,234

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

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

	31.03.2023 RM'000	Effects of adoption of MFRS 17 RM'000	01.04.2023 RM'000 (Restated)	31.03.2022 RM'000	Effects of adoption of MFRS 17 RM'000	1.04.2022 RM'000 (Restated)
Liabilities						
Participants' funds	404,248	(404,248)	-	394,409	(394,409)	-
Insurance/takaful payables	306,616	(306,616)	-	305,499	(305,499)	-
Insurance/takaful contract liabilities	8,190,384	(209,922)	7,980,462	7,487,057	(192,511)	7,294,546
Reinsurance/retakaful contract liabilities	-	157,922	157,922	-	18,904	18,904
Borrowing	520,000	-	520,000	320,000	-	320,000
Lease liabilities	3,426	-	3,426	5,476	-	5,476
Other payables	335,669	(25,667)	310,002	277,793	(22,732)	255,061
Deferred tax liabilities	4,718	-	4,718	3,178	3,324	6,502
Tax payable	7,746	-	7,746	5,319	-	5,319
Provision for zakat	2,203	-	2,203	1,754	-	1,754
Total liabilities	9,775,010	(788,531)	8,986,479	8,800,485	(892,923)	7,907,562
Equity						
Share capital	738,502	-	738,502	738,502	-	738,502
Reserves	1,844,071	19,834	1,863,905	1,733,172	27,998	1,761,170
Total equity attributable to owners of the Company	2,582,573	19,834	2,602,407	2,471,674	27,998	2,499,672
Total liabilities and equity	12,357,583	(768,697)	11,588,886	11,272,159	(864,925)	10,407,234

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

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

A3. Auditors' Report on preceding annual financial statements

The auditors' report on the audited financial statements for the financial year ended 31 March 2023 was not subject to any qualification.

A4. Seasonal or cyclical factors

During the financial period ended 31 December 2023, the operations of the Group were not materially affected by any seasonal factors. With regard to cyclical factors, the performance of the Group is directly correlated with the industry cycle and the economic performance of the countries in which the Group has business dealings with.

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the financial period ended 31 December 2023.

A6. Changes in estimates

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

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

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities during the third quarter ended 31 December 2023.

A8. Dividend paid

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

A9. Carrying amount of revalued properties

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

A10. Subsequent events

There were no subsequent event of the Group during the financial period ended 31 December 2023.

A11. Changes in the composition of the Group

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

A12. Capital commitments

The amount of capital commitments of the Group as at 31 December 2023 were as follows:

	RM'000
Authorised and contracted for:	
Property, plant and equipment	8,639
Software development	6,454
Authorised but not contracted for:	
Property, plant and equipment	9,204
Software development	25,614

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

A13. Segmental reporting

The Group has five business segments as follows:

Segments

Investment holding and others	Investment holding and non-insurance/takaful subsidiaries
Reinsurance	Underwriting of all classes of general reinsurance business
Retakaful	Management of family and general retakaful businesses
General takaful	Management of general takaful business
Family takaful	Management of family and investment-linked takaful businesses

	Reinsurance RM'000	Retakaful RM'000	General takaful RM'000	Family takaful RM'000	Investment holding and others RM'000	Adjustments and eliminations RM'000	Group RM'000
31 December 2023							
<u>Operating Revenue</u>							
Insurance/takaful revenue	1,502,248	60,832	552,424	375,144	-	(12,974)	2,477,674
Investment income	128,232	5,309	31,538	136,525	106,813	(104,452)	303,964
Fee income	-	-	-	-	50,092	(46,077)	4,015
Total operating revenue	<u>1,630,480</u>	<u>66,141</u>	<u>583,962</u>	<u>511,669</u>	<u>156,905</u>	<u>(163,504)</u>	<u>2,785,653</u>
Profit before zakat and taxation	<u>162,932</u>	<u>6,552</u>	<u>55,281</u>	<u>15,809</u>	<u>93,634</u>	<u>(100,892)</u>	<u>233,316</u>
Profit after zakat and taxation	<u>149,897</u>	<u>5,932</u>	<u>40,952</u>	<u>10,741</u>	<u>89,087</u>	<u>(100,892)</u>	<u>195,716</u>
31 December 2022 (Restated)							
<u>Operating Revenue</u>							
Insurance/takaful revenue	1,269,889	37,788	418,228	386,751	-	(5,974)	2,106,682
Investment income	83,364	3,619	21,318	117,825	26,655	(27,270)	225,511
Fee income	-	-	-	-	47,047	(45,576)	1,472
Total operating revenue	<u>1,353,253</u>	<u>41,407</u>	<u>439,546</u>	<u>504,576</u>	<u>73,702</u>	<u>(78,820)</u>	<u>2,333,664</u>
Profit before zakat and taxation	<u>31,810</u>	<u>6,049</u>	<u>30,977</u>	<u>4,609</u>	<u>17,222</u>	<u>(26,385)</u>	<u>64,283</u>
Profit after zakat and taxation	<u>29,265</u>	<u>5,398</u>	<u>22,213</u>	<u>1,309</u>	<u>15,902</u>	<u>(26,385)</u>	<u>47,702</u>

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

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

Pursuant to Paragraph 11.4(f) of Bank Negara Malaysia's Financial Reporting Policy document issued on 29 April 2022, the breakdown of Unaudited Statement of Profit or Loss and Statements of Financial Position of Reinsurance Business, Retakaful Business, Family Takaful Business, General Takaful Business are disclosed as follows:

(a) Unaudited condensed consolidated statement of profit or loss for financial period ended 31 December 2023

	Reinsurance RM'000	Retakaful RM'000	General takaful RM'000	Family takaful RM'000	Others RM'000	Group RM'000
Insurance/takaful revenue	1,502,248	60,832	552,424	375,144	(12,974)	2,477,674
Insurance/takaful service expenses	(1,362,610)	(83,384)	(440,750)	(386,007)	5,095	(2,267,656)
Insurance/takaful service result before reinsurance/retakaful contracts held	139,638	(22,553)	111,673	(10,863)	(7,879)	210,018
Allocation of reinsurance premium/retakaful contribution	(153,091)	3,439	(176,482)	(95,792)	11,113	(410,813)
Amounts recoverable from reinsurers/retakaful operators	66,561	27,713	113,973	71,384	(5,095)	274,535
Net expense from reinsurance/retakaful contracts held	(86,529)	31,151	(62,510)	(24,408)	6,018	(136,278)
Insurance/takaful service result	53,109	8,599	49,163	(35,271)	(1,861)	73,740
Investments income on financial assets	128,232	5,309	31,538	136,525	2,361	303,964
Net realised gains and losses	(14,016)	-	(4,697)	5,871	-	(12,842)
Net fair value gains and losses	21,091	(2)	3,678	71,778	(2,873)	93,673
Net foreign exchange gains	21,096	-	-	-	2,594	23,689
Investments return	156,405	5,306	30,519	214,174	2,082	408,484
Net finance/profit expenses from insurance/takaful contracts issued	(78,625)	-	(10,950)	316	-	(89,260)
Net finance/profit income from reinsurance/retakaful contracts held	6,523	-	4,698	2,377	(1,057)	12,541
Net insurance/takaful financial result	(72,103)	-	(6,252)	2,693	(1,057)	(76,719)
Recognition of actual unallocated (surplus)/deficit	-	-	(15,395)	(159,827)	-	(175,222)
Fees and other operating income	36,472	193	-	-	(6,482)	30,184
Management and other operating expenses	(1,412)	(7,546)	(2,518)	(5,960)	1,954	(15,481)
Finance cost	(9,538)	-	(238)	-	(10,937)	(20,713)
Net other operating income and expenses	25,522	(7,352)	(2,756)	(5,960)	(15,465)	(6,010)
Share of results of associates	-	-	-	-	9,043	9,043
Profit/(loss) before zakat and taxation	162,933	6,552	55,280	15,809	(7,258)	233,316
Zakat	-	-	(1,026)	(353)	-	(1,379)
Taxation	(13,035)	(621)	(13,303)	(4,715)	(4,547)	(36,221)
Profit/(loss) after zakat and taxation	149,898	5,932	40,952	10,741	(11,805)	195,716

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

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

(b) Unaudited condensed consolidated statement of profit or loss for financial period ended 31 December 2022 (Restated)

	Reinsurance RM'000	Retakaful RM'000	General takaful RM'000	Family takaful RM'000	Others RM'000	Group RM'000
Insurance/takaful revenue	1,269,889	37,788	418,228	386,751	(5,974)	2,106,682
Insurance/takaful service expenses	(1,284,424)	(53,271)	(378,602)	(339,918)	13,825	(2,042,391)
Insurance/takaful service result before reinsurance/retakaful contracts held	(14,535)	(15,483)	39,625	46,833	7,852	64,292
Allocation of reinsurance premium/retakaful contribution	(46,018)	2,658	(123,246)	(70,516)	5,283	(231,838)
Amounts recoverable from reinsurers/retakaful operators	72,097	23,035	110,945	59,549	(13,825)	251,801
Net expense from reinsurance/retakaful contracts held	26,079	25,693	(12,300)	(10,966)	(8,542)	19,963
Insurance/takaful service result	11,544	10,210	27,325	35,867	(691)	84,255
Investment income on financial assets	83,364	3,619	21,318	117,825	(615)	225,511
Net realised gains and losses	715	-	(977)	2,003	-	1,741
Net fair value gains and losses	(23,743)	(75)	(2,616)	(23,987)	11,598	(38,823)
Net foreign exchange gains and losses	10,374	-	-	-	(5,824)	4,550
Investment return	70,710	3,544	17,725	95,841	5,159	192,979
Net finance/profit expenses from insurance/takaful contracts issued	(44,976)	-	(1,251)	(1,930)	-	(48,157)
Net finance/profit income from reinsurance/retakaful contracts held	(4,406)	-	510	2,627	(854)	(2,123)
Net insurance/takaful financial result	(49,382)	-	(741)	697	(854)	(50,280)
Recognition of actual unallocated surplus	-	-	(12,463)	(123,098)	(1)	(135,562)
Fees and other operating income	8,615	383	-	(4,698)	17,535	21,835
Management and other operating expenses	(6,103)	(8,087)	(644)	-	(12,837)	(27,670)
Finance cost	(3,574)	-	(225)	-	(10,904)	(14,704)
Net other operating income and expenses	(1,061)	(7,704)	(869)	(4,698)	(6,206)	(20,539)
Share of results of associates	-	-	-	-	(6,570)	(6,570)
Profit/(loss) before zakat and taxation	31,810	6,049	30,977	4,609	(9,163)	64,283
Zakat	-	(89)	(627)	(292)	-	(1,008)
Taxation	(2,545)	(562)	(8,138)	(3,008)	(1,320)	(15,573)
Profit/(loss) after zakat and taxation	29,265	5,398	22,213	1,309	(10,483)	47,702

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

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

(c) Unaudited condensed consolidated statement of statement of financial position as at 31 December 2023

	Reinsurance RM'000	Retakaful RM'000	General takaful RM'000	Family takaful RM'000	Others RM'000	Group RM'000
Assets						
Property, plant and equipment	132,536	1	813	84,853	14,279	232,482
Intangible assets	5,759	-	14,732	36,887	6,700	64,078
Right-of-use assets	-	-	6,852	23	(5,263)	1,612
Investments in associates	121,290	-	-	-	(82,340)	38,950
Financial and other assets	4,647,036	150,885	1,168,532	4,766,190	124,549	10,857,192
Deferred tax assets	-	-	18,885	12,059	2,571	33,515
Insurance/takaful contract assets	-	-	-	35,694	7,182	42,876
Reinsurance/retakaful contract assets	426,929	103,322	374,779	35,120	(1,341)	938,809
Tax recoverable	-	-	-	13,212	25,249	38,461
Cash and bank balances	153,251	1,047	7,099	16,185	1,355	178,937
Total assets	5,486,800	255,255	1,591,691	5,000,223	92,941	12,426,912
Liabilities						
Insurance/takaful contract liabilities	3,214,680	207,984	1,151,243	4,094,585	40,158	8,708,651
Reinsurance/retakaful contract liabilities	-	-	-	167,171	15,570	182,741
Borrowing	251,000	-	-	-	269,000	520,000
Lease liabilities	-	-	7,127	23	(5,366)	1,784
Other payables	35,880	-	96,054	153,349	(94,223)	191,061
Deferred tax liabilities	4,304	(423)	-	7,107	5,014	16,002
Tax payable	2,041	1,006	10,985	6,516	(2,095)	18,454
Provision for zakat	-	3	2,563	570	344	3,480
Total liabilities	3,507,907	208,569	1,267,972	4,429,321	228,403	9,642,173
Equity						
Share capital	663,106	-	230,000	405,000	(559,604)	738,502
Reserves	1,315,788	46,686	93,719	165,902	424,142	2,046,237
Total equity attributable to owners of the Company	1,978,893	46,686	323,719	570,902	(135,462)	2,784,739
Total liabilities and equity	5,486,800	255,255	1,591,691	5,000,223	92,941	12,426,912

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

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

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

	Reinsurance RM'000	Retakaful RM'000	General takaful RM'000	Family takaful RM'000	Others RM'000	Group RM'000
Assets						
Property, plant and equipment	127,475	1	825	84,861	12,641	225,802
Intangible assets	5,901	-	11,519	38,096	4,732	60,248
Right-of-use assets	-	-	7,964	161	(4,757)	3,368
Investments in associates	113,812	-	-	-	8,352	122,164
Financial and other assets	4,288,344	126,166	1,039,364	4,616,742	72,032	10,142,648
Deferred tax assets	-	533	25,665	7,758	(2,938)	31,016
Insurance/takaful contract assets	499,682	-	-	66,518	(499,682)	66,518
Reinsurance/retakaful contract assets	406,950	23,690	230,909	28,702	(1,014)	689,237
Tax recoverable	11,050	-	-	12,501	18,872	42,423
Cash and bank balances	131,706	5,153	50,928	9,982	7,693	205,462
Total assets	5,584,920	155,543	1,367,174	4,865,322	(384,075)	11,588,886
Liabilities						
Insurance/takaful contract liabilities	3,441,514	114,025	927,357	3,982,014	(484,448)	7,980,462
Reinsurance/retakaful contract liabilities	-	-	-	157,922	-	157,922
Borrowing	251,000	-	-	-	269,000	520,000
Lease liabilities	-	-	8,202	165	(4,941)	3,426
Other payables	39,744	-	125,243	155,592	(10,577)	310,002
Deferred tax liabilities	5,228	-	-	6,402	(6,912)	4,718
Tax payable	-	820	7,436	310	(820)	7,746
Provision for zakat	-	-	1,961	239	3	2,203
Total liabilities	3,737,484	114,845	1,070,199	4,302,644	(238,695)	8,986,479
Equity						
Share capital	663,106	-	230,000	405,000	(559,604)	738,502
Reserves	1,184,330	40,697	66,975	157,678	414,225	1,863,905
Total equity attributable to owners of the Company	1,847,436	40,697	296,975	562,678	(145,379)	2,602,407
Total liabilities and equity	5,584,920	155,543	1,367,174	4,865,322	(384,074)	11,588,886

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

A15. Fair value information

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

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

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

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

The fair values of the Group's assets are determined as follows:

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

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

A15. Fair value information (cont'd.)

Description of significant unobservable inputs:

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

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

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

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

A15. Fair value information (cont'd.)

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets				
a) Property, plant and equipment				
Freehold land	-	-	36,800	36,800
Building	-	-	160,815	160,815
	<u>-</u>	<u>-</u>	<u>197,615</u>	<u>197,615</u>
b) Financial assets at FVTPL				
<u>Designated upon initial recognition</u>				
Government investment issues	-	1,440,778	-	1,440,778
Unquoted islamic private debt securities	-	1,431,548	-	1,431,548
<u>Mandatorily measured</u>				
Quoted shares in Malaysia:				
Shariah approved equities	176,006	-	-	176,006
Others	93,831	-	-	93,831
Unquoted perpetual bond in Malaysia	-	8,023	-	8,023
Unquoted corporate debt securities	-	-	-	-
Shariah approved unit trust funds	319,794	-	-	319,794
Real estate investment trusts	9,289	-	-	9,289
Derivatives ⁽ⁱ⁾	-	(854)	-	(854)
	<u>598,919</u>	<u>2,879,495</u>	<u>-</u>	<u>3,478,413</u>
c) Financial assets at FVOCI				
Malaysian government securities	-	59,841	-	59,841
Government investment issues	-	600,405	-	600,405
Unquoted corporate debt securities	-	801,170	-	801,170
Unquoted shares in Malaysia	-	87,382	-	87,382
Unquoted Islamic private debt securities	-	127,362	-	127,362
Golf club memberships	50	65	118	233
	<u>50</u>	<u>1,676,226</u>	<u>118</u>	<u>1,676,393</u>

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

A15. Fair value information (cont'd.)

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

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

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

A15. Fair value information (cont'd.)

(i) Derivatives

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

	←----- 31.12.2023 ----->			←----- 31.03.2023 ----->		
	Notional Amount	Asset	Liability	Notional Amount	Asset	Liability
Trading derivative						
Forward foreign exchange contracts, less than 3 years	201,792	-	(854)	195,766	69	-

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

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

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

Credit Risk

Credit risk is the risk of financial loss resulting from the failure of the Group's counterparties to fulfil their contractual obligations to repay their commitments. As at 31 December 2023, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was nil (31 March 2023: RM 69,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Market Risk

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

Liquidity Risk

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

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

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

	31.12.2023			31.03.2023		
	Remaining coverage RM'000	Incurred claims RM'000	Total RM'000	Remaining coverage RM'000	Incurred claims RM'000	Total RM'000
Assets						
Insurance/takaful contract	16,500	26,375	42,876	37,816	28,702	66,518
Reinsurance/retakaful contract	379,755	559,055	938,809	267,331	421,906	689,237
	396,255	585,430	981,685	305,147	450,608	755,755
Liabilities						
Insurance/takaful contract	4,945,808	3,742,970	8,708,651	4,505,281	3,475,181	7,980,462
Reinsurance/retakaful contract	134,275	48,466	182,741	82,251	75,671	157,922
	5,080,083	3,791,436	8,891,392	4,587,533	3,550,852	8,138,384

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

B1. Review of performance

The Group

For the period ended 31 December 2023, the Group recorded a 19.4% or RM0.5 billion growth in operating revenue from RM2.3 billion to RM2.8 billion. It was contributed by the increase in insurance/takaful revenue by RM371.0 million due to strong growth in the general takaful and reinsurance businesses. The growth in operating revenue was also a result of the improvement in investment income by RM78.5 million.

The Group recorded a significantly higher profit after tax ("PAT") in the financial period ended 31 December 2023 by RM148.0 million from RM47.7 million to RM195.7 million. The increase was mainly due to:-

- the improved underwriting performance of the reinsurance and general takaful businesses as a result of better claims experience compared with corresponding period;
- higher investment income despite the slight offsetting of unfavourable realised losses;
- positive share of results of associates compared to a share of loss in the corresponding period.

Investment holding and non-insurance/takaful subsidiaries

The investment holding and non-insurance/takaful subsidiaries recorded higher operating revenue and PAT by RM83.2 million and RM73.2 million respectively as higher dividend income was received from the family takaful subsidiaries for the period ended 31 December 2023.

Reinsurance Business

Operating revenue for the period increased by 20.5% or RM277.2 million was mainly driven by the Domestic and Overseas Treaties as well as Specialty portfolios.

Reinsurance business recorded a PAT of RM149.9 million for the period ended 31 December 2023 as compared to RM29.3 million in the corresponding period. The significant improvement was a result of better underwriting performance in the current period where there were no significant large losses as compared with corresponding period which was affected by the Great Malaysian Flood. The improvement was also due to higher investment income and favourable fair value movement of investments.

Retakaful Business

The operating revenue of the retakaful business grew by RM24.7 million predominantly due to the increase in the family retakaful revenue by RM23.0 million.

PAT of retakaful business increased by RM0.5 million to RM5.9 million in the period ended 31 December 2023 due to higher investment income.

General Takaful Business

In the General Takaful Business, the operating revenue demonstrated a notable increase of RM144.4 million. This growth primarily emanated from a 32.9% upsurge in takaful revenue, escalating from RM418.2 million to RM562.6 million. This positive trend was propelled by business generated by the agency channel especially through growth from Motor segment.

As of the period ended 31 December 2023, the Profit After Tax (PAT) for the general takaful business reached RM41.0 million, signifying a decent 84.4% increase compared to the corresponding period's RM22.2 million. This commendable outcome is primarily attributed to the higher wakalah fee income resulting from the substantial growth in takaful revenue mentioned earlier, along with an increase in investment income.

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

B1. Review of performance (cont'd.)

Family Takaful Business

The operating revenue recorded an increase of RM7.0 million due to increase in the investment income by RM18.7 million that was offset with a drop in takaful revenue by RM11.6 million driven by lower revenue in bancatakaful and Agency channels.

Family takaful business recorded a higher PAT of RM10.7 million for the period ended 31 December 2023 compared to a RM1.3 million in the corresponding period. The higher PAT was mainly due to higher investment income and favourable fair value movement of investments as mentioned above.

B2. Review of current quarter profitability against immediate preceding quarter

The Group recorded a higher PAT of RM84.6 million in the current quarter compared to RM41.6 million in the preceeding quarter due to favourable fair value movement of bond and sukuk markets of its reinsurance busines and an improvement in the share of result of the associates.

B3. Current year prospect

Malaysia's GDP growth is expected to maintain its positive trajectory driven by resilient domestic demand, backed by a low unemployment rate, higher tourist arrivals and further lifted by private and public investment. Inflation is expected to be under control, allowing the BNM to continue to keep OPR at 3.0%for 2024. This trend is expected to continue as global demand for electronics and chips resumes, supporting Malaysia's export sector.

The takaful segment continues to grow, driven by various initiatives to increasing sales through Agency, Bancatakaful and Corporate distribution channels. The national economic plans announced by the government, including the National Energy Transition Roadmap (NETR), the New Industrial Master Plan 2030 (NIMP 2030), and the Madani Economy: Empowering the People framework is expected to enhance the positive trajectory. The Group's aim is to accelerate business growth and scale, while enhancing operational efficiency by leveraging on digitalisation measures to offer excellent customer experience and easy access to transactional online plarforms.

In the reinsurance and retakaful sectors, despite the continued dominance in the domestic industry, a proactive stance to risk diversification, pursuing growth in overseas markets and venturing into specialised business lines remains a top priority. With the increasing frequency and/or severity of climate-related disasters, the Group maintains a disciplined underwriting approach, emphasising the efficient use of capital and implementing appropriate retrocession protection program.

The Group continues to expect a challenging economic environment locally and globally as inflationary pressures around the world remains elevated amidst higher energy prices, supply chain shocks and geopolitical risks in the Middle East and Ukraine. This has kept interest rates high, further constraining credit rating and risking slower growth. With the Overnight Policy Rate remaining at 3.0% for the rest of this year, a continuation of the Group's strategic approach to asset allocation focusing on high yielding securities with strong fundamentals, will continue to be integral to capital preservation for the Group. For alpha enhancement purposes, the Group sees opportunities in the local equity market amidst clarity in the national energy agenda under the National Energy Transition Plan, the National Industrial Masterplan 2030, the development of the Johor-Singapore Special Economic Zone, recovery in the global chip sector and stable domestic growth.

The Group further accelerates the progress of its Sustainability Roadmap and manages the implementation of the sustainability action plans in alignment with regulatory requirements. Among others, this includes the phased implementation of sustainability investing, the development of Greenhouse Gas ("GHG") emissions management, participation in programs for communities via initiatives of the IKHLAS Barakah House (IBH). Overall, the Group aims to ensure a measured and steady progress of our Sustainability Commitments towards Net Zero Carbon Organisation by 2050.

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

B4. Explanatory note for variance from profit forecast

There was no profit forecast issued by the Group during the period ended 31 December 2023.

B5. Status of corporate proposal

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

B6. Off balance sheet financial instruments

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

B7. Material litigation and contingent liability

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

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

B8. Investments return

	Individual period		Cumulative period	
	Three months ended		Nine months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Investments income on financial assets				
Interest/profit income	103,093	83,295	300,499	221,161
Dividend income	2,028	2,293	7,673	7,813
(Net amortisation of premiums)/accretion of discount on investments	(1,341)	(1,332)	(4,208)	(3,462)
	<u>103,780</u>	<u>84,257</u>	<u>303,964</u>	<u>225,511</u>
Net realised gains and losses				
Government investment issues	4,168	(1)	9,518	1,775
Unquoted islamic private debt securities	(357)	-	1,247	444
Quoted shares in Malaysia	(4,108)	332	(22,814)	(575)
Shariah approved unit trust funds	249	79	(793)	98
	<u>(48)</u>	<u>410</u>	<u>(12,842)</u>	<u>1,741</u>
Net fair value gains and losses				
Unquoted corporate debt securities	8,641	8,283	(6,785)	8,846
Government investment issues	32,009	3	23,035	(55)
Unquoted islamic private debt securities	21,130	1,779	18,284	(17,054)
Quoted shares in Malaysia	18,000	109,867	59,139	(30,558)
	<u>79,780</u>	<u>119,932</u>	<u>93,673</u>	<u>(38,823)</u>
Net foreign exchange gains				
Deposit placements	(12,584)	(31,856)	23,632	(4,815)
Shariah approved unit trust funds	-	2,802	(2,536)	2,802
	<u>(9,990)</u>	<u>(22,491)</u>	<u>23,689</u>	<u>4,550</u>
Total investments return	<u>173,522</u>	<u>182,108</u>	<u>408,484</u>	<u>192,979</u>

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

B9. Taxation

	Individual period		Cumulative period	
	Three months ended	Three months ended	Nine months ended	Nine months ended
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Profit before zakat and taxation	97,390	65,272	233,316	64,283
Taxation:				
Current tax	5,498	(5,827)	8,643	(6,229)
Deferred tax	(17,933)	(1,562)	(44,865)	(9,344)
	<u>(12,436)</u>	<u>(7,389)</u>	<u>(36,221)</u>	<u>(15,573)</u>
Effective tax rate	12.8%	11.3%	15.5%	24.2%

The effective tax rate was lower than the statutory tax rate of 24% due to reinsurance/retakaful operating profit being taxed at 8%.

For the 9 months period ended 31 December 2022, the group's effective tax rate was higher than 24% due to lower operating profit from the reinsurance/retakaful business that was taxed at 8% and the share of losses from the Labuan Reinsurance (L) Ltd.

B10. Borrowings and debt securities

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

	31.12.2023	31.03.2023
	RM'000	RM'000
		(Restated)
Unsecured long term borrowings:		
RM 320.0 million Sukuk Murabahah due on 22 March 2029	320,000	320,000
RM 200.0 million Subordinated Debt due on 26 October 2032	200,000	200,000
	<u>520,000</u>	<u>520,000</u>

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

B11. Earnings per share

	Individual period		Cumulative period	
	Three months ended		Nine months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Net profit for the year (RM'000)	84,611	57,418	195,716	47,702
Number of ordinary shares in issue ('000)	783,088	783,088	783,088	783,088
Basic earnings/(loss) per share (sen)	10.80	7.33	24.99	6.09

B12. Additional disclosures for the income statement

	Individual period		Cumulative period	
	Three months ended		Nine months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Fair value losses on derivative	7,846	-	(854)	-
Depreciation and amortisation	5,925	3,234	39,386	28,825

By Order of the Board

LENA BINTI ABD LATIF (LS 8766)
Company Secretary

Kuala Lumpur
Dated: 7 February 2024