

AMMETLIFE TAKAFUL BERHAD
201101002936 (931074-V)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 March 2025

**AmMetLife Takaful Berhad
(Incorporated in Malaysia)**

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AmMetLife Takaful Berhad
(Incorporated in Malaysia)

Directors' report

The directors hereby present their report together with the audited financial statements of the Company for the financial year ended 31 March 2025.

Principal activities

The Company is principally engaged in managing family takaful business including group takaful and investment-linked business.

Results

RM

Net loss for the financial year	<u>(20,959,919)</u>
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There were no material transfers to or from reserves or provisions during the financial year other than those 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 nature.

Dividend

No dividend has been paid or declared by the Company during the year. The directors do not recommend any dividend payment in respect of the current financial year.

Share options

There were no share options granted during the financial year by the Company.

Issue of shares and debentures

During the financial year ended 31 March 2025, the Company increased its paid-up capital from RM149,000,001 to RM178,000,001 via the issuance of 29,000,000 new ordinary shares for cash, as disclosed in Note 17 to the financial statements.

AmMetLife Takaful Berhad
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Directors

The directors of the Company in office since the date of the last report and at the date of this report are:

En Mohd Tarmidzi bin Ahmad Nordin (Chairman)	(Independent Non-Executive Director)
Datuk Azrulnizam bin Abdul Aziz	(Independent Non-Executive Director)
Dr Mohd Nordin bin Mohd Zain	(Independent Non-Executive Director)
Mr Leung Ka Keung, Tony	(Non-Independent Executive Director)
Mr Ling Fou-Tsong @ Jamie Ling	(Non-Independent Non-Executive Director)

Directors' benefits

Neither at the end of the financial year, nor at anytime during that year, did there subsist any arrangements to which the Company is 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, other than those arising from the shares options granted under the Executives' Share Scheme ("ESS").

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 or the fixed salary of a full-time employee of the Company as disclosed in Note 19(c) to the financial statements and as shown below by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial benefit.

The directors' benefits for the year are as follows:

Company	RM
Directors' remuneration:	
- Fees	495,000
- Allowances	62,000
- Other benefits	398
	<u>557,398</u>

A Director and officers' liability takaful has been entered into by the Company for financial year ended 31 March 2025 pursuant to Section 289 of the Companies Act 2016. The total amount of indemnity coverage and contributions paid for the Directors and officers of the Company were RM20,000,000 and RM64,500 respectively.

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Director's benefits

According to the register of directors' shareholdings, the benefits in shares and options in the holding company of directors in office during the financial year were as follows:

In the ultimate holding company of AMAB Holdings Sdn Bhd ("AMAB"), AMMB Holdings Berhad ("AMMB")

Shares	Number of ordinary shares		
	Balance at 01.04.2024	Bought	Balance at 31.03.2025
Mr Ling Fou-Tsong @ Jamie Ling	965,000	188,300	1,153,300

Scheme Shares	Number of ordinary shares pursuant to AMMB Executives' Share Scheme			
	Balance at 01.04.2024	Granted [~]	Vested [*]	Balance at 31.03.2025
Mr Ling Fou-Tsong @ Jamie Ling	709,600	319,200	(188,300)	788,100

Notes:

- [~] Granted pursuant to the Executives' Share Scheme ("ESS") of AMMB Holdings Berhad ("AMMB"), the Company's ultimate holding company. The vesting of the Scheme Shares is conditional upon the satisfaction of service condition and the performance targets of AMMB Group, and all other conditions as set out in the By-Laws of AMMB ESS.
- ^{*} Vesting of Scheme Shares.
- [#] Vesting of Scheme of Shares which was converted to cash for tax payment.

Other than as disclosed, no other directors in office at the end of the financial year had any benefit in the shares of the Company or its related corporations during the financial year.

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Corporate governance

The Company has complied with all the prescriptive requirements of, and adopts management practices that are consistent with the principles prescribed under BNM/RH/PD 029-9 *Corporate Governance* issued by Bank Negara Malaysia ("BNM").

Board responsibilities

The Board of Directors ("the Board") remains fully committed in ensuring that the principles and best practices in corporate governance are observed in the Company. The Board supervises the management of the Company in business policies and affairs with the goal of enhancing shareholders' value.

The Board meets regularly to carry out its duties and responsibilities, with additional board meetings being convened, whenever required.

The Board addresses key matters concerning strategy, finance, organisation structure, business development and human resource establishes guidelines for overall business, risk and control policies, capital allocation and approves all key business developments.

Board activities

The Board currently comprises five (5) directors with wide-ranging skills and experience. The Board is represented by one (1) non-independent non-executive director, one (1) non-independent executive director and three (3) independent non-executive directors of calibre, and with necessary skills and diverse corporate experience to ensure that strategies proposed by the management are fully discussed and examined, as well as to take into account the long term benefit of various stakeholders. During the year, the Board has met ten (10) times.

All directors review board reports prior to the board meetings. The reports are issued with sufficient time to enable the directors to obtain further explanations, where necessary, before the meetings.

In addition, the Board decides on matters reserved specifically for its decision, including the approval of corporate plans and budgets, acquisitions and disposals of assets that are material to the Company, major investments and changes to the management and control structure of the Company, including key policies, procedures and authority limits.

The Board has also adopted a policy for induction and education of directors. The program is to provide essential and comprehensive information to new directors in order for them to be familiar with relevant takaful industry regulatory requirements and the Company's nature of business. The directors may also request independent professional advice, at the Company's expense. The Company Secretary, to whom the directors have independent access, assists the Board and keeps it apprised of relevant laws and regulations.

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Corporate governance (cont'd.)

Profile of the Directors

1. En Mohd Tarmidzi bin Ahmad Nordin
Independent Non-Executive Director

En Mohd Tarmidzi Ahmad Nordin ("En Tarmidzi"), aged 70, was appointed as Chairman on the Board of the Company on 10 August 2020. He is also a member of the Risk Management Committee and Audit and Examination Committee of the Company.

En Tarmidzi had over 43 years of experience in various capacities in insurance, takaful and education. He started his career in insurance in 1977 before switching to takaful in 1985 where he was a pioneer management team member of Syarikat Takaful Malaysia Berhad, the first takaful company in Malaysia. Thereafter, he was attached with an international firm of Loss Adjuster for a period of time before he served as an Associate Lecturer at the Malaysia Insurance Institute. In 2001, he was appointed as the Chief Executive Officer ("CEO") of Maybank Takaful Berhad which subsequently merged with Takaful Nasional Berhad to form Etiqa Takaful Berhad. During the same period, he also served as the Chairman of the Malaysian Takaful Association and the Global Takaful Group. He retired as the CEO of Etiqa Takaful Berhad in 2009.

En Tarmidzi obtained his Master of Business Administration in Islamic Banking and Finance from the International Islamic University Malaysia in 2002. He is an Associate of the Chartered Insurance Institute, UK ("ACII") and a Fellow of the Malaysia Insurance Institute ("FMII") as well as a Registered Financial Planner with the Malaysian Financial Planning Council ("MFPC").

2. Datuk Azrulnizam Bin Abdul Aziz
Independent Non-Executive Director

Datuk Azrulnizam Abdul Aziz ("Datuk Azrul"), aged 55, was appointed to the Board of the Company on 1 August 2017. He was re-designated as an Independent Non-Executive Director on 29 April 2019. He is the Chairman of the Nomination and Remuneration Committee as well as the Risk Management Committee and a member of the Audit and Examination Committee of the Company.

Datuk Azrul holds a Master in Business Administration in International Business from University of Hartford (USA) and a Bachelor of Business Administration in Marketing from Wichita State University, Kansas (USA). He has also completed a Leadership Programme at Oxford University, UK and an Executive Education at Harvard Business School, USA.

Datuk Azrul is an experienced universal banker with more than 20 years of experience in the financial services industry. He served three international banks namely Citibank, Standard Chartered and Al-Rajhi Malaysia. His last executive position was CEO of Al-Rajhi Banking & Investment Corporation Malaysia Berhad. Prior to that, he was the First Executive Director and CEO of Standard Chartered Sa'adiq Berhad.

Datuk Azrul is currently the Chairman of Perbadanan PR1MA Malaysia and an Independent Director of MBSB Bank Berhad and Thriven Global Berhad. He is also a Director of CR FinaCapital Sdn Bhd, PetroWangsa Sdn Bhd, Ryn Resources Sdn Bhd, CR Cipta Sdn Bhd and Fuze Development Sdn Bhd, and a CEO at Faculty Programme member of Universiti Teknologi MARA.

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Corporate governance (cont'd.)

Profile of the Directors (cont'd.)

3. Dr Mohd Nordin bin Mohd Zain
Independent Non-Executive Director

Dr Mohd Nordin Mohd Zain ("Dr Nordin"), aged 67, was appointed as an Independent Non-Executive Director ("INED") of the Company on 18 February 2020. He is the Chairman of the Audit and Examination Committee ("AEC") and a Member of the Risk Management Committee ("RMC") and Nomination and Remuneration Committee of the Company. He is also an INED of AmBank Islamic Berhad ("AmBank Islamic") and the Chairman of AEC and a Member of the RMC of AmBank Islamic.

Dr Nordin has over 35 years of experience in banking, education, regulatory agency and professional practice. He started his career in internal audit and corporate banking for 6 years, in academic for 10 years, as a Chief Executive Officer for the Malaysian Accounting Standards Board ("MASB") for 10 years and as a Partner in Deloitte for 8 years.

Dr Nordin holds a PhD in Strategic Management from Strathclyde University, UK in 1995 and Masters and Bachelor degrees in Accounting from the USA in the 80's. He recently completed a management program at Harvard Business School, USA. A Chartered Accountant, a member of Malaysian Institute of Accountants ("MIA") and a Fellow of Institute of Public Accountants Australia ("FIPA"), he previously served as a Council member of Certified Public Accountants, Australia and MIA, and a founding member of MASB.

Dr Nordin currently sits on the boards of Gopeng Berhad, Beverly Heights Homeowners Berhad and MARC Ratings Berhad. He is also a Trustee of AmGroup Foundation. He serves as a member of the Finance and Investment Committee of Majlis Agama Islam Wilayah Persekutuan ("MAIWP").

Dr Nordin was a former Board member of UDA Holdings Berhad, MTD Capital Berhad, Zurich General Takaful Malaysia Berhad, Accounting & Auditing Organization for Islamic Financial Institutions ("AAOIFI") in Bahrain UAE and IPA Australia in Melbourne. He used to serve as a member of Public Accountants Oversight Committee in Brunei and Investment Committee of a subsidiary of AIA Berhad.

4. Mr Leung Ka Keung, Tony
Non-Independent Executive Director

Mr Leung Ka Keung, Tony ("Mr Tony Leung"), aged 47, has been appointed as the Non-Independent Executive Director of the Company with effect from 20 September 2018.

Mr Tony Leung currently holds the position as the Head of Capital, Reinsurance and M&A for MetLife Asia. Before becoming M&A lead for Asia, Mr Tony Leung also carries Chief Financial Officer ("CFO") responsibility as sub-regional CFO for Bangladesh, Nepal, Vietnam and Malaysia. Mr Tony Leung has been with MetLife since October 2016.

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Corporate governance (cont'd.)

Profile of the Directors (cont'd.)

4. Mr Leung Ka Keung, Tony (cont'd.)
Non-Independent Executive Director (cont'd.)

Mr Tony Leung has over 25 years of experience in the life insurance industry. Prior to joining MetLife, he worked in Swiss Re heading the business development team in Hong Kong. Prior to that, he worked in various actuarial and finance roles in AXA, AIA, PricewaterhouseCoopers and MLC Management Limited in Hong Kong and Australia with experience in product development, financial reporting, reinsurance and capital management.

Mr Tony Leung is a Fellow of the Institute of Actuaries of Australia and he holds a Bachelor of Commerce degree (actuarial studies) from the Macquarie University in Australia. He is also a member of the Board of AmMetLife Insurance Berhad and BIDV MetLife Life Insurance Limited Liability Company.

5. Mr Ling Fou-Tsong @ Jamie Ling
Non-Independent Non-Executive Director

Mr Jamie Ling Fou-Tsong ("Mr Jamie Ling"), aged 57, was appointed to the Board of the Company on 2 February 2024. Mr Jamie Ling is also a member of the Nomination and Remuneration Committee of the Company.

Mr Jamie Ling is the Group Chief Executive Officer ("Group CEO") of AMMB Holdings Berhad ("AMMB") and Chief Executive Officer of AmBank (M) Berhad, effective 23 November 2023. As the Group CEO, he is responsible for leading the Management Team, overseeing all lines of businesses and operations, and ensuring alignment with AMMB's strategic direction. His primary objectives include driving long-term value creation and ensuring that all activities are consistent with the Group's purpose and core values.

He joined AMMB in 2017 as the Group Chief Financial Officer and was named 'Best CFO for Investor Relations' mid-cap category for 2021 by Malaysian Investor Relations Association Berhad ("MIRA").

Prior to joining AMMB, Mr Jamie Ling has over two decades of regional and international banking experience across Asia and Europe. His in-depth commercial and financial experience cover roles held in treasury, finance, risk management and sales.

He held senior leadership positions in Malaysia, the United Kingdom, and Northeast Asia. He was the Regional Chief Financial Officer of Standard Chartered Bank for Greater China and Northeast Asia, covering Hong Kong, Taiwan, China, South Korea and Japan. He was also a board member of Standard Chartered (Hong Kong) Limited and Hong Kong Note Printing Limited.

Mr Jamie Ling sits on the Board of several other subsidiaries and joint ventures of AMMB, namely AmMetLife Insurance Berhad, AmGeneral Holdings Berhad, Liberty General Insurance Berhad and AMAB Holdings Sdn Bhd.

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Corporate governance (cont'd.)

Profile of the Directors (cont'd.)

5. Mr Ling Fou-Tsong @ Jamie Ling (cont'd.)
Non-Independent Non-Executive Director (cont'd.)

Mr Jamie Ling holds a B.A. (Hons) in Economics and Accounting from the University of Newcastle Upon Tyne in United Kingdom. He is a Fellow, Institute of Chartered Accountants in England and Wales and also a Member, Association of Chartered Certified Accountants. He is an Alumni, Executive Management Programmes of Templeton College, Oxford University and INSEAD.

Directors' training

The Board recognises the importance of ensuring that directors are continuously being developed to acquire or enhance the requisite knowledge and skills to discharge their duties effectively.

All new directors appointed to the Board would attend a formal induction programme to familiarise themselves with the Company's strategy and aspiration, understanding of the line of businesses and corporate functions, key financial highlights, people initiatives, requirements of audit, compliance and risk management conducted by the Chief Executive Officer / Heads of the business units as well as Senior Management, organised by the Group Learning and Development unit. The Company Secretary would also provide the new Directors with an information kit regarding disclosure obligations of a director, Board Charter, Code of Ethics, Memorandum and the Constitution of the Company and Board Committees' Terms of Reference, amongst others.

Apart from the Financial Institutions Directors' Education ("FIDE") Programme accredited by International Centre for Leadership in Finance ("ICLIF"), all Directors appointed to the Board have also attended other relevant training programmes and seminars organised by the regulatory authorities and professional bodies to further enhance their business acumen and professionalism in discharging their duties to the Company. The Directors also attend offsite strategy meeting to have an in-depth understanding and continuous engagement with management pertaining to the company's strategic direction. In addition, the Directors are constantly updated on information relating to the Company's development and industry developments through discussion at Board meetings with the Senior Management team.

Membership and Board Meetings for the financial year ended 31 March 2025

<u>Members</u>	<u>Number of Meetings (Attended/Held)</u>
En Mohd Tarmidzi bin Ahmad Nordin (Chairman)	10 / 10
Datuk Azrulnizam bin Abdul Aziz	10 / 10
Dr Mohd Nordin bin Mohd Zain	10 / 10
Mr Leung Ka Keung, Tony	10 / 10
Mr Ling Fou-Tsong @ Jamie Ling	10 / 10

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Corporate governance (cont'd.)

Board Committees

The Board delegates certain responsibilities to the Board Committees. The Committees which were set up to assist the Board in certain areas of deliberation are as follows:

- (1) Nomination and Remuneration Committee;
- (2) Risk Management Committee; and
- (3) Audit and Examination Committee.

Nomination and Remuneration Committee ("NRC")

Committee currently comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

The functions of the Committee are to:

- (a) Regularly review the board structure, size and composition, as well as making recommendation to the Board of the Company with regard to any changes that are deemed necessary.
- (b) Recommend the appointment of directors to the Board and Committees of the Board as well as annually review the mix of skills, experience and competencies that non-executive and executive directors should bring to the Board.
- (c) On an annual basis, assessing the effectiveness of the Board as a whole and the Committees as well as the contributions of the chairman and each director to the effectiveness of the Board.
- (d) Recommend the appointments of chief executive officer and his direct reports, and the company secretary to the Board.
- (e) Recommend the appointments of Shariah Committee members to the Board and assessing the performance of the Shariah Committee members.
- (f) Recommend the removal of director/chief executive officer and his direct reports/company secretary/Shariah Committee member if the director/chief executive officer and his direct reports/company secretary/Shariah Committee member is ineffective, errant and negligent in discharging his responsibilities.
- (g) Recommend to the Board the framework/methodology for the remuneration of the directors, chief executive officer and other senior management staff, benchmarked against the industry. Remuneration is determined at levels which enable the Company to attract and retain the directors, chief executive officer and senior management staff with the relevant experience and expertise needed to assist in managing the Company effectively. The services of consultants may be utilised to review the methodology for rewarding executive directors and management staff according to the Key Performance Indicators required to be achieved.
- (h) Recommend the remuneration of the Shariah Committee members to the Board and the remuneration shall commensurate and reflect the roles and responsibilities of the Shariah Committee.

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Corporate governance (cont'd.)

Board Committees (cont'd.)

Membership and Meetings of the NRC for the financial year ended 31 March 2025

<u>Members</u>	<u>Number of Meetings (Attended/Held)</u>
Datuk Azrulnizam bin Abdul Aziz (Chairman)	8 / 8
Dr Mohd Nordin bin Mohd Zain	8 / 8
Mr Ling Fou-Tsong @ Jamie Ling	8 / 8

Risk Management Committee ("RMC")

The Committee currently comprises three (3) Independent Non-Executive Directors. The primary objective of the RMC is to oversee senior management's activities in managing the key risk areas of the Company and to determine that the risk management process is in place and functioning effectively.

The functions of the Committee are:

- (a) reviewing and recommending Risk Management strategies, policies and risk tolerance for the board's approval;
- (b) reviewing and assessing the adequacy of Risk Management policies and framework for identifying, measuring, monitoring and controlling risks as well as the extent to which these are operating effectively;
- (c) ensuring that adequate infrastructure, resources and systems are in place for an effective Risk Management i.e. ensuring that the staff responsible for implementing Risk Management systems perform those duties independently of the takaful operator's risk-taking activities and;
- (d) reviewing the investment portfolio's risk exposure and risk management activities and revise the investment policy and guidelines to ensure investment management activities conform to current risk appetite.

Membership and Meetings of the RMC for the financial year ended 31 March 2025

<u>Members</u>	<u>Number of Meetings (Attended/Held)</u>
Datuk Azrulnizam bin Abdul Aziz (Chairman)	5 / 5
Dr Mohd Nordin bin Mohd Zain	5 / 5
En Mohd Tarmidzi bin Ahmad Nordin	5 / 5

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Corporate governance (cont'd.)

Board Committees (cont'd.)

Audit and Examination Committee ("AEC")

The Committee currently comprises three (3) Independent Non-Executive Directors. The Board has appointed the AEC to assist in discharging its duties of maintaining a sound system of internal control to safeguard the Company's assets and shareholders' investments.

The primary objective of the committee is to provide assistance to the Board in relation to:

- (i) fulfilling the statutory and fiduciary responsibilities of the Board; and
- (ii) monitoring of the accounting and financial reporting practices of the Company.

The AEC also determines that the Company has adequate established policies, procedures and guidelines as well as operating and internal controls, and that they are being complied with and are operating effectively in promoting efficiency and proper conduct including protection of the assets of the Company.

Membership and Meetings of the AEC for the financial year ended 31 March 2025

<u>Members</u>	<u>Number of Meetings (Attended/Held)</u>
Dr Mohd Nordin bin Mohd Zain (Chairman)	5 / 5
Datuk Azrulnizam bin Abdul Aziz	5 / 5
En Mohd Tarmidzi bin Ahmad Nordin	5 / 5

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Corporate governance (cont'd.)

Compensation Philosophy and Its Objectives

Description	Strategic Role
Base Salary - is determined based on position, scope of responsibilities, individual performance, and competitive data.	<ul style="list-style-type: none"> ▪ Provides fixed compensation for services during the year.
Annual Incentive Awards are: <ul style="list-style-type: none"> ▪ variable based on performance relative to Company and individual goals and additional business challenges or opportunities that arose during the year; and ▪ determined using management's assessment of performance as a whole, and not by a formula. 	<ul style="list-style-type: none"> ▪ Provides fixed compensation for services during the year. ▪ Motivate employees to achieve strong annual business results that will contribute to the Company's long-term success, without creating an incentive to take excessive risk.
Stock-Based Long-Term Incentive ("LTI") Awards <ul style="list-style-type: none"> ▪ a core component of compensation for Senior Management, with progressively higher opportunities at levels with greater influence on strategy and decision-making. ▪ based on the assessment of individual responsibility, performance, relative contribution, and potential for assuming increased responsibilities and future contributions. ▪ dependent on the value of Shares (Restricted Stock Units), increases in the price of Shares (Stock Options), or a combination of performance as well as the value of Shares (Performance Shares). 	<ul style="list-style-type: none"> ▪ Ensure that management level employees have a significant continuing stake in the long-term financial success of the Company. ▪ Align executives' benefits with those of shareholders. ▪ Encourage decisions and reward performance that contribute to the long-term growth of the Company's business and enhance shareholder value. ▪ Encourage executives to remain with AmMetLife Takaful.
Benefits – in form of cash or in-kind that reflect, to a certain extent, the industry norm. Benefits schemes are structured to vary according to job level, nature of work and give basic assistance to employees at various stages in their life.	<ul style="list-style-type: none"> ▪ Ensure the Company retains its competitiveness within the takaful industry to attract, retain and engage employees.

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Corporate governance (cont'd.)

Compensation Philosophy and Its Objectives (cont'd.)

Variable compensation such as annual incentives awards and stock-based long-term incentive awards are generally paid/awarded once a year approved by NRC and the Board. NRC takes into consideration factors such as market competitiveness, market benchmark and the time horizon of risks.

The Company does not have any share option scheme or share plan in place. Instead, the Company leverage on its primary shareholder, MetLife, which grants deferred share options to eligible senior management in the form of cash-paid equivalents. The cash-paid equivalents expenses will be borne by the Company.

Details of twelve (12) Key Risk Personnels and CEO's compensation are disclosed in the table below.

	2025		2024	
	Unrestricted RM'000	Deferred RM'000	Unrestricted RM'000	Deferred RM'000
Fixed Compensation				
▪ Cash-based	3,745	-	3,711	-
▪ Others	842	-	875	-
Variable Compensation				
▪ Cash-based (Stock-based LTI)	1,024	-	1,162	-
▪ Share option granted by MetLife	-	89	-	332

Auditor's remuneration

Auditors' remuneration for the current year amounted to RM570,000.

Other statutory information

- (a) Before the statement of profit or loss and other 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 impairment allowance and satisfied themselves that there were no known bad debts and that adequate impairment allowance had been made; 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.

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Other statutory information (cont'd.)

- (b) 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 impairment allowance in respect of the financial statements of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Company misleading.
- (c) 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) 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 misleading.
- (e) 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; or
 - (ii) any contingent liability in respect of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent liability 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 as and 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.
 - (iii) For the purpose of paragraphs (e)(ii) and (f)(i), contingent or other liabilities do not include liabilities arising from contracts of takaful underwritten in the ordinary course of business of the Company.
- (g) Before the statement of profit or loss and other 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 made for its takaful certificate liabilities in accordance with the Guidelines issued by Bank Negara Malaysia.

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Significant events

Details of significant events are disclosed in Note 25 of the financial statements.

Auditors

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

Auditors' remuneration are disclosed in Note 5 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 June 2025.



Dr Mohd Nordin Bin Mohd Zain

Kuala Lumpur, Malaysia



Mr Ling Fou-Tsong @ Jamie Ling

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

We, Dr Mohd Nordin Bin Mohd Zain and Mr Ling Fou-Tsong@Jamie Ling, being two of the directors of AmMetLife Takaful Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 25 to 136 are properly drawn up in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia and in compliance with Shariah requirements so as to give a true and fair view of the financial position of the Company as at 31 March 2025 and of its financial performance and the cash flows for the financial year ended 31 March 2025.

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 June 2025.


Dr Mohd Nordin Bin Mohd Zain



Mr Ling Fou-Tsong @ Jamie Ling

Kuala Lumpur, Malaysia

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

I, Pathmanathan Perumal, being the officer primarily responsible for the financial management of AmMetLife Takaful Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 25 to 136 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 Pathmanathan Perumal
at Kuala Lumpur in Wilayah Persekutuan
on 24 June 2025

)
)
)
) 
Pathmanathan Perumal
MIA no: 9276

Before me,



Tingkat 20, Ambank Group Building
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur

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Report of the Shariah Committee

In the name of Allah, the most Beneficent, the most Merciful.

All praise be to Allah, the Lord of the Universe, blessings and peace of Allah be upon Prophet Muhammad, his family members and the companions.

Assalamu'alaikum Warahmatullahi Wabarakatuh.

Pursuant to the requirement under Section 30 of the Islamic Financial Services Act, 2013 ("IFSA"), AmMetLife Takaful Berhad ("the Company") has established the Shariah Committee, since the date of incorporation and at the date of this report, the members of the committee and their attendance for the whole financial year are as follows:

<u>Members</u>	<u>Number of Meetings (Attended/Held)</u>
En Mohamad Salihin Deris (Chairman)	8 / 8
Assoc Prof Dr Mohd Zakhiri Md Nor (Member)	8 / 8
Prof Dr Noraini Mohd Ariffin (Member)	8 / 8
Dr Aida Othman (Member)	7 / 8
Prof Dr Sharifah Faigah Syed Alwi (ceased as Member w.e.f 31.05.2024)	2 / 2
Dr Mohd Nordin Mohd Zain (appointed as Member w.e.f 01.12.2025)	2 / 2

The Shariah Committee has met eight (8) times throughout the financial year from 1 April 2024 until 31 March 2025, in which the Shariah Committee has deliberated forty-six (46) papers submitted by the Company.

Pursuant to the duties and functions of the Shariah Committee as set out in any standards as may be specified by Bank Negara Malaysia ("BNM") under subparagraph 29 (2), under Section 30 of the IFSA, the Shariah Governance Policy Document ("SGPD") issued by BNM and the Shariah Committee's Terms of Reference, the members of the Shariah Committee have been engaged for the purpose of advising the Company in ensuring its aims and operations, business, affairs and activities, are in compliance with Shariah. This includes the business relating to the administration, management, and operation of a takaful arrangement under a family takaful certificate, inclusive of the business relating to the administration, management and operation of a takaful funds for its takaful participants, which may involve elements of investment and savings. In addition, any reference to carrying on takaful business, including all or any of the activities set out in paragraph 5(4)(a) of the IFSA, must also comply with Shariah.

The Management of the Company, as prescribed by the SGPD has undertaken the responsibility of providing adequate resources and capable manpower support to every function involved in the implementation of Shariah governance, in order to ensure that the execution of business operations are in accordance with Shariah.

**AmMetLife Takaful Berhad
(Incorporated in Malaysia)**

Report of the Shariah Committee (cont'd.)

The Management was also responsible for observing and implementing Shariah rulings and decisions issued by the Shariah Advisory Council ("SAC") of BNM and Securities Commission Malaysia, and the Shariah Committee respectively and has referred any Shariah issues to the Shariah Committee for decisions, views and opinions.

Given that the accountability of Shariah decisions rests with the Shariah Committee, the Management has provided information and disclosure which are complete and accurate to the Shariah Committee to enable the Shariah Committee to discharge its duties effectively.

Pursuant to the requirements under the SGPD, despite the fact that the Board is ultimately responsible for the establishment of appropriate Shariah governance of the Company, the Shariah Committee has performed duties which are supported by the secretariat to the Shariah Committee, and monitored through active Shariah review, Shariah risk management and Shariah audit process.

The Shariah Committee has performed an oversight role on Shariah matters related to the Company's business operations and activities. This is carried out through the Shariah review and the Shariah audit functions, whereby regular Shariah review reports and the Shariah audit observations have enabled the Shariah Committee to identify issues requiring its attention and, where appropriate, to propose corrective measures.

During the financial year ended 31 March 2025, we confirm that there were no Shariah non-compliance events occurred.

We, the members of the Shariah Committee of the Company, have assessed the work carried out by Shariah review, Shariah risk management, and Shariah audit. This includes examining, on a test basis, each type of product and its proposed implementation. We have endorsed the Shariah review, Shariah risk management and Shariah audit plans, and performed our assessment so as to obtain all necessary information and explanations which we considered essential in providing us with sufficient evidence to give reasonable assurance that the Company has not violated the principles of Shariah.

To the best of our knowledge, we have advised the Company and ensured that its aims, business operations, affairs and activities are in compliance with the principles of Shariah, in accordance with relevant laws, regulations, BNM guidelines, and Shariah standards.

AmMetLife Takaful Berhad
(Incorporated in Malaysia)

Confirmation of the Shariah Committee

All relevant policies, products and applications executed by the Company have been duly reviewed. In essence, we confirm that all information is presented and deliberated in an appropriate manner with utmost good faith.

It is our responsibility to form an independent opinion and to report based on our review of the operations of the Company.

In our opinion:

- (a) All products, contracts, agreements and dealings entered into by the Company during the year ended 31 March 2025 that were disclosed to us are in compliance with the principles of Shariah. These include applications of *wakalah* (contract of agency), *tabarru'* (donation) and *qard* (interest free-loan).
- (b) The allocation of profit and charging of losses relating to investments conform to the basis that had been approved by us in accordance with principles of Shariah;
 - (i) The investment profits from the Participants' Investment Fund ("PIF") were redistributed to takaful participants and were not shared with the shareholders in accordance with the Company's takaful operational model.
 - (ii) The investment profits from the Participants' Risk Fund ("PRF") for Group Business Takaful were allocated for the risk fund and were not shared with the shareholders in accordance with the Company's takaful operational model.
 - (iii) Any surplus from the PRF was allocated and distributed between participants and the Company/shareholders' fund in accordance with the guidelines issued by BNM.
- (c) As the Company earnings are from permissible sources or means, there was no purification of income conducted by the Company.
- (d) The computation of zakat for the Company is based on the 'Adjusted Working Capital Method' being computed at the aggregate percentage of Muslim shareholders, as approved by the Shariah Committee.
- (e) To the best of our knowledge, all Shariah issues deliberated in the Shariah Committee meetings have been managed by the Company in accordance with regulatory requirements and the Company has applied best practices in administering Shariah matters.

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AmMetLife Takaful Berhad
(Incorporated in Malaysia)

Confirmation of the Shariah Committee (cont'd.)

These opinions are based on presentations by the Management and internal Shariah control functions to the Shariah Committee members throughout the financial year ended 31 March 2025.

We pray to Allah the Almighty to grant us success and the path of straight-forwardness.

Wassalamu'alaikum Warahmatullahi Wabarakatuh.

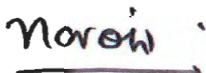
Signed by the Shariah Committee,



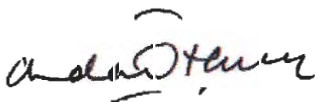
En Mohamad Salihin Deris
Chairman



Assoc Prof Dr Mohd Zakhiri Md Nor
Member



Prof Dr Noraini Mohd Ariffin
Member



Dr Aida Othman
Member



Dr Mohd Nordin Mohd Zain
Member

201101002936 (931074-V)

**Independent auditors' report to the members of
AmMetLife Takaful Berhad
(Incorporated in Malaysia)**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of AmMetLife Takaful Berhad ("the Company"), which comprise the statements of financial position as at 31 March 2025 and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 25 to 136.

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 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 audit 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.

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 (including the information on Corporate Governance disclosures) but does not include the financial statements of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report.

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

201101002936 (931074-V)

**Independent auditors' report to the members of
AmMetLife Takaful Berhad (cont'd.)
(Incorporated in Malaysia)**

Information other than the financial statements and auditors' report thereon (cont'd.)

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 on the other information that we obtained prior to the date of this auditors' report, 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.

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.

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**Independent auditors' report to the members of
AmMetLife Takaful Berhad (cont'd.)
(Incorporated in Malaysia)**

Auditors' responsibilities for the audit of the financial statements (cont'd.)

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 represent the underlying transactions and events in a manner that achieves fair presentation.

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.



Shape the future
with confidence

201101002936 (931074-V)

Independent auditors' report to the members of
AmMetLife Takaful Berhad (cont'd.)
(Incorporated in Malaysia)

Other matters

This report is made solely to the members 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

Kuala Lumpur, Malaysia
24 June 2025

Muhammad Syarizal Bin Abdul Rahim
No. 03157/01/2027 J
Chartered Accountant

AmMetLife Takaful Berhad
(Incorporated in Malaysia)

Statement of profit or loss and other comprehensive income
For the year ended 31 March 2025

	Note	2025		2024	
		Family takaful fund RM	Company RM	Family takaful fund RM	Company RM
Takaful revenue	4	95,861,004	75,607,812	88,223,582	63,802,020
Takaful service expenses	5	(78,954,809)	(77,420,217)	(83,713,630)	(72,681,457)
Takaful service result before retakaful certificates held		16,906,195	(1,812,405)	4,509,952	(8,879,437)
Allocation of retakaful contributions		(16,447,143)	(16,447,143)	(14,954,222)	(14,954,222)
Amounts recoverable from retakaful for incurred claims		11,034,523	11,034,523	14,492,730	14,492,730
Net expense from retakaful certificates held		(5,412,620)	(5,412,620)	(461,492)	(461,492)
Takaful service result		11,493,575	(7,225,025)	4,048,460	(9,340,929)
Investment income		26,306,983	27,842,650	23,023,102	25,209,036
Realised gains		3,209,243	4,308,226	2,322,184	2,237,985
Fair value (losses)/gains		(4,970,421)	(5,033,928)	1,938,574	2,003,826
Investment return	6	24,545,805	27,116,948	27,283,860	29,450,847
Takaful finance expense for takaful contracts issued	6	(33,822,452)	(37,428,405)	(29,239,450)	(29,491,711)
Net takaful financial result		(33,822,452)	(37,428,405)	(29,239,450)	(29,491,711)
Net investment result		(9,276,647)	(10,311,457)	(1,955,590)	(40,864)
Other operating income	7	1,162	1,162	-	38,899
Other operating expenses	7	(42,350)	(1,046,367)	(38,717)	(909,375)
		(41,188)	(1,045,205)	(38,717)	(870,476)
Operating surplus/(loss)		2,175,740	(18,581,687)	2,054,153	(10,252,269)
Tax expense attributable to participant	8	(2,175,740)	(2,175,740)	(2,054,153)	(2,054,153)
Loss before taxation		-	(20,757,427)	-	(12,306,422)
Taxation	8	-	(73,078)	-	(219,967)
Zakat		-	(129,414)	-	(39,585)
Net loss for the year		-	(20,959,919)	-	(12,565,974)
Basic and diluted loss per share	18		(0.14)		(0.08)

AmMetLife Takaful Berhad
(Incorporated in Malaysia)

Statement of profit or loss and other comprehensive income
For the year ended 31 March 2025 (cont'd.)

	2025		2024	
	Family takaful fund RM	Company RM	Family takaful fund RM	Company RM
Net loss for the year (cont'd.)	-	(20,959,919)	-	(12,565,974)
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:				
Fair value through OCI investments:				
Net gains on fair value changes	4,069,166	4,068,828	11,408,474	12,815,248
Realised (losses)/gains transferred to profit or loss	(1,108,693)	(2,132,139)	77,156	161,355
Deferred tax relating to components of other comprehensive income	15 (236,837)	8,869	(918,850)	(1,276,686)
Fair value adjustment on FVOCI financial assets backing participants' fund	(2,723,636)	(2,723,636)	(10,566,780)	(10,566,780)
Fair value through OCI investments, net of deferred tax, representing other comprehensive (loss)/income	-	(778,078)	-	1,133,137
Total comprehensive loss for the year, net of tax	-	(21,737,997)	-	(11,432,837)

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

AmMetLife Takaful Berhad
(Incorporated in Malaysia)

Statement of financial position
As at 31 March 2025

		31.03.2025		31.03.2024	
	Note	Family takaful fund RM	Company RM	Family takaful fund RM	Company RM
Assets					
Property and equipment	9	-	542,958	-	998,323
Intangible assets	10	-	6,528,121	-	6,637,721
Right-of-use ("ROU") assets	11 (a)	-	2,239,676	-	273,474
Equity and debt instruments measured at FVTPL	12 (a)	64,980,997	64,980,997	62,325,940	63,448,161
Debt instruments measured at FVOCI	12 (b)	503,624,335	536,139,992	424,965,572	461,665,764
Retakaful certificate assets	13	13,988,054	13,988,054	15,193,920	15,193,920
Other receivables	14	5,890,096	6,804,402	5,460,686	6,577,303
Tax recoverable		-	3,205,134	-	3,105,341
Cash and cash equivalents		172,047,334	197,655,843	154,166,168	166,789,796
Total assets		760,530,816	832,085,177	662,112,286	724,689,803
Liabilities and equity					
Liabilities					
Takaful certificate liabilities	13	731,768,854	827,236,851	644,706,440	730,541,468
Lease liability	11 (b)	-	2,260,665	-	363,115
Deferred tax liabilities	15	392,863	968,760	222,221	970,746
Other payables	16	26,048,309	20,549,261	15,141,401	19,354,818
Provision for zakat/taxation		2,320,790	2,497,811	2,042,224	2,149,830
Total liabilities		760,530,816	853,513,348	662,112,286	753,379,977

AmMetLife Takaful Berhad
(Incorporated in Malaysia)

Statement of financial position (cont'd.)
As at 31 March 2025

		31.03.2025		31.03.2024	
		Family takaful fund RM	Company RM	Family takaful fund RM	Company RM
Shareholders' deficit					
Share capital	17	-	178,000,001	-	149,000,001
Fair value reserve		-	312,954	-	1,091,032
Accumulated losses		-	(199,741,126)	-	(178,781,207)
Total deficit attributable to owners of the Company		-	(21,428,171)	-	(28,690,174)
Total liabilities and shareholders' deficit		760,530,816	832,085,177	662,112,286	724,689,803

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

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AmMetLife Takaful Berhad
(Incorporated in Malaysia)

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

	Share capital RM	Fair value reserves RM	Accumulated losses RM	Total RM
Company				
At 1 April 2023	149,000,001	(42,105)	(166,215,233)	(17,257,337)
Net loss for the year	-	-	(12,565,974)	(12,565,974)
Other comprehensive income for the year	-	1,133,137	-	1,133,137
At 31 March 2024/1 April 2024	149,000,001	1,091,032	(178,781,207)	(28,690,174)
Issued during the year (Note 17)	29,000,000	-	-	29,000,000
Net loss for the year	-	-	(20,959,919)	(20,959,919)
Other comprehensive loss for the year	-	(778,078)	-	(778,078)
At 31 March 2025	178,000,001	312,954	(199,741,126)	(21,428,171)

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

AmMetLife Takaful Berhad
(Incorporated in Malaysia)

Statement of cash flows
For the year ended 31 March 2025

		Company	
		2025	2024
		RM	RM
Cash flows from operating activities	Note		
Loss before taxation		(20,757,427)	(12,306,422)
Adjustments for:			
Taxation borne by participants	8	2,175,740	2,054,153
Depreciation of property and equipment	9	210,311	210,628
Depreciation of ROU assets	11	814,085	719,921
Amortisation of intangible assets	10	1,338,510	1,050,700
Net amortisation of investments	6	1,122,643	1,162,731
Investment income		(26,217,674)	(24,082,689)
Gross dividend income		(1,624,976)	(1,126,346)
Realised gains on investments		(4,308,225)	(2,237,984)
Fair value losses/(gains) on investments	6	5,033,928	(2,003,826)
Finance expense on lease liability	11	52,544	24,886
Operating loss before working capital changes		(42,160,541)	(36,534,248)
Decrease in placements and deposits		59,131,056	72,600,000
Proceeds from disposal of investments		51,961,553	81,931,414
Purchase of other investments		(187,011,325)	(146,288,178)
Decrease in other receivables		24,166	750,582
Increase in other payables		1,194,443	3,915,198
Increase in takaful certificate liabilities		93,971,746	89,018,622
Decrease/(increase) in retakaful certificate assets		1,205,862	(5,174,876)
		(21,683,040)	60,218,514
Profit income received		26,356,267	23,636,520
Dividend income received		1,234,457	824,757
Taxation paid		(2,122,500)	(1,239,408)
Net cash flow generated from operating activities		3,785,184	83,440,383

AmMetLife Takaful Berhad
(Incorporated in Malaysia)

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

		Company	
		2025	2024
		RM	RM
Cash flows from investing activities	Note		
Purchase of property and equipment	9	(152,410)	(678,539)
Purchase of intangible assets	10	(831,446)	(1,919,553)
Net cash flow used in investing activities		<u>(983,856)</u>	<u>(2,598,092)</u>
Cash flows from financing activities			
Issuance of ordinary shares	17	29,000,000	-
Payment of profit portion of lease liability	11	(52,544)	(24,886)
Payment of principal portion of lease liability		<u>(882,737)</u>	<u>(782,857)</u>
Net cash flow generated			
from/(used in) financing activities		<u>28,064,719</u>	<u>(807,743)</u>
Net increase in cash and cash equivalents		30,866,047	80,034,548
Cash and cash equivalents at beginning of the year		<u>166,789,796</u>	<u>86,755,248</u>
Cash and cash equivalents at end of the year		<u>197,655,843</u>	<u>166,789,796</u>
Cash and cash equivalents consist of:			
Short term deposits with original maturity period of less than 3 months			
		42,266,774	104,535,330
Cash and bank balances		<u>155,389,069</u>	<u>62,254,466</u>
		<u>197,655,843</u>	<u>166,789,796</u>

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

AmMetLife Takaful Berhad
(Incorporated in Malaysia)

Notes to the financial statements - 31 March 2025

1. Corporate information

The Company is principally engaged in the management of family takaful business including group takaful and investment-linked business.

There has been no significant change in the nature of this principal activity during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is licensed under the Islamic Financial Services Act, 2013 to carry out its principal activities. The registered office and principal place of business of the Company are located at 22nd Floor, Bangunan AmBank Group, No. 55 Jalan Raja Chulan, 50200 Kuala Lumpur, and 23rd Floor, Menara 1 Sentrum, No. 201 Jalan Tun Sambanthan, 50470 Kuala Lumpur, respectively.

The shareholders of the Company are AMAB Holdings Sdn Bhd ("AMAB"), a company incorporated in Malaysia and wholly-owned subsidiary of AMMB Holdings Berhad, a public listed company incorporated in Malaysia and MetLife International Holdings LLC ("MetLife"), a wholly-owned subsidiary of MetLife Inc.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 June 2025.

2. Material accounting policies information

2.1 Basis of preparation

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MASB") and IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Company have been prepared under the historical cost convention, unless otherwise stated in the accounting policies. The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency, and all values are rounded to the nearest RM.

In preparing the Company-level financial statements, the balances and transactions of the takaful operator fund are amalgamated and combined with those of the family takaful fund. Interfund balances, transactions and unrealised gains and losses of seed capital are eliminated in full during amalgamation. The material accounting policy information adopted for the takaful operator and family takaful fund are uniform for like transactions and events in similar circumstances.

AmMetLife Takaful Berhad
(Incorporated in Malaysia)

2. Material accounting policies information (cont'd.)

2.1 Basis of preparation (cont'd.)

The family takaful fund is consolidated and amalgamated from the date of control and 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.

Comparative information has been reclassified where necessary to enhanced comparability with the current year's financial statements and have no impact on the previously reported net loss or equity. The details has been described in note 26.

As at 31 March 2025, the total liabilities is in excess of total assets of the Company by RM21,428,171 (2024: RM28,690,174). The total liabilities however include Contractual Service Margin ("CSM"), which represents the unearned profit of the Company, of RM127,433,259 (2024: RM118,599,528). After considering the CSM, the Company has sufficient assets to meets its obligation when they fall due. The Company also continues to generate net cash inflows from operating activities and increase in cash and cash equivalents. The Company's total capital available as at 31 March 2025 as disclosed in Note 24 exceed the minimum supervisory target capital level.

The Company has plans in place to improve its profitability, and together with the continued support from the shareholders, if required, the Company is expected to be able to continue to meet the target capital level. Hence, the financial statements of the Company continue to be prepared on a going concern basis.

Takaful operator 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 family takaful fund in line with the principles of Wakalah (agency), which is the business model used 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.

In accordance with the Islamic Financial Services Act, 2013 ("IFSA"), the assets and liabilities of the family takaful fund are segregated from those of the takaful operator, a concept known as segregation of funds. The inclusion of separate financial information of the family takaful fund and the takaful operator together with the consolidated financial information of the Company in the statement of financial position and the statement of profit or loss and other comprehensive income as well as certain relevant notes to the financial statements represents additional supplementary information required for purposes of complying with Bank Negara Malaysia reporting requirements.

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2. Material accounting policies information (cont'd.)

2.2 Property and equipment and depreciation

(a) Recognition and measurement

All items are initially recorded at cost. The cost of an item is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Only individual assets costing above RM500 will be capitalised. Individual assets costing RM500 and below are expensed to statement of profit or loss and other comprehensive income in the year of purchase.

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

(b) Subsequent costs

Subsequent to initial recognition, assets are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of assets are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. All other repairs and maintenance are recognised in statement of profit or loss and other comprehensive income as incurred.

(c) Depreciation

Depreciation is provided for on a straight-line basis to write off the cost of each asset to its residual value over its estimated useful life, at the following annual rates:

Motor vehicle	20%
Computer	20% - 33%
Office equipment, furniture and fittings	20% - 25%
Renovation	20%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and year of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the assets.

2.3 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.7(b). Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit or loss and other comprehensive income in the year in which the expenditure is incurred.

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2. Material accounting policies information (cont'd.)

2.3 Intangible assets (cont'd.)

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation year and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation year or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income in the expense category consistent with the function of the intangible assets.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring the specific software to use. This software is amortised over their estimated useful lives of five years.

Software development cost is not amortised and is stated at cost, until such time when such software is completed and is ready for active use. Software development costs are tested for impairment annually and represent 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.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised.

2.4 Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves the use of an identified asset and conveys the right to control the use of the asset for a year of time in exchange for consideration – i.e. the customer has the right to:

- obtain substantially all of the economic benefits from using the asset; and
- direct the use of the asset.

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2. Material accounting policies information (cont'd.)

2.4 Leases (cont'd.)

(i) As Lessee

The Company recognises a right-of-use asset and a lease liability in its statement of financial position at the commencement date of the lease. The right-of-use asset is initially measured at cost, which comprises the amount of lease liability, less any lease payments made before the commencement date, any indirect costs incurred and an estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the profit rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental financing rate.

Subsequently, the right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment (see Note 2.2(c)). In addition, the carrying amount of the right-of-use asset is reduced by any impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is subsequently measured at amortised cost using the effective profit method. It is remeasured to reflect any lease modifications or reassessments.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and leases liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.5 Financial assets

(a) Initial recognition

Financial assets are recognised in the financial statements when, and only when, the Company and the family takaful fund become a party to the contractual provisions of the financial instrument.

A financial asset is recognised initially, at its fair value plus (in the case of a financial asset not at fair value through statement of profit or loss and other comprehensive income), transaction costs that are directly attributable to the acquisition of the financial asset.

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2. Material accounting policies information (cont'd.)

2.5 Financial assets (cont'd.)

(b) Classification and subsequent measurement (cont'd.)

The Company determines the classification of its financial assets at initial recognition and this depends on the purpose for which the financial assets were acquired or originated.

The Company classifies its financial assets into the following measurement categories:

(i) Financial assets measured at fair value through profit and loss (FVTPL)

Financial assets in this category are those financial assets that are held for trading or financial assets that qualify for neither held at amortised cost ("AC") nor fair value through other comprehensive income ("FVOCI"). This category includes debt instrument whose cash flow characteristic fail the Sole Payments of Principal profit ("SPPP") criterion or are not held within a business model whose objective is either to collect contractual cash flows, or both collect contractual cash flows and sell. Equity instruments that were not elected for FVOCI will be measured at FVTPL.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or losses on financial assets at FVTPL do not include exchange differences, profit and dividend income. Exchange differences, profit and dividend income on financial assets at FVTPL are recognised separately in profit or loss as part of investment income. Derivatives are presented as assets when the fair value is positive and as liabilities when the fair value is negative. Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in profit or loss.

(ii) Financial assets measured at fair value through other comprehensive income (FVOCI)

Financial assets in this category are those financial assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual cash flows represent solely payments of principal and profit.

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2. Material accounting policies information (cont'd.)

2.5 Financial assets (cont'd.)

(b) Classification and subsequent measurement (cont'd.)

(ii) Financial assets measured at fair value through other comprehensive income (FVOCI) (cont'd.)

a) Debt instruments

Financial assets at FVOCI for debt instruments are measured at fair value. Exchange differences, profit and dividend income on financial assets at FVOCI are recognised separately in profit or loss as part of investment income. Other net gains and losses are recognised in other comprehensive income and accumulated in the fair value reserve. On derecognition, gains or losses accumulated in other comprehensive income are reclassified to profit or loss.

b) Equity instruments

Equity measurement are normally measured at FVTPL. However, for non-traded equity instruments, with an irrevocable option at inception, the Company can elect to classify as equity instruments designated at fair value through other comprehensive income when they meet the definition and is not held for trading. The classification is determined on an instrument-by-instrument (i.e share-by-share) basis. Amounts presented in comprehensive income shall not be subsequently transferred to profit or loss. However, the Company is to transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

(iii) Financial assets measured at amortised cost (AC)

Financial assets in this category are those financial assets held within a business model whose objective is to held financial assets in order to collect contractual cash flows which represent solely payments of principal and profit.

Subsequent to initial recognition, financial assets at AC are measured at amortised cost using effective profit method. Exchange differences, profit and dividend income on financial assets at AC are recognised separately in profit or loss as part of investment income. On derecognition, any gain or loss is recognised in profit or loss.

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2. Material accounting policies information (cont'd.)

2.5 Financial assets (cont'd.)

(c) Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or when the Company has transferred substantially all risks and rewards of ownership. If substantially all the risks and rewards have been neither retained nor transferred and the Company has retained control, the asset continues to be recognised to the extent of the Company's continuing involvement.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in statement of profit or loss and other comprehensive income.

2.6 Fair value measurement

The Company measures certain financial instruments at fair value at each reporting date.

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 to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best profit.

The 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.

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2. Material accounting policies information (cont'd.)

2.6 Fair value measurement (cont'd.)

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 (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which all inputs that are significant to the fair value measurement are directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

The fair value of financial assets that are actively traded in organised financial markets, including quoted equity securities are determined by reference to quoted market bid prices for assets, at the close of business at the end of each reporting year.

For investments in quoted unit trusts and investment linked funds, fair value is determined by reference to published net asset values.

The fair value of unquoted corporate bonds are derived by reference to prices provided by Bond Pricing Agency Malaysia Sdn Bhd ("BPAM").

If the fair value of a financial asset cannot be measured reliably, the asset is measured at cost, being the fair value of the consideration paid for the acquisition of the asset. All transaction costs directly attributable to the acquisition are also included in the cost of the financial asset.

2.7 Impairment of assets

(a) Financial assets

The Company recognises an allowance for Expected Credit Losses ("ECLs") for all debt instruments not held at FVTPL. 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 received, discounted at an approximation of the original effective profit rate.

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2. Material accounting policies information (cont'd.)

2.7 Impairment of assets (cont'd.)

(a) Financial assets (cont'd.)

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

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, where available.

For takaful receivables, retakaful receivables and other receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(b) Non-financial assets

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

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2. Material accounting policies information (cont'd.)

2.7 Impairment of assets (cont'd.)

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

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

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

Impairment losses recognised in prior years are assessed at the end of each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to statement of profit or loss and other comprehensive income in the year in which the reversals are recognised.

2.8 Share capital and dividend expenses

An equity instrument is any contract that evidences a residual benefit in the assets of the Company after deducting all of its liabilities.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the year in which they are declared.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand and at banks, and fixed and call deposits with licensed financial institutions with original maturity years of three months or less, which have an insignificant risk of changes in value and are readily convertible to a known amount. The statement of cash flows has been prepared using the indirect method.

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2. Material accounting policies information (cont'd.)

2.10 Product classification

The Company may issue contracts that transfer takaful risk or financial risk or both.

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 variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Takaful risk is a risk other than financial risk.

A takaful contract is an arrangement under which the Company ("the takaful operator") manages a pool of contributions from participants, who mutually agree to provide financial assistance to one another in the event of a specified uncertain future event ("the covered event") that adversely affects the participants. The Takaful Operator facilitates this mutual risk-sharing in accordance with Shariah principles. As a general guideline, the Company assesses whether significant takaful risk exists by comparing benefits payable from the Takaful fund upon the occurrence of a covered event with those payable if the event had not occurred.

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

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

2.11 Retakaful

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

Retakaful arrangements entered into by the Company that meet the classification requirements of takaful contracts as described in Note 2.10 are accounted for as noted above. Arrangements that do not meet these classification requirements are accounted for as financial assets.

Retakaful assets represent amounts recoverable from retakaful operators for takaful contract 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 contract and the terms of the relevant retakaful arrangement.

2.12 Balances with related companies

Balances with related companies are stated at the amounts which these balances are due and expected to be settled.

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2. Material accounting policies information (cont'd.)

2.13 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, within the scope of MFRS 9 *Financial Instruments: Recognition and Measurement*, are recognised in the statement of financial position when, and only when, the Company and the family 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.

(a) Financial liabilities at FVTPL

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

Financial liabilities held for trading include derivatives entered into by the Company or the family takaful fund 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 and other comprehensive income. Net gains or losses on derivatives include exchange differences.

(b) Other financial liabilities

The Company's and family takaful fund's other financial liabilities include other payables and lease liabilities.

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 statement of profit or loss and other comprehensive income 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/financier 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 statement of profit or loss and other comprehensive income.

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2. Material accounting policies information (cont'd.)

2.14 Provisions for liabilities

Provisions for liabilities are recognised when the Company or the family takaful fund have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation.

2.15 Income tax

Income tax on statement of profit or loss and other comprehensive income 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 end of the financial year.

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date 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 measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the financial year. Deferred tax is recognised in statement of profit or loss and other comprehensive income, except when it arises from a transaction which is recognised directly in other comprehensive income, in which case the deferred tax is also charged or credited directly in other comprehensive income.

2.16 Employee benefits

(a) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated balances. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

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2. Material accounting policies information (cont'd.)

2.16 Employee benefits (cont'd.)

(b) Defined contribution plan

As required by law, the Company makes contributions to the national pension scheme, the Employees' Provident Fund ("EPF"). The Company also makes additional contributions to the EPF for eligible employees by reference to their length of service and earnings. Such contributions are recognised as an expense in statement of profit or loss and other comprehensive income as incurred.

2.17 Foreign currencies transactions

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

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated into the functional currency at the rate of exchange ruling at the reporting date. All differences are taken to statement of profit or loss and other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currency are not subsequently restated.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All foreign exchange differences are taken to statement of profit or loss and other comprehensive income, except for differences relating to items where gains or losses are recognised directly in equity, in which case, the gain or loss is recognised net of the exchange component in equity.

2.18 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Investment income

Investment income is recognised using the effective yield method.

(b) Dividend income

Dividend income is recognised when the right to receive payment is established.

(c) Wakalah fee

Wakalah fee is recognised for services rendered in managing the Family takaful fund.

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2. Material accounting policies information (cont'd.)

2.19 Zakat

Zakat represents an obligatory amount payable by the Company to comply with the principles of Shariah. Zakat is computed using the “adjusted working capital” method as approved by the Shariah Committee. Zakat is computed at 2.5% of the adjusted working capital of the Company. Only the zakat that is attributable to the individual and corporate Muslim shareholders of the holding company was provided for in the financial statements. The zakat computation is reviewed by the Shariah Committee. The Board has the discretion to pay additional zakat above the obligatory amount payable.

2.20 Takaful and retakaful certificates classification

The Company, acting as the Takaful Operator issues takaful certificates in the normal course of managing the takaful fund. Under these certificates, the takaful fund accepts significant takaful risk from participants who contribute to the fund for the purpose of mutual assistance. As a general guideline, the Company assesses whether the takaful fund bears significant takaful risk, by comparing the benefits payable from the fund upon the occurrence of a covered event with benefits payable if the event had not occurred, in accordance with the principles of mutual cooperation and risk-sharing.

2.21 Takaful and retakaful certificates accounting treatment

(a) Separating components from takaful and retakaful certificates

The Company assesses its family takaful certificates 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.

Some term family takaful certificates issued by the Company include a surrender option under which the surrender value is paid to the certificates holder on maturity or earlier lapse of the contract. These surrender options have been assessed to meet the definition of a non-distinct investment component in MFRS 17. MFRS 17 defines investment components as the amounts that a takaful certificates are quires a takaful operator to repay to a certificates holder even if an covered event does not occur. Investment components which are highly interrelated with the takaful certificates of which they form a part are considered non-distinct and are not separately accounted for. However, receipts and payments of the investment components are recorded outside of profit or loss. The surrender options are considered non distinct investment components as the Company is unable to measure the value of the surrender option component separately from the family takaful portion of the contract.

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2. Material accounting policies information (cont'd.)

2.21 Takaful and retakaful certificates accounting treatment (cont'd.)

(b) Level of aggregation

MFRS 17 requires an entity to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts can be treated together in making the profitability assessment based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). MFRS 17 also notes that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The Company has defined portfolios of takaful certificates issued based on its product lines due to the fact that the products are subject to similar risks and managed together. The expected profitability of these portfolios at inception is determined based on the existing actuarial valuation models which take into consideration existing and new business. In determining groups of contracts, the Company has elected to include in the same group contracts where its ability to set prices or levels of benefits for certificates holders with different characteristics is constrained by regulation.

The groups of contracts for which the fair value approach has been adopted on transition include contracts issued more than one year apart.

The takaful certificates portfolios are divided into:

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

The retakaful certificates held portfolios are further divided into:

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

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2. Material accounting policies information (cont'd.)

2.21 Takaful and retakaful certificates accounting treatment (cont'd.)

(c) 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 contracts
- The date when the first payment from a certificates holder in the group is due, or when the first payment is received if there is no due date
- For a group of onerous contracts, as soon as facts and circumstances indicate that the group is onerous

The Company recognises a group of retakaful certificates held:

- If the retakaful certificates provide proportionate coverage, at the later of the beginning of the coverage period of the group, or the initial recognition of any underlying contract
- In all other cases, from the beginning of the coverage period of the first contract in the group

The retakaful certificates held by the Company provide proportionate cover. Therefore the Company does not recognise a proportional retakaful certificates held until at least one underlying direct takaful certificates has been recognised. Groups of retakaful certificates held are recognised when the coverage of the first underlying contract starts.

The Company adds new contracts to the group when they are issued or initiated.

(d) Onerous groups of contracts

The Company issues some contracts before the coverage period starts and the first contribution becomes due. Therefore, the Company has determined whether any contracts issued form a group of onerous contracts before the earlier of the beginning of the coverage period and the date when the first payment from a certificates holder in the group is due. The Company looks at facts and circumstances to identify if a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulations

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2. Material accounting policies information (cont'd.)

2.21 Takaful and retakaful certificates accounting treatment (cont'd.)

(e) Contract boundary

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

- The Company has the practical ability to reassess the risks of the particular certificates holder and, as a result, can set a price or level of benefits that fully reflects those risks or
- Both of the following criteria are satisfied:
 - The Company has the practical ability to reassess the risks of the portfolio of takaful certificates that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio
 - The pricing of the contributions for coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date

A liability or asset relating to expected contributions or claims outside the boundary of the takaful certificates are not recognised. Such amounts relate to future takaful certificates.

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

(f) Measurement- not measured under PAA

Takaful certificates – initial measurement

The general model measures a group of takaful certificates as the total of:

- Fulfilment cash flows
- A CSM representing the unearned profit the Company will recognise as it provides service under the takaful certificates in the group

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2. Material accounting policies information (cont'd.)

2.21 Takaful and retakaful certificates accounting treatment (cont'd.)

(f) Measurement- not measured under PAA (cont'd.)

Takaful certificates – initial measurement (cont'd.)

Fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk.

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

When estimating future cash flows, the Company includes all cash flows that are within the contract boundary including:

- Contribution and related cash flows
- Claims and benefits, including reported claims not yet paid, incurred claims not yet reported and expected future claims
- An allocation of takaful acquisition cash flows attributable to the portfolio to which the contract belongs
- Claims handling costs
- certificates administration and maintenance costs, including recurring commissions that are expected to be paid to intermediaries
- An allocation of fixed and variable overheads directly attributable to fulfilling takaful certificates
- Transaction-based taxes

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

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

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2. Material accounting policies information (cont'd.)

2.21 Takaful and retakaful certificates accounting treatment (cont'd.)

(f) Measurement- not measured under PAA (cont'd.)

Takaful certificates – initial measurement (cont'd.)

The measurement of fulfilment cash flows includes takaful acquisition cash flows which are allocated as a portion of contribution to profit or loss (through takaful revenue) over the period of the certificates based on CSM amortisation.

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

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

For groups of contracts assessed as onerous, the Company has recognised a loss in 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 and the CSM of the group being zero. A loss component has been established by the Company for the liability for remaining coverage for an onerous group depicting the losses recognised.

The liability for remaining coverage is the Company's obligation to investigate and pay valid claims for covered events that have not yet occurred (i.e., the obligation that relates to the unexpired portion of the coverage period) and at initial recognition, comprises all remaining expected future cash inflows and cash outflows under an takaful certificates plus the CSM for that contract.

The liability for incurred claims is the Company's obligation to investigate and pay valid claims for covered events that have already occurred, including events that have occurred but for which claims have not been reported, and other incurred takaful expenses. At initial recognition of a group of contracts, the liability for incurred claims is usually nil as no covered events have occurred.

Takaful certificates – subsequent measurement

(i) Takaful certificates

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

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2. Material accounting policies information (cont'd.)

2.21 Takaful and retakaful certificates accounting treatment (cont'd.)

(f) Measurement- not measured under PAA (cont'd.)

Takaful certificates – subsequent measurement (cont'd.)

(i) Takaful certificates (cont'd.)

Takaful certificates with direct participating features

For a group of takaful certificates the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted, as follows:

- The effect of any new contracts added to the group
- Profit accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates at initial recognition
- The changes in fulfilment cash flows relating to future service, except to the extent that:
 - Such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss or
 - Such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage
- The effect of any currency exchange differences on the CSM
- The amount recognised as takaful revenue for the period reflects the transfer of services provided by the Company in managing the takaful fund and is determined by the allocating the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period in accordance with the principles of risk-sharing and mutual assistance.

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

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

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

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2. Material accounting policies information (cont'd.)

2.21 Takaful and retakaful certificates accounting treatment (cont'd.)

(f) Measurement- not measured under PAA (cont'd.)

Takaful certificates – subsequent measurement (cont'd.)

(i) Takaful certificates (cont'd.)

- Changes in estimates of the present value of future cash flows in the liability for remaining coverage, except those relating to the time value of money and changes in financial risk (recognised in the statement of profit or loss and other comprehensive income rather than adjusting the CSM)
- Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period
- Changes in the risk adjustment for non-financial risk that relate to future service

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

The Company measures the carrying amount of a group of takaful certificates at the end of each reporting period as the sum of: (i) the liability for remaining coverage comprising fulfilment cash flows related to future service allocated to the group at that date and the CSM of the group at that date; and (ii) the liability for incurred claims for the Company comprised the fulfilment cash flows related to past service allocated to the group at that date.

Claims and provision for claims arising from family takaful certificates, including settlement costs are accounted for using the case basis method and for this purpose, the benefit payable under family takaful certificates are recognised as follows:

- maturity or other certificates payments due on specified dates are treated as claims payable on due date.
- death, surrender and other benefits without due dates are claims payable on the date of receipt of intimation of death of the participant or occurrence of contingency covered.

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2. Material accounting policies information (cont'd.)

2.21 Takaful and retakaful certificates accounting treatment (cont'd.)

(f) Measurement- not measured under PAA (cont'd.)

Takaful certificates – subsequent measurement (cont'd.)

(i) Takaful certificates (cont'd.)

Takaful certificates with direct participating features

The carrying amount of the CSM at the end period for direct participating certificates is adjusted for:

- the CSM of any new certificates that are added to the Company in the period;
- the Company's share of the change in the fair value of the underlying items fulfilment cash flows that relate to future services, except to the extent that:
 - the Company has chosen to exclude from the CSM changes in the effect of financial risk on its share of the underlying items;
 - the Company's share of a decrease in the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to a loss in profit or loss (included in takaful service expenses) and creating a loss component; or
 - the Company's share of an increase in the fair value of the underlying items or a decrease in the fulfilment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognised in profit or loss (included in takaful service expenses); and
- the amount recognised as takaful revenue because of the services provided in the year.

Changes in fulfilment cash flows that relate to future services include the changes relating to future services specified above for contracts with direct participation features (measured at current discount rates) and changes in the effect of time value of money and financial risks that do not arise from underlying items for example the effect of financial guarantees.

The Company measures the carrying amount of a group of takaful certificates at the end of each reporting period as the sum of: (i) the liability for remaining coverage comprising fulfilment cash flows related to future service allocated to the group at that date and the CSM of the group at that date; and (ii) the liability for incurred claims for the Company comprised the fulfilment cash flows related to past service allocated to the group at that date.

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2. Material accounting policies information (cont'd.)

2.21 Takaful and retakaful certificates accounting treatment (cont'd.)

(f) Measurement- not measured under PAA (cont'd.)

Takaful certificates – subsequent measurement (cont'd.)

(i) Takaful certificates (cont'd.)

Takaful certificates with direct participating features (cont'd.)

Direct participating certificates are certificates under which the Company's obligation to the participant is the net of:

- the obligation to pay the participant an amount equal to the fair value of the underlying items; and
- a variable fee in exchange for future services provided by the certificates, being the Company's share of the fair value of the underlying items less fulfilment cash flows that do not vary based on the returns on underlying items.

When measuring a group of direct participating certificates, the Company adjusts the fulfilment cash flows for the whole of the changes in the obligation to pay participants an amount equal to the fair value of the underlying items. These changes do not relate to future services and are recognised in profit or loss. The Company then adjusts any CSM for changes in the Company's share of the fair value of the underlying items, which relate to future services, as described below.

(ii) Retakaful certificates held

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

- Measurement of the cash flows include an allowance on a probability-weighted basis for the effect of any non-performance by the retakaful operators, including the effects of collateral and losses from disputes
- The Company determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred to the retakaful operator.

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2. Material accounting policies information (cont'd.)

2.21 Takaful and retakaful certificates accounting treatment (cont'd.)

(f) Measurement- not measured under PAA (cont'd.)

Takaful certificates – subsequent measurement (cont'd.)

(iii) Takaful certificates - modification and derecognition

The Company derecognises takaful certificates when:

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

(iv) Presentation

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

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

The Company disaggregates the amounts recognised in the statement of profit or loss and other comprehensive income into an takaful service result, comprising takaful revenue and takaful service expenses, and takaful finance income or expenses.

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

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

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2. Material accounting policies information (cont'd.)

2.21 Takaful and retakaful certificates accounting treatment (cont'd.)

(g) Takaful and retakaful certificates held - subsequent measurement – measured under PAA

Takaful and retakaful certificates held - initial measurement

The Company applies the PAA to all the takaful certificates that it issues and retakaful contracts held, as:

- The coverage period of each takaful certificates in the group is one year or less, including takaful contract services arising from all contributions within the contract boundary or
- For takaful 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 takaful certificates under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

The Company does not apply the PAA if, at the inception of the group of takaful certificates, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred. Variability in the fulfilment cash flows increases with, for example:

- The extent of future cash flows related to any derivatives embedded in the contracts
- The length of the coverage period of the group of takaful certificates

For a group of takaful certificates that is not onerous at initial recognition, 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, with the exception of contracts which are one year or less where this is expensed,
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for takaful acquisition cash flows and
- Any other asset or liability previously recognised for cash flows related to the group of takaful certificates that the Company pays or receives before the group of takaful certificates is recognised.

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, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of retakaful contracts held depicting the recovery of losses.

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2. Material accounting policies information (cont'd.)

2.21 Takaful and retakaful certificates accounting treatment (cont'd.)

(g) Takaful and retakaful certificates held - subsequent measurement – measured under PAA (cont'd.)

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying takaful contracts and the percentage of claims on the underlying takaful contracts the company expects to recover from the group of retakaful certificates held.

The Company uses a systematic and rational method to determine the portion of losses recognised on the group to takaful certificates covered by the group of retakaful certificates held where some takaful certificates in the underlying group are not covered by the group of retakaful certificates held.

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Minus takaful acquisition cash flows
- Plus any amounts relating to the amortisation of the takaful acquisition cash flows recognised as an expense in the reporting period for the group

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 not 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 that are expected to be paid within one year of being incurred.

Where, during the coverage period, facts and circumstances indicate that a group of takaful contracts is onerous, the Company recognises a loss in 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 contributions to profit or loss (through takaful revenue).

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.

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2. Material accounting policies information (cont'd.)

2.21 Takaful and retakaful certificates accounting treatment (cont'd.)

(g) Takaful and retakaful certificates held - subsequent measurement – measured under PAA (cont'd.)

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.

2.22 Takaful revenue

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

- Takaful service expenses, excluding any amounts allocated to the loss component of the liability for remaining coverage
- The risk adjustment for non-financial risk, excluding any amounts allocated to the loss component of the liability for remaining coverage
- PAA contribution reserve released
- The CSM release
- Amounts related to takaful acquisition cash flows

For management judgement applied to the amortisation of CSM, please refer to Note 3.1(iv).

2.23 Loss components

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

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2. Material accounting policies information (cont'd.)

2.23 Loss components (cont'd.)

A loss component represents a notional record of the losses attributable to each group of onerous takaful certificates (or contracts profitable at inception that have become onerous). The loss component is released based on a systematic allocation of the subsequent changes in the fulfilment cash flows to: (i) the loss component; and (ii) the liability for remaining coverage excluding the loss component. The loss component is also updated for subsequent changes in estimates of the fulfilment cash flows related to future service. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period of a group of contracts (since the loss component will have been materialised in the form of incurred claims). The Company uses the proportion on initial recognition to determine the systematic allocation of subsequent changes in future cash flows between the loss component and the liability for remaining coverage excluding the loss component.

2.24 Takaful finance income and expense

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
- The effect of financial risk and changes in financial risk

The Company define the Family Takaful Fund as an underlying item. Hence, changes in measurement of group of takaful certificates and retakaful certificates held cause by changes in the value of the Family Takaful Fund are reflected in takaful finance income or expenses.

Finance income and expenses on the Company's issued takaful certificates and retakaful certificates held are not disaggregated.

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

2.25 Net income or expense from retakaful certificates held

The Company presents separately on the face of the statement of profit or loss and other comprehensive income the amounts expected to be recovered from retakaful operators, and an allocation of the retakaful contributions paid. The Company treats retakaful cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the retakaful certificates held, and excludes investment components and commissions from an allocation of retakaful contributions presented on the face of the statement of profit or loss and other comprehensive income.

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2. Material accounting policies information (cont'd.)

2.26 Qard

Any deficit in the participants' risk fund within the Family Takaful Fund is made good via a Qard, which is a profit free financing, granted by the shareholder's fund to the participants' risk fund. In the participants' risk fund, the Qard is included in fulfilment cash flows used to measure the takaful liabilities under MFRS 17.

Qard is measured in the fulfilment cash flows at a value discounted for time value of money, which reflects the economic effect of the expected future cash flow, consistent with all the other cash flows measured in fulfilment cash flows. This accounting measurement does not affect the Family Takaful Fund's obligation to repay the nominal amount of Qard, nor does it affect or change any rights or obligations of the shareholder's fund.

The Qard shall be repaid from future surpluses of the participants' risk fund.

2.27 Standards issued but not yet effective

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

Description	Effective for financial years beginning on or after
MFRS 1 <i>First Time Adoption of Malaysian Financial Reporting Standards</i>	
(Annual improvements to MFRS Accounting Standards-Volume 11)	1 January 2026
MFRS 7 <i>Financial Instruments: Disclosures</i>	
(Amendments to MFRS 9 and MFRS 7) <i>Classification and Measurement of Financial Instruments</i>	1 January 2026
(Annual improvements to MFRS Accounting Standards-Volume 11)	1 January 2026
(Amendments to MFRS 9 and MFRS 7) <i>Contract Referencing Nature Dependent Electricity</i>	1 January 2026
MFRS 9 <i>Financial Instruments</i>	
(Amendments to MFRS 9 and MFRS 7) <i>Classification and Measurement of Financial Instruments</i>	1 January 2026
(Annual improvements to MFRS Accounting Standards-Volume 11)	1 January 2026
(Amendments to MFRS 9 and MFRS 7) <i>Contract Referencing Nature Dependent Electricity</i>	1 January 2026
MFRS 10 <i>Consolidated Financial Statements</i>	
(Annual improvements to MFRS Accounting Standards-Volume 11)	1 January 2026
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027

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2. Material accounting policies information (cont'd.)

2.27 Standards issued but not yet effective (cont'd.)

Description	Effective for financial years beginning on or after
MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
MFRS 107 <i>Statements of Cash Flows</i>	
(Annual improvements to MFRS Accounting Standards-Volume 11)	1 January 2026

With the exception of MFRS 18, the above standards and amendments are not expected to have significant impact on the financial statements of the Company upon their initial application. The Company are currently valuating the potential impact, if any, of applying MFRS 18.

3. Significant accounting estimates and judgements

The Company exercises due care in making estimates, judgements and assumptions that have an effect on the amounts reported for revenues, expenses, assets and liabilities at the end of the financial year. However, there are some uncertainties that could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 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 are discussed below. 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.

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

3.1 Takaful and retakaful certificates (cont'd.)

(i) The methods used to measure takaful certificates and retakaful certificates held (cont'd.)

The Company uses deterministic projections to estimate the present value of the future cash flows. The following assumptions were used when estimating future cash flows:

- **Mortality and morbidity rates**

Assumptions are based on mortality rates recommended by the retakaful operator. They reflect recent historical experience and are adjusted when appropriate to reflect the Company's own experiences. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by certificates holder gender, underwriting class and contract type.

An increase in expected mortality and morbidity rates will increase the expected claim cost.

- **Expenses**

Operating expenses assumptions reflect the projected costs of maintaining and servicing in-force takaful certificates and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

An increase in the expected level of expenses will reduce future expected profits of the Company.

The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling takaful certificates. (Such overheads are allocated to groups of contracts using methods that are systematic and rational, and are consistently applied to all costs that have similar characteristics).

- **Lapse and surrender rates**

Lapses relate to the termination of certificates due to non-payment of contributions. Surrenders relate to the voluntary termination of certificates by certificates holders. Takaful certificates termination assumptions are determined using statistical measures based on the Company's experience and vary by product type.

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

3.2 Key sources of estimation uncertainty

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 are discussed as follows:

(a) Valuation of takaful certificate liabilities

The estimation of the ultimate liability arising from claims made under family takaful certificates is a critical accounting estimate. There are several sources of uncertainty that need to be considered in estimation of the liabilities that the family takaful fund will ultimately be required to pay as claims.

For family takaful certificates, estimates are made for future deaths, disabilities, maturities, investment returns, voluntary terminations and expenses in accordance with contractual and regulatory requirements. The family takaful fund bases the estimate of expected number of deaths on mortality tables, adjusted where appropriate to reflect the fund's unique risk exposures. The estimated number of death determines the value of possible future benefits paid out, which will be factored in to ensure sufficient cover by reserves, which in return is monitored against current and future contributions.

For those certificates that cover risks related to disability, estimates are made based on recent past experience and emerging trends. However, epidemics, as well as wide ranging changes to lifestyle, could result in significant changes to the expected future exposures.

All of these will give rise to estimation uncertainties of projected ultimate liability of the family takaful fund. At each financial year end, these estimates are reassessed for adequacy and changes will be reflected as adjustments to the liability.

(b) Valuation of takaful operator's fund expense liabilities

The principal uncertainty in the takaful operator fund is takaful certificate liabilities arising from the technical provisions, which comprise the expense liabilities of the family takaful fund.

The unexpired expense reserve for family business is estimated assuming that the block of in-force contracts are to be maintained on a 'going concern' basis. Under a 'going concern' scenario, the contracts so valued are taken as a particular sub-block of contracts and the maintenance expenses for which are valued to the point the last certificate goes off the books.

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

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

(b) Valuation of takaful operator's fund expense liabilities (cont'd.)

The maintenance expenses related to such contracts include the cost of functions that are normally associated with the operations of a business on a 'going concern' basis.

The unexpired expense reserve is calculated using adjusted parameters to provide sufficient reserves at the appropriate percentile of statistical variation that is higher than the best estimate values. It is the present value of future maintenance expenses on the current in-force family takaful contracts and is further reduced by the present value of future shareholders' income that can be realised with reasonable certainty relating to those in-force family takaful contracts.

All of these will give rise to estimation uncertainties of projected expense liability of the takaful operator fund. At each financial year end, these estimates are reassessed for adequacy and changes will be reflected as adjustments to the liability.

(c) Changes in assumptions and bases

(i) Assumptions

During the financial year, the liability valuation assumptions were reviewed and updated based on the studies of recent past experience and emerging trends. The operating assumptions (mortality, morbidity, withdrawal and expense) and economic assumptions (fund growth rates and valuation interest rates) are both updated for the estimation of liability.

(ii) Bases

Average claims paid was used as a proxy to derive the incurred but not reported ("IBNR") reserve.

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

3.1 Takaful and retakaful certificates (cont'd.)

(ii) Discount rates

Family takaful certificate liabilities are calculated by discounting expected future cash flows at a risk free rate, plus an illiquidity contribution where applicable. Risk free rates are determined by reference to the Government Investment Issue ("GII") spot rate. The illiquidity contribution is determined according to Regulator's exposure draft "Valuation of Insurance and Takaful Liabilities", which is in the form of volatility adjustment. Illiquidity contribution will be applied in addition of risk-free rate for contracts that are classified as illiquid based on the surrender experience in Line of Business level. In addition, for retakaful certificates, the retakaful operator's non-performance risk is applied to the discount rates.

	1 year		3 year		Portfolio duration 5 year		10 year		15 years	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	%	%	%	%	%	%	%	%	%	%
Takaful certificates issued										
Without illiquidity contribution	3.2810	3.3300	3.4860	3.4930	3.5640	3.6540	3.8050	3.8880	3.9300	3.9490
With illiquidity contribution	3.3722	3.4284	3.5772	3.5914	3.6552	3.7524	3.8962	3.9864	4.0212	4.0474
Retakaful certificates held										
Without illiquidity contribution	3.4210 - 3.8210	3.4400 - 3.7500	3.6260 - 4.0260	3.6030 - 3.9130	3.7040 - 4.1040	3.7640 - 4.0740	3.9450 - 4.3450	3.9980 - 4.3080	4.0700 - 4.4700	4.0590 - 4.3690
With illiquidity contribution	3.5122 - 3.9122	3.5384 - 3.8484	3.7172 - 4.1172	3.7014 - 4.0114	3.7952 - 4.1952	3.8624 - 4.1724	4.0362 - 4.4362	4.0964 - 4.4064	4.1612 - 4.5612	4.1574 - 4.4674

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

3.1 Takaful and retakaful certificates (cont'd.)

(iii) Risk adjustment for non-financial risk

The risk adjustment for non-financial risk represents the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of takaful certificates and covers takaful risk, lapse risk and expense risk. The risk adjustment reflects an amount that a takaful operator would rationally pay to remove the uncertainty that future cash flows will exceed the best estimate amount.

The Company has estimated the risk adjustment at 75% confidence level, which is based on the requirement by Bank Negara Malaysia under the Risk-Based Capital Framework.

(iv) Amortisation of the Contractual Service Margin

The CSM is a component of the asset or liability for the group of takaful certificates that represents the unearned profit the Company will recognise as it provides services in the future. An amount of the CSM for a group of takaful certificates is recognised in profit or loss as takaful revenue in each period to reflect the services provided under the group of takaful certificates in that period. The amount is determined by:

- Identifying the coverage units in the group
- Allocating the CSM at the end of the period (before recognising any amounts in profit or loss to reflect the services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future
- Recognising in profit or loss the amount allocated to coverage units provided in the period

The number of coverage units in a group is the quantity of coverage provided by the contracts in the group, which is determined by considering the quantity of the benefits provided. For groups of family takaful contracts, the quantity of benefit is defined as current sum assured of the contracts. The total coverage units of each group of takaful certificates are reassessed at the end of each reporting date to adjust for the remaining coverage for in-force contracts in the period. They are then allocated based on coverage unit in the current period and expected to be provided in the future.

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4. Takaful revenue

The table below presents an analysis of the takaful revenue recognised in the year:

	Note	2025 RM	2024 RM
Family takaful fund			
Certificates not measured under PAA			
Amounts relating to the changes in the liability for remaining coverage			
Expected takaful service expenses incurred in the year	a		
Expected wakalah fees incurred in the year		42,725,753	44,307,406
Expected claims incurred in the year		25,350,534	24,222,256
Expected surplus to Shareholder's Fund incurred in the year		4,226,299	4,296,959
Expected surplus to participants incurred in the year		5,165,477	5,251,839
Expected maintenance expense incurred in the year		1,709,993	1,595,052
Expected unallocated surplus incurred in the year		931,758	834,822
Experience adjustments		13,701,756	4,138,618
Takaful revenue - certificates not measured under PAA		93,811,570	84,646,952
Takaful revenue - certificates measured under PAA		2,049,434	3,576,630
Total takaful revenue		95,861,004	88,223,582

Notes:

- a. Expected takaful service expenses incurred in the year comprise claims and other expenses which the Family takaful fund expects to pay on covered events that occurred during the year.

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4. Takaful revenue (cont'd.)

Company	Note	2025 RM	2024 RM
Certificates not measured under PAA			
Amounts relating to the changes in the liability for remaining coverage			
Expected takaful service expenses incurred in the year	a		
Expected claims incurred in the year		25,350,534	24,222,256
Expected surplus to participants incurred in the year		5,165,477	5,251,839
Expected maintenance expense incurred in the year		(2,824,372)	(2,126,186)
Expected unallocated surplus incurred in the year		931,758	834,822
Change in the risk adjustment for non-financial risk	b	(582,545)	(1,918,769)
Amount of CSM recognised in profit or loss	c	9,585,281	8,793,667
Experience adjustments		13,701,757	4,138,618
Amounts relating to recovery of takaful acquisition cash flows			
Allocation of the portion of contributions that relate to the recovery of takaful acquisition cash flows	d	21,938,198	19,921,461
Takaful revenue - certificates not measured under PAA		73,266,088	59,117,708
Takaful revenue - certificates measured under PAA		2,341,724	4,684,312
Total takaful revenue		75,607,812	63,802,020

Notes:

- Expected takaful service expenses incurred in the year comprise claims and other expenses which the Company expects to pay on covered events that occurred during the year.*
- Change in risk adjustment shows amount of risk which expired during the year.*
- The CSM is recognised in profit or loss over the coverage year of the corresponding group of certificates based on coverage units.*
- Acquisition cash flows are allocated based on CSM amortisation coverage unit over the coverage year of the group of takaful certificates.*

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5. Takaful service expenses

The table below presents an analysis of the takaful service expenses recognised in the year:

	Note	2025 RM	2024 RM
Family takaful fund			
Incurred claims and other takaful service expenses:			
- Incurred wakalah fees		42,139,404	42,721,789
- Incurred claims		28,171,695	33,156,780
- Incurred surplus to Shareholder's Fund		4,378,100	4,866,900
- Incurred surplus to participants		5,351,100	5,948,400
- Changes to liabilities for incurred claims		(1,085,490)	(2,980,239)
Total takaful service expenses		78,954,809	83,713,630
		2025 RM	2024 RM
Company			
Incurred claims and other takaful service expenses:			
- Incurred claims and other expenses		42,428,918	48,257,876
- Incurred surplus to participants		5,351,100	5,948,400
Amortisation of acquisition cash flows	a	21,938,198	19,921,461
Amortisation of acquisition cash flows - PAA	b	292,440	339,888
Losses on onerous contracts and reversal of losses on onerous contracts		8,495,051	1,194,071
Changes to liabilities for incurred claims		(1,085,490)	(2,980,239)
Total takaful service expenses		77,420,217	72,681,457

Notes:

- Acquisition cash flows are allocated based on CSM amortisation coverage unit over the coverage period of the group of takaful certificates.*
- Takaful acquisition cash flows of PAA measured group of takaful certificates are allocated on a straight-line basis as a portion of contribution recognise through takaful revenue.*

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5. Takaful service expenses (cont'd.)

Below are the management expenses and commission expenses incurred by the Company during the financial year.

	2025	2024
	RM	RM
Personnel expenses:		
Salaries, bonus and other related costs	14,584,668	17,014,984
Directors' remuneration (Note 19 (c))	557,398	554,666
Pension costs - EPF	2,232,367	2,254,494
Social security costs	116,705	106,738
	<u>17,491,138</u>	<u>19,930,882</u>
Auditors' remuneration:		
- Audit fee	550,000	714,500
- Regulatory related fee	20,000	18,000
Shariah Committee members' remuneration	170,300	188,600
Shared service costs to (Note 19(b)):		
- AmBank (M) Berhad	328,473	254,389
- AmMetLife Insurance Berhad	5,532,404	5,305,484
Depreciation of ROU assets (Note 11(a))	814,085	719,921
Finance expense on lease liability (Note 11(b))	52,544	24,886
Expenses relating to lease of low value assets	8,364	8,364
Depreciation of property and equipment (Note 9)	210,311	210,628
Amortisation of intangible assets (Note 10)	1,338,510	1,050,700
Computerisation costs	6,122,936	6,407,081
Travelling expenses	310,444	198,343
Advertisement and promotion	131,420	159,567
Professional and legal fees	1,356,548	1,573,885
Marketing expenses	10,895,908	8,037,666
Licence fees and levies	1,205,242	1,116,858
Agency related expenses	817,468	794,756
Other expenses	636,856	1,053,097
Total management expenses	<u>47,992,951</u>	<u>47,767,607</u>
Commission	<u>14,022,945</u>	<u>13,251,430</u>
	<u><u>62,015,896</u></u>	<u><u>61,019,037</u></u>
Represented by:		
Takaful service expenses:	61,011,885	60,148,378
Maintenance expenses	14,932,446	15,694,595
Acquisition expenses	46,079,439	44,453,783
Non-attributable expenses (Note 7)	<u>1,004,011</u>	<u>870,659</u>
	<u><u>62,015,896</u></u>	<u><u>61,019,037</u></u>

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6. Total investment income and net takaful finance result

The table below presents an analysis of total investment income and takaful finance result recognised in profit or loss in the year:

	2025	2024
	RM	RM
Family takaful fund		
Investment income		
Amounts recognised in profit or loss		
FVTPL:		
Dividend income	1,603,779	1,111,843
Fair value (losses)/gains	(4,970,421)	1,938,574
Realised gains	2,100,550	2,399,340
Profit income	659,610	551,740
FVOCI:		
Investment income	20,818,482	17,768,631
Realised gains/(losses)	1,108,693	(77,156)
Net amortisation of investments	(1,066,197)	(1,097,741)
Financial assets at amortised cost:		
Investment income	4,291,309	4,688,629
Total investment income recognised in profit or loss	24,545,805	27,283,860
Takaful finance expenses from takaful certificates issued		
Profit accreted to takaful certificates using current financial assumptions	(21,617,288)	(18,096,323)
Due to changes in profit rates and other financial assumptions	(3,993)	(12,458)
Changes in fair value of underlying assets	(12,201,171)	(11,130,669)
Total takaful finance expenses from takaful certificates issued recognised in profit or loss	(33,822,452)	(29,239,450)

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6. Total investment income and net takaful finance result (cont'd.)

The table below presents an analysis of total investment income and takaful finance result recognised in profit or loss in the year (cont'd.):

	2025	2024
	RM	RM
Company		
Investment income		
Amounts recognised in profit or loss		
FVTPL:		
Dividend income	1,653,900	1,147,135
Fair value (losses)/gains	(5,033,928)	2,003,826
Realised gains	2,176,087	2,399,340
Profit income	659,610	551,740
FVOCI:		
Investment income	22,110,322	19,592,174
Realised gains/(losses)	2,132,139	(161,355)
Net amortisation of investments	(1,122,643)	(1,162,731)
Financial assets at amortised cost:		
Investment income	4,541,461	5,080,718
Total investment income recognised in profit or loss	27,116,948	29,450,847
Takaful finance (expenses)/income from takaful certificates issued		
Profit accreted to takaful certificates using current financial assumptions	(20,432,853)	(17,335,000)
Profit accreted to takaful certificates using locked-in rate	(4,426,921)	(3,598,212)
Due to changes in profit rates and other financial assumptions	264,047	966,955
Changes in fair value of underlying assets	(12,832,678)	(9,525,454)
Total takaful finance expenses from takaful certificates issued recognised in profit or loss	(37,428,405)	(29,491,711)

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7. Other income/(expenses)

	2025	2024
	RM	RM
Family takaful fund		
Other income	<u>1,162</u>	<u>-</u>
Other expenses	<u>(42,350)</u>	<u>(38,717)</u>
Company		
Other income	<u>1,162</u>	<u>38,899</u>
Other expenses		
- Non-attributable expenses (Note 5)	(1,004,011)	(870,659)
- Other expenses	<u>(42,356)</u>	<u>(38,716)</u>
	<u>(1,046,367)</u>	<u>(909,375)</u>

8. Taxation/tax borne by participants

	2025	2024
	RM	RM
Family takaful fund/Company		
Tax expense for the year	2,265,355	1,918,982
(Over)/under provision of tax expense in prior years	<u>(23,420)</u>	<u>38,741</u>
	2,241,935	1,957,723
Deferred taxation in relation to origination of (deductible)/taxable temporary difference (Note 15)	<u>(66,195)</u>	<u>96,430</u>
Tax borne by participants	<u>2,175,740</u>	<u>2,054,153</u>

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate (preferential tax rate) of the Company is as follows:

	2025	2024
	RM	RM
Company		
Tax expense for the year	-	-
Under provision of tax expense in prior years	-	68,610
Deferred taxation in relation to origination of taxable temporary difference (Note 15)	<u>73,078</u>	<u>151,357</u>
Taxation	<u>73,078</u>	<u>219,967</u>

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. Family takaful business is taxed at the preferential tax rate of 8% (2024: 8%) of taxable investment income for the year.

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8. Taxation/tax borne by participants (cont'd.)

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate (preferential tax rate) of the Family takaful fund/Company is as follows:

	2025	2024
	RM	RM
Tax borne by participants		
Family takaful fund		
Profit before taxation	-	-
Taxation at Malaysian statutory tax rate of 8% (2024: 8%)	-	-
Income not subject to tax	(12,165,999)	(11,239,443)
Expenses not deductible for tax purposes	14,365,159	13,254,855
(Over)/under provision of tax expense in prior years	(23,420)	38,741
Tax borne by participants	<u>2,175,740</u>	<u>2,054,153</u>
Taxation		
Company		
Loss before taxation	<u>(20,757,427)</u>	<u>(12,306,422)</u>
Taxation at Malaysian statutory tax rate of 24% (2024: 24%)	(4,981,782)	(2,953,541)
Income not subject to tax	(5,087)	(3,481)
Expenses not deductible for tax purposes	3,060,347	1,869,199
Deferred tax asset not recognised	1,999,600	1,239,180
Under provision of tax expense in prior years	-	68,610
Taxation	<u>73,078</u>	<u>219,967</u>

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9. Property and equipment

	Motor vehicle RM	Computer RM	Office equipment, furniture fittings RM	Renovation RM	Total RM
Company					
Cost					
At 1 April 2023	333,326	2,522,634	118,053	1,120,962	4,094,975
Disposed for the year	(333,326)	-	-	-	(333,326)
Additions for the year	314,710	363,828	-	-	678,539
At 31 March 2024	314,710	2,886,462	118,053	1,120,962	4,440,188
Reclassified to intangible asset (Note 10)	-	(1,827,528)	-	-	(1,827,528)
Additions for the year	-	152,410	-	-	152,410
At 31 March 2025	314,710	1,211,344	118,053	1,120,962	2,765,070
Accumulated depreciation					
At 1 April 2023	333,325	2,020,082	109,940	1,101,215	3,564,562
Disposed during the year	(333,325)	-	-	-	(333,325)
Depreciation charge for the year (Note 5)	51,764	151,291	3,085	4,488	210,628
At 31 March 2024	51,764	2,171,373	113,025	1,105,703	3,441,865
Reclassified to intangible asset (Note 10)	-	(1,430,064)	-	-	(1,430,064)
Depreciation charge for the year (Note 5)	62,942	140,769	2,112	4,488	210,311
At 31 March 2025	114,706	882,078	115,137	1,110,191	2,222,112
Net carrying amount					
At 31 March 2024	262,946	715,090	5,028	15,259	998,323
At 31 March 2025	200,004	329,266	2,916	10,771	542,958

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10. Intangible assets

	Computer Software RM
Company	
Cost	
At 1 April 2023	27,648,724
Additions	1,919,553
At 31 March 2024	29,568,277
Reclassified from property and equipment (Note 9)	1,827,528
Additions	831,446
At 31 March 2025	32,227,251
Accumulated amortisation	
At 1 April 2023	21,879,856
Charge for the year (Note 5)	1,050,700
At 31 March 2024	22,930,556
Reclassified from property and equipment (Note 9)	1,430,064
Charge for the year (Note 5)	1,338,510
At 31 March 2025	25,699,130
Net carrying amount	
At 31 March 2024	6,637,721
At 31 March 2025	6,528,121

11. (a) Right-of-use assets

The Company recognizes a right-of-use ("ROU") asset and corresponding lease liability at the lease commencement date for all leases, except for short term leases and leases of low-value assets. ROU assets are subsequently depreciated on a straight-line basis over the lease term.

As at 31 March 2025, the carrying amounts of the Company's right-of-use assets are as follows:

	Office Premise	
	2025	2024
	RM	RM
Company		
Cost		
At 1 April	3,982,311	3,982,311
Derecognition during the year	(3,982,311)	-
Additions during the year	2,780,287	-
At 1 April	2,780,287	3,982,311

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11. (a) Right-of-use assets (cont'd.)

As at 31 March 2025, the carrying amounts of the Company's right-of-use assets are as follows (cont'd.):

	Office Premise	
	2025	2024
	RM	RM
Company		
Accumulated depreciation		
At 1 April	3,708,837	2,988,916
Derecognition	(3,982,311)	-
Charge for the year (Note 5)	814,085	719,921
At 31 March	<u>540,611</u>	<u>3,708,837</u>
Net book value		
At 31 March	<u>2,239,676</u>	<u>273,474</u>

11. (b) Lease liability

	Office Premise
	RM
Company	
At 1 April 2023	1,145,972
Payment of lease liability	(807,743)
Finance expense on lease liability (Note 5)	24,886
At 31 March 2024	<u>363,115</u>
At 1 April 2024	363,115
Additions	2,780,287
Payment of lease liability	(935,281)
Finance expense on lease liability (Note 5)	52,544
At 31 March 2025	<u>2,260,665</u>

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12. Financial assets

(a) Equity and debt instruments measured at fair value through profit or loss (FVTPL)

The breakdown of financial assets measured at FVTPL is, as follows:

	Family takaful fund RM	Company RM
As at 31 March 2025		
Malaysian government securities	212,442	212,442
Islamic corporate debt securities	15,930,182	15,930,182
Quoted shariah approved equities in Malaysia	27,435,848	27,435,848
Unit and property trust fund	21,402,525	21,402,525
	<u>64,980,997</u>	<u>64,980,997</u>

	Family takaful fund RM	Company RM
As at 31 March 2024		
Malaysian government securities	211,690	211,690
Islamic corporate debt securities	13,780,681	13,780,681
Quoted shariah approved equities in Malaysia	27,762,582	27,762,582
Unit and property trust fund	20,570,987	21,693,208
	<u>62,325,940</u>	<u>63,448,161</u>

(b) Debt instruments measured at fair value through other comprehensive income (FVOCI)

The breakdown of debt instruments measured at FVOCI is set out in the table below.

	Family takaful fund RM	Company RM
As at 31 March 2025		
Malaysian government securities	90,377,484	104,594,424
Islamic corporate debt securities	413,246,851	431,545,568
	<u>503,624,335</u>	<u>536,139,992</u>
As at 31 March 2024		
Malaysian government securities	65,314,840	69,268,760
Islamic corporate debt securities	359,650,732	392,397,004
	<u>424,965,572</u>	<u>461,665,764</u>

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13. Takaful and retakaful certificates

As at 31 March 2025, all takaful portfolios of the Company are in Takaful certificates liabilities position and retakaful certificate held portfolios are in Retakaful certificate assets position. The breakdown of portfolio of takaful certificates and retakaful certificates held, that are in an asset position and those in a liability position is set out in the table below:

	2025			2024		
	Assets	Liabilities	Net	Assets	Liabilities	Net
	RM	RM	RM	RM	RM	RM
Family takaful fund						
Takaful certificates						
Takaful certificates	-	(717,975,470)	(717,975,470)	-	(633,636,692)	(633,636,692)
Fair value reserve	-	(13,793,384)	(13,793,384)	-	(11,069,748)	(11,069,748)
Total takaful certificates	-	(731,768,854)	(731,768,854)	-	(644,706,440)	(644,706,440)
Retakaful certificates held	13,988,054	-	13,988,054	15,193,920	-	15,193,920
Company						
Takaful certificates						
Takaful certificates	-	(813,443,467)	(813,443,467)	-	(719,471,720)	(719,471,720)
Fair value reserve	-	(13,793,384)	(13,793,384)	-	(11,069,748)	(11,069,748)
Total takaful certificates	-	(827,236,851)	(827,236,851)	-	(730,541,468)	(730,541,468)
Retakaful certificates held	13,988,054	-	13,988,054	15,193,920	-	15,193,920

The Family takaful fund/Company disaggregates information to provide disclosure in respect of family takaful certificates issued and retakaful certificates held separately. This disaggregation has been determined based on how the Family takaful fund/Company is managed.

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13. Takaful and Retakaful Certificates (cont'd.)

13.1 Takaful certificates issued

The roll-forward of the liabilities for takaful certificates issued, showing the liabilities for remaining coverage and the liabilities for incurred claims is disclosed in the table below:

	Note	2025		
		Liabilities for remaining coverage	Liabilities for incurred claims	Total
		Excluding loss component	Loss component*	
		RM	RM	RM
Family takaful fund				
Takaful certificate liabilities as at 1 April 2024		599,702,043	-	33,934,649
Takaful revenue	4	(95,861,004)	-	(95,861,004)
Certificates under the fair value approach		(7,602,903)	-	(7,602,903)
Other certificates		(88,258,101)	-	(88,258,101)
Takaful service expense	5	-	-	78,954,809
Investment components		(44,693,206)	-	44,693,206
Takaful service result		(140,554,210)	-	123,648,015
Takaful finance expenses	6	9,485,033	-	24,337,419
Total changes in the statement of profit or loss		(131,069,177)	-	147,985,434
Cash flows				
Contributions received		189,804,570	-	-
Claims and other expenses paid, including investment components		-	-	(102,217,761)
Total cash flows		189,804,570	-	(102,217,761)
Other movements**		26,564,104	-	(46,728,392)
Takaful certificate liabilities as at 31 March 2025		685,001,540	-	32,973,930

*The loss components of family takaful certificates underwritten are not recognised in the Family takaful fund.

**Other movements in takaful certificates liabilities mainly include the unallocated surplus, interfund transaction and deemed settlement.

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13. Takaful and Retakaful Certificates (cont'd.)

13.1 Takaful certificates issued (cont'd.)

The roll-forward of the liabilities for takaful certificates issued, showing the liabilities for remaining coverage and the liabilities for incurred claims is disclosed in the table below:

	Note	2024		
		Liabilities for remaining coverage	Liabilities for incurred claims	Total
		Excluding loss component	Loss component*	
		RM	RM	RM
Family takaful fund (cont'd.)				
Takaful certificate liabilities as at 1 April 2023		520,077,352	-	27,748,109
				547,825,461
Takaful revenue	4	(88,223,582)	-	-
Certificates under the fair value approach		(8,146,430)	-	-
Other certificates		(80,077,152)	-	-
Takaful service expense	5	(34,334)	-	83,747,964
Investment components		(41,437,970)	-	41,437,970
Takaful service result		(129,695,886)	-	125,185,934
Takaful finance expenses	6	6,247,578	-	22,991,872
Total changes in the statement of profit or loss		(123,448,308)	-	148,177,806
Cash flows				
Contributions received		176,287,810	-	-
Claims and other expenses paid, including investment components		-	-	(83,619,315)
Total cash flows		176,287,810	-	(83,619,315)
Other movements**		26,785,189	-	(58,371,951)
Takaful certificate liabilities as at 31 March 2024		599,702,043	-	33,934,649
				633,636,692

*The loss components of family takaful certificates underwritten are not recognised in the Family takaful fund.

**Other movements in takaful certificates liabilities mainly include the unallocated surplus, interfund transaction and deemed settlement.

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13. Takaful and Retakaful Certificates (cont'd.)**13.1 Takaful certificates issued (cont'd.)**

The roll-forward of the liabilities for takaful certificates issued, showing the liabilities for remaining coverage and the liabilities for incurred claims is disclosed in the table below:

Company	Note	2025			Total
		Liabilities for remaining coverage		Liabilities for incurred claims	
		Excluding loss component	Loss component*		
		RM	RM	RM	RM
Takaful certificate liabilities as at 1 April 2024		628,969,898	56,567,171	33,934,651	719,471,720
Takaful revenue	4	(75,607,812)	-	-	(75,607,812)
Certificates under the fair value approach		(8,460,689)	-	-	(8,460,689)
Other certificates		(67,147,123)	-	-	(67,147,123)
Takaful service expense	5	21,938,199	8,495,051	46,986,967	77,420,217
Investment components		(44,693,206)	-	44,693,206	-
Takaful service result		(98,362,819)	8,495,051	91,680,173	1,812,405
Takaful finance (income)/expenses	6	(35,609,569)	1,448,761	71,589,213	37,428,405
Total changes in the statement of profit or loss		(133,972,388)	9,943,812	163,269,386	39,240,810
Cash flows					
Contributions received		189,804,570	-	-	189,804,570
Claims and other expenses paid, including investment components		-	-	(102,306,428)	(102,306,428)
Total cash flows		189,804,570	-	(102,306,428)	87,498,142
Other movements**		29,156,467	-	(61,923,672)	(32,767,205)
Takaful certificate liabilities as at 31 March 2025		713,958,547	66,510,983	32,973,937	813,443,467

*The loss components for Family takaful fund certificates underwritten is recognised as part of the takaful certificate liabilities of the Company and not the Family takaful fund.

**Other movements in takaful certificates liabilities mainly include the unallocated surplus, interfund transaction and deemed settlement.

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13. Takaful and Retakaful Certificates (cont'd.)

13.1 Takaful certificates issued (cont'd.)

The roll-forward of the liabilities for takaful certificates issued, showing the liabilities for remaining coverage and the liabilities for incurred claims is disclosed in the table below:

Company (cont'd.)	Note	2024			
		Liabilities for remaining coverage		Liabilities for incurred claims	Total
		Excluding loss component	Loss component*		
		RM	RM	RM	RM
Takaful certificate liabilities as at 1 April 2023		548,541,265	54,163,724	27,748,109	630,453,098
Takaful revenue	4	(63,802,020)	-	-	(63,802,020)
Certificates under the fair value approach		(10,926,535)	-	-	(10,926,535)
Other certificates		(52,875,485)	-	-	(52,875,485)
Takaful service expense	5	19,887,127	1,194,071	51,600,259	72,681,457
Investment components		(41,437,970)	-	41,437,970	-
Takaful service result		(85,352,863)	1,194,071	93,038,229	8,879,437
Takaful finance (income)/expense	6	(42,958,565)	1,209,376	71,240,900	29,491,711
Total changes in the statement of profit or loss		(128,311,428)	2,403,447	164,279,129	38,371,148
Cash flows					
Contributions received		176,287,810	-	-	176,287,810
Claims and other expenses paid, including investment components		-	-	(83,691,630)	(83,691,630)
Total cash flows		176,287,810	-	(83,691,630)	92,596,180
Other movements**		32,452,251	-	(74,400,957)	(41,948,706)
Takaful certificate liabilities as at 31 March 2024		628,969,898	56,567,171	33,934,651	719,471,720

*The loss components for Family takaful fund certificates underwritten is recognised as part of the takaful certificate liabilities of the Company and not the Family takaful fund.

**Other movements in takaful certificates liabilities mainly include the unallocated surplus, interfund transaction and deemed settlement.

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13. Takaful and Retakaful Certificates (cont'd.)**13.1 Takaful certificates issued (cont'd.)**

The table below presents a roll-forward of the net asset or liability for takaful certificates issued showing estimates of the present value of future cash flows, risk adjustment except for certificate measured under PAA model.

	Note	2025		
		Estimates of present value of future cash flows	Risk adjustment	Contractual service margin
		RM	RM	RM
Family takaful fund				
Takaful certificate liabilities as at 1 April 2024		631,633,844	865,956	-
Changes that relate to current services				
Experience adjustments		(15,521,414)	-	-
Changes that relate to past services				
Changes in liability for incurred claims		(2,135,117)	91,252	-
Takaful service result		(17,656,531)	91,252	-
Takaful finance expense	6	33,822,452	-	-
Total changes in the statement of profit or loss		16,165,921	91,252	-
Cash flows				
Contributions received		187,869,272	-	-
Claims and other expenses paid, including investment components		(98,647,483)	-	-
Total cash flows		89,221,789	-	-
Other movements*		(19,829,209)	-	-
Takaful certificate liabilities as at 31 March 2025		717,192,345	957,208	-

*Other movements in takaful certificates liabilities mainly include the unallocated surplus, interfund transaction and deemed settlement.

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13. Takaful and Retakaful Certificates (cont'd.)

13.1 Takaful certificates issued (cont'd.)

The table below presents a roll-forward of the net asset or liability for takaful certificates issued showing estimates of the present value of future cash flows, risk adjustment except for certificate measured under PAA model.

	Note	2024		
		Estimates of present value of future cash flows	Risk adjustment	Contractual service margin
		RM	RM	RM
Family takaful fund				
Takaful certificate liabilities as at 1 April 2023		546,733,887	963,077	-
Changes that relate to current services				
Experience adjustments		(1,185,151)	-	-
Changes that relate to past services				
Changes in liability for incurred claims		(3,241,678)	(97,121)	-
Takaful service result		(4,426,829)	(97,121)	-
Takaful finance expense	6	29,239,450	-	-
Total changes in the statement of profit or loss		24,812,621	(97,121)	-
Cash flows				
Contributions received		171,935,796	-	-
Claims and other expenses paid, including investment components		(81,215,011)	-	-
Total cash flows		90,720,785	-	-
Other movements*		(30,633,449)	-	-
Takaful certificate liabilities as at 31 March 2024		631,633,844	865,956	-

*Other movements in takaful certificates liabilities mainly include the unallocated surplus, interfund transaction and deemed settlement.

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13. Takaful and Retakaful Certificates (cont'd.)

13.1 Takaful certificates issued (cont'd.)

The table below presents a roll-forward of the net asset or liability for takaful certificates issued showing estimates of the present value of future cash flows, risk adjustment and CSM except for certificate measured under PAA model.

Company	Note	2025			
		Estimates of present value of future cash flows	Risk adjustment	Contractual service margin	Total
		RM	RM	RM	RM
Takaful certificate liabilities as at 1 April 2024		587,005,586	12,528,378	118,599,528	718,133,492
Changes that relate to current services					
CSM release		-	-	(9,585,281)	(9,585,281)
Risk adjustment for the risk expired		-	(4,258,434)	-	(4,258,434)
Experience adjustments		(11,527,784)	-	-	(11,527,784)
Changes that relate to future services					
Certificates initially recognised in the year		256,798	5,278,475	13,365,665	18,900,938
Changes in estimates that adjust the contractual service margin		(492,811)	(133,615)	626,426	-
Changes in estimates that do not adjust the contractual service margin		10,270,486	(797,691)	-	9,472,795
Changes that relate to past services					
Changes in amounts recoverable arising from changes in liability for incurred claims		(2,135,117)	91,252	-	(2,043,865)
Takaful service result		(3,628,428)	179,987	4,406,810	958,369
Takaful finance expense	6	33,001,484	-	4,426,921	37,428,405
Total changes in the statement of profit or loss		29,373,056	179,987	8,833,731	38,386,774
Cash flows					
Contributions received		187,869,272	-	-	187,869,272
Claims and other expenses paid, including investment components		(98,736,150)	-	-	(98,736,150)
Total cash flows		89,133,122	-	-	89,133,122
Other movements*		(32,281,314)	-	-	(32,281,314)
Takaful certificate liabilities as at 31 March 2025		673,230,450	12,708,365	127,433,259	813,372,074

*Other movements in takaful certificates liabilities mainly include the unallocated surplus, interfund transaction and deemed settlement.

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13. Takaful and Retakaful Certificates (cont'd.)

13.1 Takaful certificates issued (cont'd.)

The table below presents a roll-forward of the net asset or liability for takaful certificates issued showing estimates of the present value of future cash flows, risk adjustment and CSM except for certificate measured under PAA model.

Company	Note	2024			
		Estimates of present value of future cash flows	Risk adjustment	Contractual service margin	Total
		RM	RM	RM	RM
Takaful certificate liabilities as at 1 April 2023		515,113,578	12,480,758	102,122,093	629,716,429
Changes that relate to current services					
CSM release		-	-	(8,793,667)	(8,793,667)
Risk adjustment for the risk expired		-	(4,330,140)	-	(4,330,140)
Experience adjustments		1,528,355	-	-	1,528,355
Changes that relate to future services					
Certificates initially recognised in the year		660,516	5,405,469	16,815,619	22,881,604
Changes in estimates that adjust the contractual service margin		(4,737,042)	(120,229)	4,857,271	-
Changes in estimates that do not adjust the contractual service margin		2,288,553	(810,359)	-	1,478,194
Changes that relate to past services					
Changes in amounts recoverable arising from changes in liability for incurred claims		(3,241,678)	(97,121)	-	(3,338,799)
Takaful service result		(3,501,296)	47,620	12,879,223	9,425,547
Takaful finance expense	6	25,893,499	-	3,598,212	29,491,711
Total changes in the statement of profit or loss		22,392,203	47,620	16,477,435	38,917,258
Cash flows					
Contributions received		171,935,796	-	-	171,935,796
Claims and other expenses paid, including investment components		(81,287,326)	-	-	(81,287,326)
Total cash flows		90,648,470	-	-	90,648,470
Other movements		(41,148,665)	-	-	(41,148,665)
Takaful certificate liabilities as at 31 March 2024		587,005,586	12,528,378	118,599,528	718,133,492

*Other movements in takaful certificates liabilities mainly include the unallocated surplus, interfund transaction and deemed settlement.

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13. Takaful and Retakaful Certificates (cont'd.)

13.2 Retakaful certificates held

The roll-forward of the net asset or liability for retakaful certificates held showing assets for remaining coverage and amounts recoverable on incurred claims arising from business ceded to retakaful operators is disclosed in the table below:

	2025			
	Assets for remaining coverage	Amounts recoverable on incurred claims		
	Excluding loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment	Total
	RM	RM	RM	RM
Family takaful fund/Company				
Retakaful certificate assets as at 1 April 2024	(7,616,788)	22,262,099	548,609	15,193,920
Allocation of retakaful contributions:				
Amounts relating to the changes in the assets for remaining coverage	(16,447,143)	-	-	(16,447,143)
Amounts recoverable from retakaful operators:				
Amounts recoverable for incurred claims and other expenses	-	12,741,385	47,457	12,788,842
Changes to amounts recoverable for incurred claims	-	(2,175,594)	-	(2,175,594)
Net income or expense from retakaful certificates held	(16,447,143)	10,565,791	47,457	(5,833,895)
Effect of changes in non-performance risk of retakaful operators	-	421,275	-	421,275
Total changes in the statement of profit or loss	(16,447,143)	10,987,066	47,457	(5,412,620)
Cash flows				
Contributions paid	19,613,971	-	-	19,613,971
Amounts received	-	(15,407,217)	-	(15,407,217)
Total cash flows	19,613,971	(15,407,217)	-	4,206,754
Retakaful certificate assets as at 31 March 2025	(4,449,960)	17,841,948	596,066	13,988,054

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13. Takaful and Retakaful Certificates (cont'd.)

13.2 Retakaful certificates held (cont'd.)

The roll-forward of the net asset for retakaful certificates held showing assets for remaining coverage and amounts recoverable on incurred claims arising from business ceded to retakaful operators is disclosed in the table below:

	2024		
	Assets for remaining coverage	Amounts recoverable on incurred claims	
	Excluding loss recovery component	Estimates of the present value of future cash flows	Risk adjustment
	RM	RM	Total RM
Family takaful fund/Company			
Retakaful certificate assets as at 1 April 2023	(3,752,672)	13,216,169	555,547
Allocation of retakaful contributions:			
Amounts relating to the changes in the assets for remaining coverage	(14,954,222)	-	-
Amounts recoverable from retakaful operators:			
Amounts recoverable for incurred claims and other expenses	(7,411)	13,267,897	(6,938)
Changes to amounts recoverable for incurred claims	-	1,629,922	-
Net income or expense from retakaful certificates held	(14,961,633)	14,897,819	(6,938)
Effect of changes in non-performance risk of retakaful operators	-	(390,740)	-
Total changes in the statement of profit or loss	(14,961,633)	14,507,079	(6,938)
Cash flows			
Contributions paid	11,097,517	-	-
Amounts received	-	(5,461,149)	-
Total cash flows	11,097,517	(5,461,149)	-
Retakaful certificate assets as at 31 March 2024	(7,616,788)	22,262,099	548,609

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13. Takaful and Retakaful Certificates (cont'd.)

13.2 Retakaful certificates held (cont'd.)

The table below presents a roll-forward of the net asset or liability for retakaful certificates issued showing estimates of the present value of future cash flows, risk adjustment except for certificate measured under PAA model.

	2025		
	Estimates of present value of future cash flows	Risk adjustment	Contractual service margin
	RM	RM	Total RM
Family takaful fund/Company			
Retakaful certificate assets as at 1 April 2024	14,454,671	541,453	-
Changes that relate to current services			
Experience adjustments	(3,421,436)	-	-
Changes that relate to past services			
Changes in amounts recoverable arising from changes in liability for incurred claims	(2,175,594)	53,038	-
Effect of changes in non-performance risk of retakaful operators	281,448	-	-
Total changes in the statement of profit or loss	(5,315,582)	53,038	-
Cash flows			
Contributions paid	19,155,640	-	-
Amounts received	(15,029,717)	-	-
Total cash flows	4,125,923	-	-
Retakaful certificate assets as at 31 March 2025	13,265,012	594,491	-

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13. Takaful and Retakaful Certificates (cont'd.)

13.2 Retakaful certificates held (cont'd.)

The table below presents a roll-forward of the net asset or liability for retakaful certificates issued showing estimates of the present value of future cash flows, risk adjustment except for certificate measured under PAA model.

	2024		
	Estimates of present value of future cash flows	Risk adjustment	Contractual service margin
	RM	RM	Total RM
Family takaful fund/Company			
Retakaful certificate assets as at 1 April 2023	8,898,486	549,632	-
Changes that relate to current services			
Experience adjustments	(1,035,089)	-	-
Changes that relate to past services			
Changes in amounts recoverable arising from changes in liability for incurred claims	1,629,922	(8,179)	-
Effect of changes in non-performance risk of retakaful operators	(259,972)	-	-
Total changes in the statement of profit or loss	334,861	(8,179)	-
Cash flows			
Contributions paid	10,547,973	-	-
Amounts received	(5,326,649)	-	-
Total cash flows	5,221,324	-	-
Retakaful certificate assets as at 31 March 2024	14,454,671	541,453	-

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13. Takaful and Retakaful Certificates (cont'd.)

13.3 Impact on current year of the transition approaches adopted to established CSM

The impact on the current year, arising because of the transition approach adopted to establish CSMs for takaful certificates issued for the Company is disclosed in the table below:

31 March 2025	New certificates and certificates measured under the full retrospective approach at transition RM	Certificates measured under the fair value approach at transition RM	Total RM
Company			
CSM as at beginning of the year	117,145,951	1,453,577	118,599,528
Changes that relate to current services	(9,461,594)	(123,687)	(9,585,281)
Changes that relate to the future services	14,278,812	(286,721)	13,992,091
Certificates initially recognised in the year	13,365,665	-	13,365,665
Changes in estimates that adjust the CSM	913,147	(286,721)	626,426
Takaful service result	4,817,218	(410,408)	4,406,810
Takaful finance expenses	4,367,962	58,959	4,426,921
Total amount recognised in profit or loss	9,185,180	(351,449)	8,833,731
CSM as at the end of the year	126,331,131	1,102,128	127,433,259

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13. Takaful and Retakaful Certificates (cont'd.)

13.3 Impact on current year of the transition approaches adopted to established CSM (cont'd.)

The impact on the current year, arising because of the transition approaches adopted to establish CSMs for takaful certificates issued for the Company is disclosed in the table below: (cont'd.)

	New certificates and certificates measured under the full retrospective approach at transition RM	Certificates measured under the fair value approach at transition RM	Total RM
31 March 2024			
Company			
CSM as at beginning of the year	100,793,138	1,328,955	102,122,093
Changes that relate to current services	(8,630,131)	(163,536)	(8,793,667)
Changes that relate to the future services	21,430,876	242,014	21,672,890
Certificates initially recognised in the year	16,815,619	-	16,815,619
Changes in estimates that adjust the CSM	4,615,257	242,014	4,857,271
Takaful service result	12,800,745	78,478	12,879,223
Takaful finance expense	3,552,068	46,144	3,598,212
Total amount recognised in profit or loss	16,352,813	124,622	16,477,435
CSM as at the end of the year	117,145,951	1,453,577	118,599,528

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13. Takaful and Retakaful Certificates (cont'd.)

13.4 Impact of certificates recognised in the year (Component of new business/initial recognition)

The components of new business for takaful certificates issued is disclosed in the table below:

Family takaful fund

31 March 2025

Takaful certificate liabilities

Estimates of present value of future cash inflows

Estimate of present value of future cash outflows:

Benefits payable and other expenses

Takaful acquisition cash flows

Losses on onerous contracts at initial recognition

Certificates issued	
Non-onerous	Onerous
RM	RM
246,655,496	-
(246,655,496)	-
(246,655,496)	-
-	-
-	-

31 March 2024

Takaful certificate liabilities

Estimates of present value of future cash inflows

Estimate of present value of future cash outflows:

Benefits payable and other expenses

Takaful acquisition cash flows

Losses on onerous contracts at initial recognition

231,716,541	-
(231,716,541)	-
(231,716,541)	-
-	-
-	-

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13. Takaful and Retakaful Certificates (cont'd.)

13.4 Impact of certificates recognised in the year (Component of new business/initial recognition) (cont'd.)

Company	Certificates issued	
	Non-onerous RM	Onerous RM
31 March 2025		
Takaful certificate liabilities		
Estimates of present value of future cash inflows	311,886,244	34,425,930
Estimate of present value of future cash outflows:	(296,492,492)	(50,076,480)
Benefits payable and other expenses	(272,518,328)	(28,713,197)
Takaful acquisition cash flows	(23,974,164)	(21,363,283)
Risk adjustment for non-financial risks	(2,028,087)	(3,250,388)
CSM	(13,365,665)	-
Losses on onerous contracts at initial recognition	-	(18,900,938)
31 March 2024		
Takaful certificate liabilities		
Estimates of present value of future cash inflows	279,443,739	50,737,546
Estimate of present value of future cash outflows:	(261,358,648)	(69,483,153)
Benefits payable and other expenses	(248,262,896)	(38,785,913)
Takaful acquisition cash flows	(13,095,752)	(30,697,240)
Risk adjustment for non-financial risks	(1,269,472)	(4,135,997)
CSM	(16,815,619)	-
Losses on onerous contracts at initial recognition	-	(22,881,604)

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13. Takaful and Retakaful Certificates (cont'd.)

13.5 CSM recognition in profit or loss

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

	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company							
31 March 2025							
Family takaful certificates issued	9,365	8,800	8,328	7,894	7,471	85,576	127,434
31 March 2024							
Family takaful certificates issued	8,430	7,905	7,456	7,076	6,724	81,009	118,600

The Company expects to recognise the CSM in profit or loss for existing certificates within fifteen (15) years and above, which represents the longest coverage year for the certificates in force issued by the Company.

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14. Other receivables

	Family takaful fund RM	Company RM
As at 31 March 2025		
Prepayments	-	248,000
Income due and accrued	5,890,096	6,191,544
Sundry receivables	-	364,858
	<u>5,890,096</u>	<u>6,804,402</u>
As at 31 March 2024		
Prepayments	-	248,000
Income due and accrued	5,460,321	5,939,618
Sundry receivables	365	389,685
	<u>5,460,686</u>	<u>6,577,303</u>

15. Deferred tax asset/(liabilities)

	Family takaful fund RM	Company RM
As at 31 March 2025		
Deferred tax assets	806,561	855,340
Deferred tax liabilities	(1,199,424)	(1,824,100)
	<u>(392,863)</u>	<u>(968,760)</u>
As at 31 March 2024		
Deferred tax assets	740,366	789,145
Deferred tax liabilities	(962,587)	(1,759,891)
	<u>(222,221)</u>	<u>(970,746)</u>

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

	Fair value movement		
	FVOCI RM	FVTPL RM	Total RM
(a) Family takaful fund			
As at 31 March 2025			
At beginning of the year	(962,587)	740,366	(222,221)
Recognised in:			
- Profit or loss (Note 8)	-	66,195	66,195
- Other comprehensive loss	(236,837)	-	(236,837)
At end of the year	<u>(1,199,424)</u>	<u>806,561</u>	<u>(392,863)</u>

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15. Deferred tax asset/(liabilities) (cont'd.)

	Fair value movement			Total
	FVOCI	FVTPL		RM
	RM	RM		
(a) Family takaful fund (cont'd.)				
As at 31 March 2024				
At beginning of the year	(43,737)	836,796		793,059
Recognised in:				
- Profit or loss (Note 8)	-	(96,430)		(96,430)
- Other comprehensive loss	(918,850)	-		(918,850)
At end of the year	(962,587)	740,366		(222,221)
	Fair value movement	Unabsorbed		
	FVOCI	FVTPL	capital	Total
	RM	RM	allowances	RM
			RM	
Company				
As at 31 March 2025				
At beginning of the year	(1,307,129)	789,145	(452,762)	(970,746)
Recognised in:				
Profit or loss				
- Taxation (Note 8)	-	-	(73,078)	(73,078)
- Tax expense attributable to participant (Note 8)	-	66,195	-	66,195
Other comprehensive income	8,869	-	-	8,869
At end of the year	(1,298,260)	855,340	(525,840)	(968,760)
As at 31 March 2024				
At beginning of the year	(30,443)	885,640	(301,470)	553,727
Recognised in:				
Profit or loss				
- Taxation (Note 8)	-	(65)	(151,292)	(151,357)
- Tax expense attributable to participant (Note 8)	-	(96,430)	-	(96,430)
Other comprehensive loss	(1,276,686)	-	-	(1,276,686)
At end of the year	(1,307,129)	789,145	(452,762)	(970,746)

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15. Deferred tax asset/(liabilities) (cont'd.)

(b) Unrecognised deferred tax assets

Company	2025 RM	2024 RM
Unutilised tax losses	12,969,079	4,710,488
Unabsorbed capital allowances	525,840	452,762
	<u>13,494,919</u>	<u>5,163,250</u>

Year of expiry of unutilised tax losses is analysed as follows:

	2025 RM	2024 RM
Expiring in 2034	4,710,488	4,710,488
Expiring in 2035	8,258,591	-
	<u>12,969,079</u>	<u>4,710,488</u>

The unutilised tax losses above are available for offsetting against future taxable profits of the Company up to a maximum of 10 consecutive year of assessments subject to no substantial change in the shareholdings of the Company under the Income Tax Act, 1967 and guidelines issued by the tax authority.

16. Other payables

	Family takaful fund RM	Company RM
As at 31 March 2025		
Sundry payables	2,547,850	6,593,567
Accruals	-	4,509,638
Provisions	-	2,562,249
Due to takaful operator fund*	15,565,395	-
Due to other related company (Note 19 (a))*	-	938,420
Due to fellow subsidiary company (Note 19 (a))*	-	2,388,423
Surplus attributable to shareholders*	4,378,100	-
Proposal deposits	3,556,964	3,556,964
	<u>26,048,309</u>	<u>20,549,261</u>

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16. Other payables (cont'd.)

	Family takaful fund RM	Company RM
As at 31 March 2024		
Sundry payables	3,179,618	5,360,350
Accruals	-	4,182,745
Provisions	-	3,771,022
Due to takaful operator fund*	5,939,342	-
Due to other related company (Note 19 (a))*	-	2,290,755
Due to fellow subsidiary company (Note 19 (a))*	-	2,594,405
Surplus attributable to shareholders*	4,866,900	-
Proposal deposits	1,155,541	1,155,541
	<u>15,141,401</u>	<u>19,354,818</u>

* These amounts are non-trade in nature, unsecured, not subject to any profit elements and are repayable on demand.

The carrying amounts of financial liabilities disclosed above approximate fair values due to the relatively short-term maturity of these balances.

Included in provisions is the following:

a) Provision for bonus and related EPF

	2025 RM	2024 RM
Company		
At 1 April	3,766,837	2,255,074
Utilised during the year	(2,562,802)	(2,168,568)
Over provision in prior year	(923,612)	(86,506)
Provision for the year	2,277,641	3,766,837
At 31 March	<u>2,558,064</u>	<u>3,766,837</u>

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17. Share capital

Company	No. of shares	Amount RM
As at 31 March 2025		
Ordinary shares issued and paid-up at no par value:		
Ordinary shares		
At 1 April 2024	149,000,001	149,000,001
Issued during the year	29,000,000	29,000,000
At 31 March 2025	<u>178,000,001</u>	<u>178,000,001</u>
As at 31 March 2024		
Ordinary shares issued and paid-up at no par value:		
Ordinary shares		
At 1 April 2023/31 March 2024	<u>149,000,001</u>	<u>149,000,001</u>

18. Loss per share

The Company has issued 29,000,000 new ordinary shares in 21 February 2025. Loss per share is calculated by dividing the loss for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	2025 RM	2024 RM
Company		
Loss attributable to ordinary equity holders	(20,959,919)	(12,565,974)
Weighted average number of ordinary shares in issue	151,416,667	149,000,001
Basic and diluted loss per share	<u>(0.14)</u>	<u>(0.08)</u>

There were no dilutive potential ordinary shares as at the reporting date. There have been no other transactions involving ordinary shares between the reporting date and the date of completion of these financial statements.

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19. Significant related party disclosures

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

The related parties and their relationships with the Company as of 31 March 2025 are as follows:

Name	Relationship
AMAB Holdings Sdn. Bhd. ("AMAB")	Shareholder
AMMB Holdings Berhad	Immediate holding company of AMAB
Metlife International Holdings Inc ("MIH")	Shareholder
AmMetLife Insurance Berhad	Fellow subsidiary company
AmGeneral Holdings Berhad	Other related company
AmBank (M) Berhad	Other related company
AmBank Islamic Berhad	Other related company
AmInvestment Bank Berhad	Other related company
AmInvestment Management Sdn. Bhd.	Other related company
AmIslamic Fund Management Sdn. Bhd.	Other related company
AmSecurities Sdn. Bhd.	Other related company
Arab-Malaysian Credit Berhad	Other related company
AmCorp Group Berhad	Other related company

(a) Related parties' balances

Significant related parties' balances as at end of the financial year are as follows:

	2025 RM	2024 RM
Family takaful fund		
Included in cash and cash equivalents:		
Islamic investment accounts with other related company		
- AmBank Islamic Berhad	-	3,137,500
Included in takaful certificates liabilities:		
Income due and accrued from other related company		
- AmBank Islamic Berhad	1,718,026	926,113

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

(a) Related parties' balances (cont'd.)

	2025	2024
	RM	RM
Cash and bank balances:		
Bank balances with other related companies		
- AmBank Islamic Berhad	21,091,658	12,292,925
- AmIslamic Fund Management Sdn. Bhd.	125,583,402	44,743,904
	<u>146,675,060</u>	<u>57,036,829</u>
Company		
Included in cash and cash equivalents:		
Islamic investment accounts with other related company		
- AmBank Islamic Berhad	<u>-</u>	<u>3,137,500</u>
Included in takaful certificates liabilities:		
Income due and accrued from other related company		
- AmBank Islamic Berhad	<u>1,718,026</u>	<u>926,113</u>
Cash and bank balances:		
Bank balances with other related companies		
- AmBank Islamic Berhad	26,662,338	14,795,131
- AmIslamic Fund Management Sdn. Bhd.	128,620,231	47,364,326
	<u>155,282,569</u>	<u>62,159,457</u>
Included in other payables (Note 16):		
Amount due to other related company		
- AmBank (M) Berhad	902,911	2,277,555
- AmBank Islamic Berhad	-	13,200
- AMMB Holdings Berhad	35,509	-
	<u>938,420</u>	<u>2,290,755</u>
Amount due to fellow subsidiary company		
- AmMetLife Insurance Berhad	<u>2,388,423</u>	<u>2,594,405</u>

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

(b) Related parties' transactions

Significant related parties' transactions during the financial year are as follows:

	2025	2024
	RM	RM
Income/(expenses):		
Family takaful fund		
Investment income from deposits with other related companies		
- AmBank Islamic Berhad	345,383	675,063
- AmIslamic Fund Management Sdn. Bhd.	1,739,195	1,320,300
	<u>2,084,578</u>	<u>1,995,363</u>
Fund management fee		
- AmIslamic Fund Management Sdn. Bhd.	<u>(343,433)</u>	<u>(294,602)</u>
Company		
Investment income from deposits with other related companies		
- AmBank Islamic Berhad	409,520	735,742
- AmIslamic Fund Management Sdn. Bhd.	1,845,014	1,452,432
	<u>2,254,534</u>	<u>2,188,174</u>
Commission paid to other related company		
- AmBank (M) Berhad	<u>(10,724,594)</u>	<u>(10,580,264)</u>
Rental of premises paid to fellow subsidiary company		
- AmMetLife Insurance Berhad	<u>(940,411)</u>	<u>(812,572)</u>
Shared services costs (Note 5)		
Other related company		
- AmBank (M) Berhad	(328,473)	(254,389)
Fellow subsidiary company		
- AmMetLife Insurance Berhad	<u>(5,532,404)</u>	<u>(5,305,484)</u>
	<u>(5,860,877)</u>	<u>(5,559,873)</u>
Fund management fee		
- AmIslamic Fund Management Sdn. Bhd.	<u>(507,455)</u>	<u>(487,305)</u>

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

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

(c) Compensation of key management personnel

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

	2025	2024
	RM	RM
Company		
Directors' remuneration (Note 5):		
- Fees	495,000	491,666
- Allowances	62,000	63,000
- Other benefits	398	-
	<u>557,398</u>	<u>554,666</u>
Other key management personnel:		
- Salaries and bonus	4,769,258	4,873,349
- Pension costs - EPF	752,958	795,483
- Benefit-in-kinds	88,708	79,861
- Deferred share option granted by MetLife	89,300	332,100
	<u>5,700,224</u>	<u>6,080,793</u>

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

The key management personnel of the Company include Chief Executive Officer.

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20. Risk management framework

The Company is exposed to market risk, credit risk and liquidity risk from its use of financial instruments. Additionally, through the issuance of takaful certificates, the Company is also exposed to takaful 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 these risks. Further quantitative disclosures are included throughout these financial statements.

The key aspects of the Company's risk management framework are as follows:

- Defines the risk management strategy and policy by setting out the Company's risk vision, appetite and purpose;
- Defines the leadership in the overall risk management of the Company as well as outlines roles and responsibilities of everyone in managing risk; and
- Defines risk management processes to allow the business to identify, assess, monitor, control, report and mitigate its risks.

(a) Governance and takaful operational framework

The Company aims to be a sound, reliable business partner for its participants, customers and stakeholders and is committed to uphold and preserve its reputation and integrity by complying with all the relevant and applicable laws, rules, regulations, codes of conduct and standards of good practice in all the markets and jurisdictions in which it operates. Good compliance standards contribute positively to risk management practices, consumer fairness and overall quality of business and is an essential component of good corporate governance. The governance framework implementation is translated into a set of policies and terms of references that further explains the structure, roles, responsibilities, accountabilities, minimum standard, scope of duties of the various functions within the Company and risk appetites that govern a particular area.

Robust Shariah control functions, comprising Shariah review functions, supported by Shariah risk management function and internal Shariah audit function are also established to support the implementation of the framework and policy. Any person bearing responsibilities outlined in the framework is expected to possess the necessary Shariah qualifications and must continuously enhance their knowledge and understanding on Shariah as well as to keep abreast of the latest developments in the takaful industry.

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20. Risk management framework (cont'd)

(a) Governance and takaful operational framework (cont'd)

The risk management governance structure is as follows:

(i) 1st level - the policy making

- The Board of Directors ("Board") oversees the establishment of strong corporate governance supported by an effective risk management framework and sound risk strategy to enable effective discharge of fiduciary duties to participants. The Board approves all policies inclusive of Shariah non-compliance risk, risk appetite statement, risk limits, promoting a healthy risk culture and establishing the 'three lines of defense' and ensuring compliance with all relevant and applicable laws, rules and standards governing the Takaful activities and the overall effectiveness of the Company.
- The Shariah Committee ("SC") shall be responsible and accountable for all its decisions, views and opinions related to Shariah matters. While the Board bears the ultimate responsibility and accountability on overall governance, the Board is expected to rely on the SC on all Shariah decisions, views and opinions relating to the business.
- The Risk Management Committee of Directors ("RMCD") is a Board committee responsible for assisting the Board in discharging its responsibilities for maintaining a sound system of internal control by providing direction and oversight with regards to the Company's risk framework, governance and regulatory policies. The primary objective of the RMCD is to oversee the management activities in managing the key risk areas and to ensure that an appropriate risk management process is in place and functioning effectively.
- The Audit and Examination Committee ("AEC") is a Board committee responsible for assisting the Board in discharging its responsibilities for the integrity of the Company's financial statements, assessment of the effectiveness of the systems of internal controls and monitoring the effectiveness and objectivity of the internal and external auditors. The AEC, upon consultation with the SC, shall determine the deliverables of the Shariah audit function. The deliverables shall be consistent with the Shariah requirements.

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20. Risk management framework (cont'd)

(a) Governance and takaful operational framework (cont'd)

(ii) 2nd level - the monitoring and control

- The 1st level is supported by the relevant management and working committees which comprise the Asset and Liability Management Committee ("ALCO"), Management Committee ("MC"), Product Management Committee ("PMC"), Outsourcing Committee, and IT Steering Committee. The MC shall be responsible to implement the overall operational processes, including developing and recommending comprehensive policies, procedures and internal controls for the SC and RMCD's endorsements prior to Board approval. The MC also ensures that the business operations are executed according to the approved policies and procedures, and to constantly review and update the policies and procedures to reflect current market practices and developments.
- The ALCO proposes on the investment strategy, limits and other relevant mandates within the prescribed risk appetite. The ALCO also reviews the investment policy and guidelines so that it remains appropriate and relevant, recognising among other things, changes in business and economic environment and ensures their compliance. The ALCO meets quarterly to oversee Investment Management's activities in managing the investment funds of the takaful operator and that the risk management and compliance process is effective.

(iii) 3rd level - the independent unit

- The Risk Management Department and Compliance Department ("RMC") provides risk oversight for the major risk categories namely financial risk, family takaful risk, operational risk and Shariah non-compliance risk. The RMC proposes the risk tolerance level and facilitates the implementation of an integrated risk management framework. The RMC is functionally and organisationally independent of business functions and other risk taking units.

(b) Risk management and internal control policy

The objective of this policy is to provide the minimum standards for risk management and internal control for the Company. It requires putting capital at risk in a structured and disciplined manner.

The risk management and internal control policy:

- provides practical direction on how the business can be safeguarded from excessive operational, financial, takaful and reputational risk whilst enabling delivery on its business strategy;

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20. Risk management framework (cont'd)

(b) Risk management and internal control policy (cont'd.)

The risk management and internal control policy (cont'd.):

- supports the identification, assessment, monitoring, management and control of the material risks to achieving the Company's business objectives;
- provides the basis for the quantification of risk, supports risk based capital implementation and provides transparency on the completeness of risk management for the Company; and
- identifies that appropriate controls are in place to ensure the following requirements are met:
 - (i) controls within the organisation which are identified as the three lines of defence emphasising coordination of activities to achieve efficiency while avoiding duplication of effort.
 - (ii) controls within the operations to manage material risks, with documented action plans to improve controls where these are identified as inadequate. Where risks are not directly controllable by management action, the risk assessment process must consider an alternative risk response e.g. avoid, accept or transfer to maintain an acceptable tolerance level.
 - (iii) established risk oversight process to provide adequate challenge to the completeness and openness of risk assessment which should be reviewed by the RMCD, MC, ALCO with regards to investment risk, PMC with regard to takaful risk and SC with regard to Shariah non-compliance risk. All committees have their defined terms of reference and appropriate membership, with proceedings adequately recorded and actions followed up.

Capital Management

The objective of the Company's capital management plan is to ensure that the Company maintains a capital adequacy level that commensurate with the risk profile of the takaful operations. The capital management plan is geared towards compliance with the Risk Based Capital Framework for Takaful Operators ("RBCT"). The Company has complied with the requirements of the RBCT Framework.

The following factors are taken into consideration in formulating the capital management plan:

- Projected cash flows and liquidity requirement to meet the operational needs.
- Management of capital adequacy ratio ("CAR") based on the RBCT Framework; and
- Investment strategies for family takaful and investment-linked funds and shareholders' fund.

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20. Risk management framework (cont'd.)

Capital Management (cont'd)

The capital management plan will be reviewed and presented to the Board on an annual basis.

Stress testing

Stress testing is conducted to illustrate the liquidity needs and impact on asset growth under different plausible extreme scenarios based on the sensitivity analysis approach of significant decrease in new business from different distribution channel.

The Company has taken the approach to conduct three (3) stress tests that project over a 3-year financial plan.

Stress testing has been carried out to assess:

- The extent by which capital will be eroded by the threats identified and the impact on the Company's solvency margin; and
- The actions that will be required to mitigate the threats identified and the level of strategic assets allocation ("SAA") and tactical assets allocation ("TAA") recommended to maintain adequate liquidity.

21. Takaful risk management

Managing takaful risk is the core function of the Company in its role as the Takaful Operator. The objectives of managing takaful risks are to ensure the sustainability and sound management of the takaful fund, uphold the interests of participants through effective risk pooling and mutual assistance, and to promote financial stability while limiting excessive variability in the takaful fund's performance in accordance with Shariah principles.

Takaful risk arises from the pricing and underwriting of takaful certificates, where the actual claims experience may differ from the assumptions used in determining participant contributions and establishing the technical provisions of the takaful fund. These risks are borne collectively by the participants through the risk-sharing mechanism. Sources of takaful risk include certificate lapses and claims events such as mortality and morbidity, which may impact the adequacy of the takaful fund in providing mutual financial assistance in accordance with Shariah principles.

The Company utilises retakaful to manage the mortality and morbidity risks. Loss ratios would be monitored closely and takaful risk can be mitigated by a re-pricing exercise if the adverse experience persists.

Geographically, the Company's risks are concentrated in Malaysia. Catastrophic cover is procured to limit catastrophic losses.

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21. Takaful risk management (cont'd.)

Key assumptions

Material judgements are required in determining the claim liabilities and in the choice of assumptions. Assumptions used are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at date of valuation. Assumptions are further evaluated on a continuous basis in order to arrive at realistic and reasonable valuations.

Sensitivities

The sensitivity analysis is performed on all products except yearly renewable term product. This is because yearly renewable term product are not sensitive with change on key assumption. The following sensitivity analysis shows the impact on gross and net liabilities, contractual service margin, profit before tax and equity for reasonably possible movements in key assumptions with all other assumptions. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions. The method used for deriving sensitivity information and significant assumptions made did not change from the previous year.

2025

	Change in assumptions	Impact on CSM before tax gross of retakaful RM'000	Impact on CSM before tax net of retakaful RM'000
Mortality/morbidity rate	+10%	(61)	(61)
Expenses	+10%	(2,206)	(2,206)
Lapse and surrenders rate	+10%	(58)	(58)
Discount rate	+1%	275	275
Mortality/morbidity rate	-10%	61	61
Expenses	-10%	2,207	2,207
Lapse and surrenders rate	-10%	62	62
Discount rate	-1%	(578)	(578)

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21. Takaful risk management (cont'd.)

Sensitivities (cont'd.)

		Impact on CSM before tax gross of retakaful RM'000	Impact on CSM before tax net of retakaful RM'000
	Change in assumptions		
2024			
Mortality/morbidity rate	+10%	(48)	(48)
Expenses	+10%	(2,458)	(2,458)
Lapse and surrenders rate	+10%	(44)	(44)
Discount rate	+1%	387	387
Mortality/morbidity rate	-10%	48	48
Expenses	-10%	2,521	2,521
Lapse and surrenders rate	-10%	49	49
Discount rate	-1%	(775)	(775)

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21. Takaful risk management (cont'd.)

Sensitivities (cont'd.)

		Impact on profit before tax gross of retakaful	Impact on profit before tax net of retakaful	Impact on equity gross of retakaful	Impact on equity net of retakaful
2025	Change in assumptions	RM'000	RM'000	RM'000	RM'000
Mortality/morbidity rate	+10%	(25)	(25)	(19)	(19)
Expenses	+10%	(2,645)	(2,645)	(2,010)	(2,010)
Lapse and surrenders rate	+10%	(483)	(483)	(367)	(367)
Discount rate	+1%	(2,483)	(2,483)	(1,887)	(1,887)
Mortality/morbidity rate	-10%	25	25	19	19
Expenses	-10%	2,644	2,644	2,009	2,009
Lapse and surrenders rate	-10%	571	571	434	434
Discount rate	-1%	2,814	2,814	2,139	2,139
2024					
Mortality/morbidity rate	+10%	(25)	(25)	(19)	(19)
Expenses	+10%	(2,059)	(2,059)	(1,565)	(1,565)
Lapse and surrenders rate	+10%	(704)	(704)	(535)	(535)
Discount rate	+1%	(2,311)	(2,311)	(1,757)	(1,757)
Mortality/morbidity rate	-10%	25	25	19	19
Expenses	-10%	1,996	1,996	1,517	1,517
Lapse and surrenders rate	-10%	824	824	626	626
Discount rate	-1%	2,554	2,554	1,941	1,941

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22. Financial risk

22.1 Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer, an intermediary or counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

The Company's primary exposure to credit risk arises through its investment in fixed income securities, placements or balances with financial institutions, retakaful contribution receivables and recoveries from retakaful operators.

Receivables

Risk management objectives, policies and process for managing the risk

Management has taken reasonable steps to ensure that contribution receivables that are neither past due nor impaired are stated at their realisable values. The Company uses ageing analysis to monitor the credit quality of contribution receivables. Contribution receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

Recoveries from retakaful operators are monitored by the Finance Department. The Company monitors the credit quality and financial conditions on a quarterly basis as part of its overall credit risk management framework. The Company cedes the majority of its business to retakaful operators that are deemed to be qualified retakaful operators under the Risk-Based Capital Framework.

Investments and deposit placements

Risk management objectives, policies and procedures for managing the risk

For fixed income securities, the Company relies on the ratings assigned by external rating agencies to assess the issuer's credit risk. Monitoring of credit is carried out by the Finance Department and any adverse changes in the credit profile on a security to below A-rated would be reported to the Investment Committee.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Company has only invested in domestic securities and have placements with domestic licensed banks. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

In view of the credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations. The Company does not have overdue investments that have not been impaired.

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22. Financial risk (cont'd.)**22.1 Credit risk (cont'd.)****22.1.1 Credit exposure**

The credit risk analysis below is presented in line with how the Family takaful fund/Company manages the risk. The Company manages its credit exposure based on the carrying value of the receivables, investments and deposit placements.

Family takaful fund	2025	2024
	RM	RM
Cash and cash equivalents	172,047,334	154,166,168
Investments:		
Debt instruments at FVTPL (Note 12(a))	64,980,997	62,325,940
Debt instruments at FVOCI (Note 12(b))	503,624,335	424,965,572
Retakaful certificate assets (Note 13)	13,988,054	15,193,920
Other receivables*	5,890,096	5,460,686
Total credit risk exposure	760,530,816	662,112,286

Company	2025	2024
	RM	RM
Cash and cash equivalents	197,655,843	166,789,796
Investments:		
Debt instruments at FVTPL (Note 12(a))	64,980,997	63,448,161
Debt instruments at FVOCI (Note 12(b))	536,139,992	461,665,764
Retakaful certificate assets (Note 13)	13,988,054	15,193,920
Other receivables*	6,556,402	6,329,303
Total credit risk exposure	819,321,288	713,426,944

* Excludes prepayment of RM248,000 (2024 : RM248,000) for the Company as at reporting date.

Other than retakaful certificate assets, the carrying value of above assets are neither past due nor impaired as at reporting date, hence the ECL estimated is immaterial. As at the date of reporting, NIL (2024: RM421,275) ECL has been recognised on the amount recoverable on incurred claims. The table below shows the movements of the lifetime ECL on amount recoverable on incurred claims.

	Family takaful fund/Company	
	2025	2024
	RM	RM
As at 1 April	421,275	30,535
Movement during the year	(421,275)	390,740
As at 31 March	-	421,275

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22. Financial risk (cont'd.)

22.1 Credit risk (cont'd.)

22.1.1 Credit exposure (cont'd.)

The analysis on the investments and deposits placement shows that the parameter allows up to 95% of investment in Government Guaranteed Sukuk or GII, up to 95% of investment in sukuk with minimum credit rating of AA2 (RAM or its equivalent) and maximum of 15% of investment in sukuk with credit rating of AA3 (RAM or its equivalent).

22.1.2 Significant increase in credit risk, default and cure.

The Company considers that there has been a significant increase in credit risk when any contractual payments are more than 90 days past due. In addition, the Company also considers a variety of instances that may indicate unlikelihood to pay by assessing whether there has been a significant increase in credit risk. Such events include:

- Internal rating of the counterparty indicating default or near-default
- The counterparty having past due liabilities to public creditors or employees
- The counterparty (or any legal entity within the debtor's group) filing for bankruptcy application/protection
- Counterparty's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties

In rare cases when an instrument identified as defaulted, it is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of credit-impaired when none of the default criteria have been present for at least twelve consecutive months.

There has been no significant increase in credit risk or default for financial assets during the year.

22.1.3 Expected credit loss

The Company assesses the possible default events within 12 months for the calculation of the 12mECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal and the expected loss given default ratio assumed to be 100%.

In rare cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

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22. Financial risk (cont'd.)

Credit exposure

At the reporting date, the Company's maximum exposure to credit risk is represented by the maximum amount of each class of financial/takaful asset subject to credit risk recognised in the statement of financial position as shown in the table below:

	Note	Family takaful fund RM	Company RM
31 March 2025			
Financial assets:			
Debt instruments measured at FVTPL:			
Malaysian government securities	12(a)	212,442	212,442
Islamic corporate debt securities	12(a)	15,930,182	15,930,182
Unit and property trust fund	12(a)	21,402,525	21,402,525
Debt instruments measured at FVOCI:			
Malaysian government securities	12(b)	90,377,484	104,594,424
Islamic corporate debt securities	12(b)	413,246,851	431,545,568
Debt instruments measured at amortised cost:			
Retakaful certificate assets	13	13,988,054	13,988,054
Other receivables (excluding prepayments)		5,890,096	6,556,402
Cash and cash equivalents		172,047,334	197,655,843
		<u>733,094,968</u>	<u>791,885,440</u>

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22. Financial risk (cont'd.)

Credit exposure (cont'd.)

	Note	Family takaful fund RM	Company RM
31 March 2024			
Financial assets:			
Debt instruments measured at FVTPL:			
Malaysian government securities	12(a)	211,690	211,690
Islamic corporate debt securities	12(a)	13,780,681	13,780,681
Unit and property trust fund	12(a)	20,570,987	21,693,208
Debt instruments measured at FVOCI:			
Malaysian government securities	12(b)	65,314,840	69,268,760
Islamic corporate debt securities	12(b)	359,650,732	392,397,004
Debt instruments measured at amortised cost:			
Retakaful certificate assets	13	15,193,920	15,193,920
Other receivables (excluding prepayments)		5,460,686	6,329,303
Cash and cash equivalents		154,166,168	166,789,796
		<u>634,349,704</u>	<u>685,664,362</u>

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22. Financial risk (cont'd.)

Credit exposure by credit rating

31 March 2025

Family takaful fund

Financial assets:

Debt instruments measured at FVTPL:

Malaysian government securities

212,442 - - 212,442

Islamic corporate debt securities

- 15,930,182 - 15,930,182

Debt instruments measured at FVOCI:

Malaysian government securities

90,377,484 - - 90,377,484

Islamic corporate debt securities

- 413,246,851 - 413,246,851

Debt instruments measured at amortised cost:

Retakaful certificate assets

- 13,988,054 - 13,988,054

Other receivables (excluding prepayments)

1,441,566 4,384,509 64,021 5,890,096

Cash and cash equivalents

- 172,029,949 17,385 172,047,334

92,031,492 619,579,545 81,406 711,692,443

* Based on public ratings assigned by Rating Agency Malaysia (RAM) and Malaysian Rating Corporation Berhad (MARC).

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22. Financial risk (cont'd.)

Credit exposure by credit rating (cont'd.)

31 March 2025

Company

Financial assets:

Debt instruments measured at FVTPL:

Malaysian government securities

212,442 - - 212,442

Islamic corporate debt securities

- 15,930,182 - 15,930,182

Debt instruments measured at FVOCI:

Malaysian government securities

104,594,424 - - 104,594,424

Islamic corporate debt securities

- 431,545,568 - 431,545,568

Debt instruments measured at amortised cost:

Retakaful certificate assets

- 13,988,054 - 13,988,054

Other receivables (excluding prepayments)

1,496,771 4,694,773 364,858 6,556,402

Cash and cash equivalents

- 197,637,458 18,385 197,655,843

106,303,637 663,796,035 383,243 770,482,915

* Based on public ratings assigned by Rating Agency Malaysia (RAM) and Malaysian Rating Corporation Berhad (MARC).

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22. Financial risk (cont'd.)

Credit exposure by credit rating (cont'd.)

31 March 2024

Family takaful fund

Financial assets:

Debt instruments measured at FVTPL:

Malaysian government securities

211,690 - - 211,690

Islamic corporate debt securities

- 13,780,681 - 13,780,681

Debt instruments measured at FVOCI:

Malaysian government securities

65,314,840 - - 65,314,840

Islamic corporate debt securities

- 359,650,732 - 359,650,732

Debt instruments measured at amortised cost:

Retakaful certificate assets

- 15,193,920 - 15,193,920

Other receivables (excluding prepayments)

1,398,758 3,969,986 91,942 5,460,686

Cash and cash equivalents

- 154,147,663 18,505 154,166,168

66,925,288 546,742,982 110,447 613,778,717

* Based on public ratings assigned by Rating Agency Malaysia (RAM) and Malaysian Rating Corporation Berhad (MARC).

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22. Financial risk (cont'd.)

Credit exposure by credit rating (cont'd.)

31 March 2024

Company

Financial assets:

Debt instruments measured at FVTPL:

Malaysian government securities

211,690 - - 211,690

Islamic corporate debt securities

- 13,780,681 - 13,780,681

Debt instruments measured at FVOCI:

Malaysian government securities

69,268,760 - - 69,268,760

Islamic corporate debt securities

- 392,397,004 - 392,397,004

Debt instruments measured at amortised cost:

Retakaful certificate assets

- 15,193,920 - 15,193,920

Other receivables (excluding prepayments)

1,398,758 4,449,283 481,262 6,329,303

Cash and cash equivalents

- 166,771,291 18,505 166,789,796

70,879,208 592,592,179 499,767 663,971,154

* Based on public ratings assigned by Rating Agency Malaysia (RAM) and Malaysian Rating Corporation Berhad (MARC).

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22. Financial Risk (cont'd.)

22.2 Liquidity risk

Liquidity risk is the risk that the Company may not have sufficient liquid financial resources to meet its obligations when they fall due. The Company's policy is to maintain adequate liquidity to meet its liquidity needs under normal and stressed conditions.

As part of its liquidity management, the Company maintains sufficient level of cash and cash equivalents to meet expected and to a lesser extent unexpected outflows.

22.2.1 Maturity analysis

The following table summarises the maturity profile of groups of takaful certificates held that are liabilities of the Company based on the undiscounted contractual cash flows that expected to be paid out in the periods presented:

Family takaful fund

	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
	RM	RM	RM	RM	RM	RM	RM
2025							
Takaful certificate liabilities	8,769,193	20,344,907	900,007	1,053,611	1,065,972	704,899,621	737,033,311
2024							
Takaful certificate liabilities	8,585,799	22,244,354	505,080	769,494	864,904	625,367,214	658,336,845
Company							
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
	RM	RM	RM	RM	RM	RM	RM
2025							
Takaful certificate liabilities	12,071,117	21,983,856	1,419,818	762,781	79,159	668,222,195	704,538,926
2024							
Takaful certificate liabilities	11,045,941	23,189,043	528,648	14,450	(516,085)	593,064,899	627,326,896

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22. Financial Risk (cont'd.)**22.2 Liquidity risk (cont'd.)****22.2.1 Maturity analysis (cont'd.)**

Maturity analysis for financial assets and liabilities (contractual undiscounted cash flow basis)

The following table summarises the maturity profile of financial assets and financial liabilities of the Company based on remaining undiscounted contractual cash flows, including profit receivable.

Family takaful fund

	Up to 1 year RM	>5 years RM	No maturity RM	Total RM
As at 31 March 2025				
Financial assets				
Cash and cash equivalents	172,047,334	-	-	172,047,334
Debt instruments at FVTPL	37,545,149	-	-	37,545,149
Quoted shariah approved equities in Malaysia	-	-	27,435,848	27,435,848
Debt instruments at FVOCI	-	503,624,335	-	503,624,335
Retakaful certificate assets	13,988,054	-	-	13,988,054
Other receivables	5,890,096	-	-	5,890,096
Total	229,470,633	503,624,335	27,435,848	760,530,816
Financial Liabilities				
Other payables	26,048,309	-	-	26,048,309
As at 31 March 2024				
Financial assets				
Cash and cash equivalents	154,166,168	-	-	154,166,168
Debt instruments at FVTPL	34,563,358	-	-	34,563,358
Quoted shariah approved equities in Malaysia	-	-	27,762,582	27,762,582
Debt instruments at FVOCI	-	424,965,572	-	424,965,572
Retakaful certificate assets	15,193,920	-	-	15,193,920
Other receivables	5,460,686	-	-	5,460,686
Total	209,384,132	424,965,572	27,762,582	662,112,286
Financial Liabilities				
Other payables	15,141,401	-	-	15,141,401

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22. Financial Risk (cont'd.)**22.2 Liquidity risk (cont'd.)****22.2.1 Maturity analysis (cont'd.)**

Maturity analysis for financial assets and liabilities (contractual undiscounted cash flow basis) (cont'd.)

Company

	Up to 1 year RM	>5 years RM	No maturity RM	Total RM
As at 31 March 2025				
Financial assets				
Cash and cash equivalents	197,655,843	-	-	197,655,843
Debt instruments at FVTPL	37,545,149	-	-	37,545,149
Quoted shariah approved equities in Malaysia	-	-	27,435,848	27,435,848
Debt instruments at FVOCI	-	536,139,992	-	536,139,992
Retakaful certificate assets	13,988,054	-	-	13,988,054
Other receivables*	6,556,402	-	-	6,556,402
Total	255,745,448	536,139,992	27,435,848	819,321,288
Financial Liabilities				
Lease liability	2,260,665	-	-	2,260,665
Other payables	20,549,261	-	-	20,549,261
Total	22,809,926	-	-	22,809,926
	Up to 1 year RM	>5 years RM	No maturity RM	Total RM
As at 31 March 2024				
Financial assets				
Cash and cash equivalents	166,789,796	-	-	166,789,796
Debt instruments at FVTPL	35,685,579	-	-	35,685,579
Quoted shariah approved equities in Malaysia	-	-	27,762,582	27,762,582
Debt instruments at FVOCI	-	461,665,764	-	461,665,764
Retakaful certificate assets	15,193,920	-	-	15,193,920
Other receivables*	6,329,303	-	-	6,329,303
Total	223,998,598	461,665,764	27,762,582	713,426,944
Financial Liabilities				
Lease liability	363,115	-	-	363,115
Other payables	19,354,818	-	-	19,354,818
Total	19,717,933	-	-	19,717,933

* Excludes prepayment of RM248,000 (2024 : RM248,000) as at reporting date.

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22. Financial Risk (cont'd.)

22.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprised two types of exposures i.e profit rate risk and other price risk.

22.4 Profit rate risk

Profit rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates.

Risk management objectives, policies and processes for managing the risk

Profit rate risk is managed by the Company on an on-going basis with the primary objective of limiting the extent to which solvency and profitability can be affected by an adverse movement in profit rates.

Exposure to profit rate risk

The Company does not have any variable rate investments and borrowings, and hence are not exposed to a risk of change in cash flows due to changes in profit rates.

The Company's and Family fund exposure to profit rate risk sensitive takaful and retakaful certificates and debt instruments are, as follows:

	2025 RM	2024 RM
Family takaful fund		
Retakaful certificate assets held	13,988,054	15,193,920
Takaful certificate liabilities issued	731,768,854	644,706,440
Debt instruments at FVOCI	503,624,335	424,965,572
Cash and cash equivalents	172,047,334	154,166,168
	<u>1,421,428,577</u>	<u>1,239,032,100</u>

	2025 RM	2024 RM
Company		
Retakaful certificate assets held	13,988,054	15,193,920
Takaful certificate liabilities issued	827,236,851	730,541,468
Debt instruments at FVOCI	536,139,992	461,665,764
Cash and cash equivalents	197,655,843	166,789,796
	<u>1,575,020,740</u>	<u>1,374,190,948</u>

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22. Financial Risk (cont'd.)**22.4 Profit rate risk (cont'd.)**

	Changes in basis points %	Effect on takaful certificate liabilities (Decrease)/ increase RM	Effect on surplus before tax (Decrease)/ increase RM	Effect on participants' *fund (Decrease)/ increase RM
31 March 2025				
Family takaful fund				
Profit rates	+ 100 bps	(28,804,221)	(855,378)	(27,286,831)
Profit rates	- 100 bps	28,804,221	996,899	27,417,030
	Changes in basis points %	Effect on takaful certificate liabilities (Decrease)/ increase RM	Effect on surplus before tax (Decrease)/ increase RM	Effect on *equity (Decrease)/ increase RM
Company				
Profit rates	+ 100 bps	(31,040,641)	(855,378)	(28,986,510)
Profit rates	- 100 bps	31,040,641	996,899	29,116,710
	Changes in basis points %	Effect on takaful certificate liabilities (Decrease)/ increase RM	Effect on surplus before tax (Decrease)/ increase RM	Effect on participants' *fund (Decrease)/ increase RM
31 March 2024				
Family takaful fund				
Profit rates	+ 100 bps	(23,860,838)	(743,839)	(22,636,303)
Profit rates	- 100 bps	23,860,838	1,243,747	23,096,218
	Changes in basis points %	Effect on takaful certificate liabilities (Decrease)/ increase RM	Effect on surplus before tax (Decrease)/ increase RM	Effect on *equity (Decrease)/ increase RM
Company				
Profit rates	+ 100 bps	(25,867,548)	(743,839)	(24,161,402)
Profit rates	- 100 bps	25,867,548	1,243,747	24,621,318

*Effect on equity and participants' fund is after considering tax effects.

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22. Financial Risk (cont'd.)
22.5 Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument or takaful certificate assets and liabilities will fluctuate because of changes in market prices (other than those arising from profit rate), regardless whether those changes are caused by factors specific to the individual financial instrument or contract, 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 invests in quoted equity securities and unit trust funds which fair value is quoted as the Net Asset Value (NAV) per unit in circularisation. The Company is exposed to the changes in NAV/unit of these funds.

The following table demonstrates the sensitivity to a reasonably possible change in market indices on the quoted equity securities and unit trust fund of the Family takaful fund/Company:

		Family takaful fund		Company	
		Effect on surplus before tax	Effect on participants' *fund	Effect on loss before tax	Effect on *equity
Change in market indices		Increase/(decrease)	Increase/(decrease)	Increase/(decrease)	Increase/(decrease)
	%	RM	RM	RM	RM
2025					
Quoted equity securities and property fund:					
Market indices:					
FBMKLCI	10%	2,831,027	2,604,545	2,831,027	2,604,545
FBMKLCI	-10%	(2,831,027)	(2,604,545)	(2,831,027)	(2,604,545)
Unquoted unit trust fund:					
Market indices:					
NAV	10%	2,052,810	1,888,585	2,052,810	1,888,585
NAV	-10%	(2,052,810)	(1,888,585)	(2,052,810)	(1,888,585)

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22. Financial Risk (cont'd.)**22.5 Other price risk (cont'd.)**

		Family takaful fund		Company	
		Effect on surplus before tax	Effect on participants' *fund	Effect on loss before tax	Effect on *equity
Change in market indices		Increase/ (decrease)	Increase/ (decrease)	Increase/ (decrease)	Increase/ (decrease)
%		RM	RM	RM	RM
2024					
Quoted equity securities and property fund:					
Market indices:					
FBMKLCI	10%	2,880,579	2,650,133	2,880,579	2,650,133
FBMKLCI	-10%	(2,880,579)	(2,650,133)	(2,880,579)	(2,650,133)
Unquoted unit trust fund:					
Market indices:					
NAV	10%	1,952,778	1,796,555	2,065,000	1,899,800
NAV	-10%	(1,952,778)	(1,796,555)	(2,065,000)	(1,899,800)

* Effect on equity and participants' fund is after considering tax effects.

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22. Financial Risk (cont'd.)

22.6 Operational Risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. Operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

The Company mitigates operational risk by establishing a control framework and by monitoring and responding to potential risks. Controls include segregation of duties, access controls, authorisation, reconciliation procedures, staff training and evaluation procedures, including the use of Internal Audit.

The Company has a Business Continuity Plan in place to ensure all aspects of the Company remain to be functioning in the midst of disruptive events. The Company also has a Disaster Recovery Plan which focuses on the technology systems that support various business functions.

23. Fair values of financial assets and liabilities

The bases by which fair values of financial assets are determined and disclosed in Note 2.6 as well as the relevant explanatory notes in the financial statements.

The Company and its funds use the following hierarchy for determining and disclosing the fair value of its assets by valuation techniques. The Company and Family takaful fund do not have any liabilities carried at fair value:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Valuation techniques

(i) Cash and bank balances, deposit placement in financial institution and other receivables/payables

The carrying amounts approximate fair values due to the relatively short-term maturity of these financial instruments.

(ii) Investments

Investments have been accounted for in accordance with the accounting policies as disclosed in Note 2.6. The carrying amounts and fair values of investments are disclosed in Note 12 of the financial statements.

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

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	Quoted market price (Level 1) RM	Observable inputs (Level 2) RM	Total RM
31 March 2025			
Family takaful fund			
<u>Equity and debt instruments at FVTPL</u>			
Malaysian government securities	-	212,442	212,442
Quoted shariah approved equities in Malaysia	27,435,848	-	27,435,848
Islamic corporate debt securities	-	15,930,182	15,930,182
Unit and property trust fund	21,402,525	-	21,402,525
<u>Debt instruments at FVOCI</u>			
Malaysian government securities	-	90,377,484	90,377,484
Islamic corporate debt securities	-	413,246,851	413,246,851
	<u>48,838,373</u>	<u>519,766,959</u>	<u>568,605,332</u>
Company			
<u>Equity and debt instruments at FVTPL</u>			
Malaysian government securities	-	212,442	212,442
Quoted shariah approved equities in Malaysian	27,435,848	-	27,435,848
Islamic corporate debt securities	-	15,930,182	15,930,182
Unit and property trust fund	21,402,525	-	21,402,525
<u>Debt instruments at FVOCI</u>			
Malaysian government securities	-	104,594,424	104,594,424
Islamic corporate debt securities	-	431,545,568	431,545,568
	<u>48,838,373</u>	<u>552,282,616</u>	<u>601,120,989</u>

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

	Quoted market price (Level 1) RM	Observable inputs (Level 2) RM	Total RM
31 March 2024			
Family takaful fund			
<u>Equity and debt instruments at FVTPL</u>			
Malaysian government securities	-	211,690	211,690
Quoted shariah approved equities in Malaysia	27,762,582	-	27,762,582
Islamic corporate debt securities	-	13,780,681	13,780,681
Unit and property trust fund	20,570,987	-	20,570,987
<u>Debt instruments at FVOCI</u>			
Malaysian government securities	-	65,314,840	65,314,840
Islamic corporate debt securities	-	359,650,732	359,650,732
	<u>48,333,569</u>	<u>438,957,943</u>	<u>487,291,512</u>
Company			
<u>Equity and debt instruments at FVTPL</u>			
Malaysian government securities	-	211,690	211,690
Quoted shariah approved equities in Malaysia	27,762,582	-	27,762,582
Islamic corporate debt securities	-	13,780,681	13,780,681
Unit and property trust fund	21,693,208	-	21,693,208
<u>Debt instruments at FVOCI</u>			
Malaysian government securities	-	69,268,760	69,268,760
Islamic corporate debt securities	-	392,397,004	392,397,004
	<u>49,455,790</u>	<u>475,658,135</u>	<u>525,113,925</u>

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24. Regulatory capital requirement

The capital structure of the Company as prescribed under the RBCT Framework is provided below:

	Takaful operator RM	Family takaful fund RM	Company RM
31 March 2025			
Eligible Tier 1 Capital			
Share capital (paid up)	178,000,001	-	178,000,001
Accumulated losses	(120,612,539)	-	(120,612,539)
Valuation surplus maintained in takaful funds	-	18,392,968	18,392,968
	<u>57,387,462</u>	<u>18,392,968</u>	<u>75,780,430</u>
Tier 2 Capital			
Eligible reserves	4,908,832	855,536	5,764,368
Amount deducted from capital	(6,391,901)	(79,989)	(6,471,890)
Total capital available	<u>55,904,393</u>	<u>19,168,515</u>	<u>75,072,908</u>
31 March 2024			
Eligible Tier 1 Capital			
Share capital (paid up)	149,000,001	-	149,000,001
Accumulated losses	(102,247,106)	-	(102,247,106)
Valuation surplus maintained in takaful funds	-	19,655,235	19,655,235
	<u>46,752,895</u>	<u>19,655,235</u>	<u>66,408,130</u>
Tier 2 Capital			
Eligible reserves	6,037,267	726,009	6,763,276
Amount deducted from capital	(6,637,721)	(34,830)	(6,672,551)
Total capital available	<u>46,152,441</u>	<u>20,346,414</u>	<u>66,498,855</u>

The Company has, as at 31 March 2025, maintained a capital adequacy ratio of 227.71% which exceeds the minimum supervisory target capital level as expected by Bank Negara Malaysia under the RBCT Framework.

The total capital available above is measured based on the requirements prescribed under the Framework by BNM and differs from the measurement basis reported in the statutory financial statements prepared in accordance with MFRS17.