

TUNE INSURANCE MALAYSIA BERHAD
(30686-K)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2025

197601004719 (30686-K)

**Tune Insurance Malaysia Berhad
(Incorporated in Malaysia)**

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Directors' report

The directors have pleasure in submitting their report together with the audited financial statements of the Company for the financial year ended 31 December 2025.

Principal activities

The principal activity of the Company is the underwriting of all classes of general insurance business.

Holding company

The immediate and ultimate holding company of the Company is Tune Protect Group Berhad ("TPG"), a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

Results

	RM'000
Net profit for the year	<u>29,258</u>

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

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

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year.

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Directors

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

Mohamed Rashdi Bin Mohamed Ghazalli

- Independent Non-Executive Director, Chairman

Jayakumar A/L Somasundram (Re-appointed on 21 September 2025)

- Independent Non-Executive Director

Azian Binti Kassim

- Independent Non-Executive Director

How Kim Lian

- Executive Director

Lim Joo Leong (Appointed on 1 August 2025)

- Independent Non-Executive Director

Lim Chong Beng (Ceased on 1 September 2025)

- Non-Independent Non-Executive Director

Profiles of directors

The following are the profiles of the directors of the Company.

Mohamed Rashdi bin Mohamed Ghazalli

- Independent Non-Executive Director, Chairman

Encik Mohamed Rashdi bin Mohamed Ghazalli joined the Board of Tune Insurance Malaysia Berhad on 19 February 2021 as Independent Non-Executive Director. He was appointed as Chairman of the Board of Directors on 22 May 2021. He is also a member of Audit Committee, Risk Management Committee, Nomination Committee, Remuneration Committee and Investment Committee of the Company.

Encik Mohamed Rashdi had a thriving career in IT and Management Consulting with Coopers & Lybrand, IBM Consulting and PricewaterhouseCoopers over a span of 20 years. During his career, Encik Mohamed Rashdi worked with Telecoms Australia as well as Coopers & Lybrand in the United Kingdom. He was a Partner of PwC Consulting (East Asia) and IBM Consulting, as well as IT and Consulting Advisor at PwC Malaysia.

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Profiles of directors (cont'd.)

**Mohamed Rashdi bin Mohamed Ghazalli (cont'd.)
- Independent Non-Executive Director, Chairman**

As a management and technology consultant, Encik Mohamed Rashdi has personally led assignments in strategy and economics, business process improvement, information systems planning and IT project management. He has provided consultancy expertise across a range of industries such as government, telecommunications, oil & gas, transport and utilities with exposure in manufacturing and financial services.

Encik Mohamed Rashdi graduated in 1979 with a Bachelor of Science (Honours) degree in Computation from the University of Manchester Institute of Science and Technology, United Kingdom.

He sits on the Board of Tune Protect Group Berhad and BOS Wealth Management Malaysia Berhad. He also sits on the Board of Trustees of Yayasan Siti Sapura Husin.

**Jayakumar A/L Somasundram
- Independent Non-Executive Director**

Mr Jayakumar A/L Somasundram was appointed as an Independent Non-Executive Director of the Company on 21 September 2022. Subsequently on 28 October 2022, he was appointed as the Chairman of the Risk Management Committee and a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. He was re-designated as the Chairman of the Nomination Committee and Remuneration Committee of the Company on 1 April 2023.

Mr Jayakumar holds a Bachelor of Science with Education degree with Honours (B.Sc. Ed. Hons), majoring in Mathematics. He is a Fellow of the Chartered Insurance Institute (FCII) United Kingdom and also a Fellow of the Malaysian Insurance Institute (FMII).

Mr Jayakumar has more than 36 years of experience and is familiar with all the key areas in the non-life insurance industry. He spent a greater part of his career, a total of 21 years, in Tokio Marine Insurans (Malaysia) Berhad (Tokio Marine) until his retirement on 26 November 2020. Mr Jayakumar has over the years held several senior management roles in Tokio Marine including that of Chief Executive Officer, Executive Advisor, Senior Advisor, Deputy Chief Executive Officer and Chief Operating Officer. His recent experiences include that of re-structuring of the Company and the business with a view to profitability as well as demands for the de-tariff / liberalized market. He had also led the team for the liberalization of Motor and Fire which successfully launched the new Motor GLM and new products and pricing for Fire.

He is passionate about the insurance industry and has contributed by serving in the general insurance association as well as other insurance related organizations, inter-alia, he acted as a Council Member of Fire Protection Association of Malaysia (FPAM), Management Committee of Persatuan Insurans Am Malaysia (PIAM) and Council Member of Malaysian Motor Insurance Pool (MMIP).

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Profiles of directors (cont'd.)

Azian Binti Kassim

- Independent Non-Executive Director

Ms Azian Binti Kassim was appointed as an Independent Non-Executive Director of the Company on 1 May 2024. She was appointed as a member of the Investment Committee effective 11 May 2024. On 24 May 2024, Ms Azian also became a member of the Audit Committee, Risk Management Committee, Nomination Committee, and Remuneration Committee. She was eventually re-designated as the Chairperson of the Audit Committee, effective 1 September 2024. She was re-designated as the Chairperson of the Remuneration Committee effective 1 March 2025. Effective 1 November 2025, she was re-designated as the Chairperson of the Group Investment Committee.

Ms Azian is a Fellow of the Association of Chartered Certified Accountants, United Kingdom, and a Chartered Accountant registered with the Malaysian Institute of Accountants. She has nearly 28 years of experience in the capital market and portfolio management. Ms Azian started her career as an auditor and later moved into investment roles with BBMB Unit Trust Management Berhad, followed by Perwira Affin Merchant Bank Berhad, and RHB Asset Management Sdn Bhd, where she held various key managerial roles.

She then joined Maybank Investment Management Sdn Bhd, where she was responsible for overseeing investment strategies and portfolio development. After that, she joined Syarikat Takaful Malaysia Berhad (now Syarikat Takaful Malaysia Keluarga Berhad), where she played a pivotal role in building the investment division and strengthening its portfolio management capabilities.

Ms Azian is also a member of the Board of Directors of Perak Transit Berhad, MRT Corporation Sdn Bhd, MRT Lingkar Sdn Bhd and, Malaysian Rapid Transit System Sdn Bhd and Amlslamic Funds Management Sdn Bhd.

How Kim Lian

- Executive Director

Mr How Kim Lian joined Tune Protect Group on 4 May 2020 as the Group Chief Financial Officer (GCFO) and was appointed as the Group Chief Executive Officer (GCEO) on 29 July 2024. In his role as GCEO, How will deepen Tune Protect's presence in the lifestyle ecosystem and engage with key regional players to establish the Group as a leading regional insurance provider in the travel sector. His strategic focus is on showcasing the Group's capabilities as a comprehensive service provider, encompassing technology and reinsurance, to deliver a consistent customer experience and a global product offering.

In his previous role as GCFO, Mr How oversaw Finance, Procurement, Legal, and Corporate Secretarial portfolios. He reviewed and established financial strategies aligned with the Company's Corporate Strategy by evaluating operational trends, measurements, and productivity levels, while also exploring acquisition and expansion prospects.

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Profiles of directors (cont'd.)

**How Kim Lian (cont'd.)
- Executive Director**

In addition to his role as GCEO, Mr How has been appointed as an Executive Director of Tune Insurance Malaysia Berhad effective 2 December 2024. He also serves as a Director in Tune Protect Re Ltd., and Tune Protect Thailand.

Prior to joining Tune Protect, Mr How was the Group Deputy Chief Financial Officer at AirAsia. He has over 21 years of senior management experience, including strategic development in Finance Transformation, Programme Management, Enterprise Performance Management, and Investor Relations.

He is a member of the Malaysian Institute of Accountants (MIA), the Institute of Internal Auditors (IIA), and a Certified Internal Auditor (CIA).

**Lim Joo Leong
- Independent Non-Executive Director**

Mr Lim Joo Leong ("Mr Lim") was appointed as an Independent Non- Executive Director of Tune Insurance Malaysia Berhad ("TPM") on 1 August 2025. He is a seasoned finance professional with more than 25 years of experience spanning the accounting and insurance sectors. Mr Lim is a Fellow of the Association of Chartered Certified Accountants (FCCA), United Kingdom, and a Chartered Accountant registered in Malaysia. On 1 September 2025, Mr Lim also became a member of the Audit Committee, Risk Management Committee, Nomination Committee, and Remuneration Committee.

Currently, Mr Lim serves as the Executive Director and Head of Finance & Operations at CNM Malaysia Sdn Bhd, a subsidiary of CNM LLP, a technical advisory firm that provides high-value advisory services based in California, United States of America. In this role, he oversees the financial operations of the Group as well as all operational support functions for the company in Malaysia.

Prior to joining CNM, Mr Lim held the position of Chief Financial Officer at Chubb Insurance Malaysia Berhad. His portfolio included financial planning and analysis, financial reporting, capital management, finance operations, credit control, cash management, and joint company secretarial responsibilities. He also served as Director of Chubb IT Development Centre. Mr Lim was actively involved in various board and management committees, including the Risk Management Committee, Audit Committee, Management Risk Committee, Management Reinsurance Committee, Collections Committee and Management Reserve Valuation Committee.

Mr Lim started his career with PricewaterhouseCoopers Malaysia and held leadership roles at several prominent organizations, including AmGeneral Insurance, QBE Insurance, Syarikat Takaful Malaysia Berhad, Malaysian Assurance Alliance Berhad, and GeneralCologne Re. His professional journey reflects a consistent focus on financial leadership, regulatory compliance, credit control, and strategic business operations.

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Trainings attended by the directors

As an integral element of the process of appointing new directors, the Company ensures that there is an orientation and education programme for new board members. Directors will also receive further training from time to time on various aspects of their responsibilities as Directors of the Company such as new laws and regulations, to further enhance their skills and knowledge, where relevant.

All the Directors have attended educational trainings and seminars and were given briefings, to keep abreast of new regulatory developments and the business environment as well as to assist them in the discharge of their duties. The following are the trainings attended by the Directors during the financial year ended 31 December 2025:

- BNM 2025 Economic and Financial Outlook Engagement Session
- Ernst & Young (EY) "ESG Sustainability Sharing Session (CRMSA, TCFD, IFRS S1 & S2)"
- FIDE Forum-E Invoice & Service tax Impact on Independent Directors
- EY Webinar-Greenwashing- can your green claims stand up
- PwC AI Leadership Conference
- Virtual MIA International Accountants Conference 2025
- EY Webinar-IFRS S1 and IFRS S2
- The Climate Risk Landscape (2023) by David Carlin (Virtually)
- Certificate in Climate Risks. Chartered Bankers Institute.
- FIDE Forum – Facing the Future: Elevating Board Leadership in a time of Transformation
- Anti Money Laundering Awareness
- ASEAN Investment Conference 2025
- AmBank Asian Economy: Impact - Climate Risk
- MIA Webinar Series: ESG Audit for External Audit
- FIDE Forum: FIDE Core Module A (Insurance)
- BNM's Engagement Session with Chairpersons and CEOs of ITOs and Associations in conjunction with the release of AR 2024, EMR 2024 & FSR 2H2024
- Cyber Security Awareness session
- FIDE Forum: FIDE Core Module B (Insurance)
- FIDE Forum-AI's Next Wave: Chips, Code, and Localisation
- Governance of Sustainability Climate Risk by KPMG
- MIA Case Study-Based Webinar: Sustainability-Related Risks and Opportunities
- MIA International Accountants Conference 2025
- Post MFRS 17 Insights by Ernst & Young
- Talk by Malaysian Anti-Corruption Commission

Corporate governance and internal controls

The directors confirmed that the Company has complied with all prescriptive requirements of and adopts management practices that are consistent with the corporate governance principles set out in the policy document on Corporate Governance issued by Bank Negara Malaysia ("BNM") - Corporate Governance Policy Document.

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Corporate governance and internal controls (cont'd.)

(a) Responsibilities of the Board and Board Committees

The Board of Directors ("the Board") is entrusted with the responsibility of providing direction on corporate objectives and business strategies, proper stewardship over Company resources, achievement of corporate objectives, and good corporate citizenship. The Board ensures that there is a sound decision making process and business operating environment, with proper risk management and internal control frameworks.

The Board ensures that it complies with the Financial Services Act, 2013 ("FSA, 2013"), the Corporate Governance Policy Document and other policy documents or directives issued by BNM, as well as other statutory and regulatory requirements. The Board has set up Board Committees to oversee and report on functional performances as part of its stewardship and oversight functions.

The Board has the overall responsibility for promoting the sustainable growth and financial soundness of the Company, and for ensuring reasonable standards of fair dealing, without undue influence from any party and the Board's oversight function towards a comprehensive and effective implementation of Fair Treatment of Financial Consumers in business and operations of the Company. This includes a consideration of the long-term implications of the Board's decisions on the Company and its customers, officers and the general public. In fulfilling this role, the Board's roles, responsibilities and powers include:

- (i) to review and approve strategies, business plans, risk appetite, initiatives and significant policies for the Company which would, singularly or cumulatively, have a material impact on the Company's risk profile and monitor management's performance in implementing them;
- (ii) to set corporate values and clear lines of responsibility and accountability, including governance systems and processes that are communicated throughout the Company;
- (iii) to oversee the implementation of the Company's governance and internal control frameworks, and periodically review whether these remain appropriate in light of material changes to the size, nature and complexity of the Company's operations;
- (iv) to oversee the selection, performance, remuneration and succession plans of the Key Senior Officers prior to employment;
- (v) to ensure that there shall be unrestricted access to independent advice or expert advice at the Company's expense in furtherance of the Board's duties (whether as a Board or a director in his/her individual capacity);
- (vi) to formalise the ethical standards through a code of conduct which will be applicable throughout the Company and ensure the compliance of this code of conduct;

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Corporate governance and internal controls (cont'd.)

(a) Responsibilities of the Board and Board Committees (cont'd.)

- (vii) together with the Key Senior Officers to promote and ensure that the operations of the Company are conducted prudently, ethically and professionally, and within the framework of relevant laws and regulations;
- (viii) to establish, approve, review, and monitor the Company's risk appetite and comprehensive risk management policies, processes and infrastructure, and receive regular reports therein;
- (ix) to approve delegated authority for expenditure, lending, and other risk exposures;
- (x) to oversee the conduct of the Company's business and consider emerging issues which may be material to the business and affairs of the Company;
- (xi) to keep under review and maintain the Company's capital and liquidity positions as well as ensure that the Company's strategies business plans, major plans of action promote sustainability and that these sustainability strategies are communicated to the internal and external stakeholders;
- (xii) to review and approve proposals for the allocation of capital and other resources within the Company;
- (xiii) to review and approve the Company's annual capital and revenue budgets (and any material changes thereto);
- (xiv) to ensure that the Board has adequate procedures in place to receive reports periodically and/or on a timely basis from the Company's management that would provide the Board with a reasonable basis to make proper judgement on an ongoing basis as to the financial position and business prospects of the Company;
- (xv) to review the adequacy and integrity of the Company's internal control system and management information systems, including systems for complying with applicable laws, regulations, rules, directives and guidelines;
- (xvi) to set up an internal audit department staffed with qualified personnel to perform internal audit functions, covering financial and management audit as well as regulatory compliance that reports directly to the Company's Audit Committee;
- (xvii) to establish procedures to assess any related party transactions or conflict of interest situations that may arise within the Company including any transaction, procedure or course of conduct that raises questions of management integrity;

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Corporate governance and internal controls (cont'd.)

(a) Responsibilities of the Board and Board Committees (cont'd.)

- (xviii) to establish and ensure the effective functioning and monitoring of the Audit, Risk Management, Nomination, Remuneration, Investment, and any other committees as deemed necessary by the Board, and to delegate appropriate authority and terms of reference to such committees established by the Board;
- (xix) to look at and to address significant and/or material litigation situations against the Company as and when they arise;
- (xx) to ensure that the Company has a beneficial influence on the economic well-being of its community;
- (xxi) to oversee and approve the recovery and resolution as well as business continuity plans for the Company to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress;
- (xxii) to receive and consider high level reports on matters material to the Company, in particular:
 - relations with regulatory authorities;
 - health and safety;
 - insurance cover;
 - disaster recovery;
 - litigation and claims;
 - premises; and
 - public relations;
- (xxiii) to receive the minutes of and/or reports from the committees established by the Board;
- (xxiv) to strive to achieve an optimum balance and dynamic mix of competent and diverse skill sets amongst the Board members;
- (xxv) to ensure adequate training of members of the Board such as identify its professional development needs concerning sustainability in order to stay abreast with and understand the sustainability issues relevant to the Company and its business, including climate-related risks and opportunities;
- (xxvi) to undertake an assessment of the independence of its independent directors annually in accordance with the assessment criteria to be developed by the Nomination Committee;

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Corporate governance and internal controls (cont'd.)

(a) Responsibilities of the Board and Board Committees (cont'd.)

- (xxvii) to conduct annual Board Effectiveness evaluation through the Nomination Committee, which includes a review of performance of the Board in addressing the Company's material sustainability risks and opportunities;
- (xxviii) to undertake a proper process for Directors' selection through Nomination Committee;
- (xxix) to establish formal and transparent remuneration policies and procedures to attract and retain directors through Remuneration Committee;
- (xxx) to ensure clear and accurate minutes are maintained, details of key deliberations and rationale for each decision made and any significant concerns or dissenting views must be recorded;
- (xxxi) to assume ultimate responsibility to ensure compliance with the provision of the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 and Malaysian Anti-Corruption Commission Act 2009 ("MACCA");
- (xxxii) to approve, promote and have oversight of the Anti-Bribery and Corruption System ("ABCS"), including having the responsibility to:
 - promote within the Company a culture of integrity and zero-tolerance towards bribery and corruption;
 - receive and review information, including audit and risk reports on the operation and enforcement of the ABCS at planned intervals and to consider appropriate recommendations and actions to be taken from the relevant stakeholders and/or committees;
 - encourage the use of the whistleblowing channel as a confidential reporting channel for any suspected and/or real incidents of bribery and corruption or any inadequacies of the ABCS; and
 - ensure that there are adequate and appropriate resources for the Compliance function to function with sufficient competence and independence;
- (xxxiii) to ensure a sound credit risk management environment to support prudent credit decision making, by approving the Company's Credit Risk Strategy on an annual basis;
- (xxxiv) to review and approve the Company's climate-related disclosures to promote credible as well as high-quality disclosures;

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Corporate governance and internal controls (cont'd.)

(a) Responsibilities of the Board and Board Committees (cont'd.)

- (xxxv) to discuss and remain up to date on climate-related developments including develop a clear understanding of the distinctive elements and transmission channels of climate related risks; and
- (xxxvi) to evaluate the risks and opportunities arising from climate change on a periodic basis, mitigate the risks of greenwashing and consider these risks and opportunities in assessing and approving the Company's strategies and business plan.

(b) Audit Committee

The roles, responsibilities and powers of the Audit Committee ("AC") include the following:

- (i) to consider and recommend to the Board the appointment or reappointment of the external auditors, the audit fees and to consider any questions of resignation or dismissal of the external auditors;
- (ii) to assess the suitability, objectivity and independence of the external auditors including by approving the provision of non-audit services by the external auditors, to safeguard the quality and reliability of the audited financial statements;
- (iii) to review annually the external auditors' audit plans, scope of their audit and their audit report;
- (iv) to review with external auditors, the audited financial statements of the Company before the financial statements are presented to the Board for approval and to discuss problems and reservations arising from interim and final audits, and any matter the external auditors may wish to discuss (in the absence of the Management where necessary);
- (v) to review the external auditors' management letter and management's corresponding response in evaluating the Company's system of internal controls and to ensure that the senior management takes necessary corrective actions to address external audit findings and recommendations in a timely manner;
- (vi) to monitor and assess the effectiveness of the external audit, including by meeting with the external auditors without the presence of senior management at least annually;
- (vii) to maintain regular, timely, open and honest communication with the external auditors, and requiring the external auditors to report to the AC on significant matters;

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Corporate governance and internal controls (cont'd.)

(b) Audit Committee (cont'd.)

(viii) to do the following, in relation to the internal audit function:

- approve the Internal Audit Charter which defines the independence, authority, scope and responsibility of the internal audit function in the Company;
- review and appraise annually, the performance and remuneration of the Head of Internal Audit and be consulted in his/her appointment and removal;
- review and approve the Annual Audit Plan and Manpower Budget of the Internal Audit Department and ensure that the department has adequate and competent resources and that the goals and objectives of the internal audit function commensurate with corporate goals;
- review the scope, approach and results of internal audit procedures via the audit reports, to ensure compliance with internal auditing standards, Company policies, laws and other regulatory requirements;
- review the adequacy of the audit scope, procedures and frequency, as well as the competency and resources of the internal audit function, and ensure that it has the necessary independence and authority to carry out its work which should be performed professionally and with impartiality and proficiency;
- review the key audit reports and ensuring that the senior management takes necessary corrective actions in a timely manner to address control weaknesses, non-compliance with laws, regulatory requirements, policies and other issues identified by the internal audit and other control functions;
- noting significant disagreements between the head of internal audit and the senior management team, irrespective of whether these have been resolved, in order to identify any impact the disagreements may have on the audit process on the internal controls;
- establishing a mechanism to assess the performance and effectiveness of the internal audit function:
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - approve any appointment or termination of the Head of internal audit function; and
 - take cognisance of resignations of internal audit staff and provide the staff an opportunity to submit reasons for the resignation.

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Corporate governance and internal controls (cont'd.)

(b) Audit Committee (cont'd.)

- (viii) to do the following, in relation to the internal audit function: (cont'd.)
- ensure that internal audits are conducted on the Anti-Bribery and Corruption System ("ABCS") on an annual basis and in this regard has the responsibilities to:
 - receive and review audit reports on the ABCS and ensure that senior management takes necessary corrective actions in a timely manner to address control weaknesses, non-compliance with laws, regulatory requirements, policies and other problems identified by the internal audit and other control functions;
 - present audit matters relating to the ABCS to the Board; and
 - consider engaging a qualified and independent third party to perform an external audit on the ABCS as and when deem necessary.
 - (ix) review and monitor the adequacy and integrity of the Company's system of internal controls and management information systems, including systems to ensure compliance with applicable laws, regulations, rules, directives and guidelines as well as to review third-party opinions on the design and effectiveness of the Company's internal control framework, when required;
 - (x) to consider and evaluate any related party transactions or conflict of interest situations that may arise within the Company including any transaction, procedure or course of conduct that raises questions of management integrity as well as to monitor compliance with the Board's conflicts of interest policy; and
 - (xi) review the interim and final financial reports including the preliminary and final announcements to the authorities, of the results of the Company, focusing particularly on:
 - any changes in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal and regulatory requirements.

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Corporate governance and internal controls (cont'd.)

(c) Risk Management Committee

The roles, responsibilities and powers of the Risk Management Committee ("RMC") include the following:

- (i) formulating high-level risk management strategies and direction in line with the strategic objectives of the Company;
- (ii) overseeing the development of Enterprise Risk Management ("ERM") Strategies;
- (iii) reviewing and recommending risk management framework, strategies, policies and risk tolerance/appetite for the Board's approval, as well as assessing their adequacy and effectiveness in identifying, measuring, monitoring and controlling risks;
- (iv) ensuring adequate infrastructure, resources and systems are in place for an effective risk management framework;
- (v) ensuring corruption risk assessments are conducted regularly, including integrating risks into the company's general risk register, reviewing bribery/corruption reports to implement mitigation strategies, and presenting findings to the Board;
- (vi) ensuring that the risk management process remains transparent and independent;
- (vii) reviewing the activities in managing principal risks such as credit, market, liquidity, legal, operational, compliance, technology, sustainability, climate-related risks and the risk management process as well as mitigating the risks of greenwashing;
- (viii) reviewing the reporting to the Board on measures taken to:
 - identify and examine principal risks faced by the Company; and
 - recommend appropriate systems and internal controls to manage these risks;
- (ix) reviewing the adequacy and effectiveness of management's risk management process and compliance functions;
- (x) reviewing the implementation of risk management as set out in BNM's policy document on Risk Governance, Approaches to Regulating and Supervising Financial Group and Corporate Governance;
- (xi) reviewing the effectiveness of the reporting structure for the overall business activities and risk management functions and the implementation of the appropriate system to manage various types of risks undertaken by the Company;

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Corporate governance and internal controls (cont'd.)

(c) Risk Management Committee (cont'd.)

- (xii) overseeing the effective implementation of Technology Risk Management Framework and Cyber Resilience Framework to ensure the continuity of operations and delivery of financial services;
- (xiii) ensure risk assessments are conducted on material technology applications;
- (xv) discussing and recommending regular and timely updates on the material information regarding climate-related risks and opportunities inclusive credible and high-quality climate-related disclosures to the Board for approval.

(d) Nomination Committee

The roles, responsibilities and powers of the Nomination Committee (NC) include the following:

- (i) assessing and recommending to the Board for their approval, nominees for directorships and Board committee members taking into consideration the nominees':
 - skills, knowledge, expertise and experience;
 - qualification and professionalism;
 - age and gender;
 - cultural background and other core competencies;
 - integrity;
 - potential conflict of interest situations and/or related party interests; and
 - in the case of nominees for the position of independent non-executive directors, the NC should also evaluate the candidates' ability to discharge such responsibilities/functions as expected by the Board.
- (ii) establishing rigorous process for the appointment and removal of directors. The process for the appointment shall involve assessment of candidates against the minimum requirements as set out below and the requirements under the Companies Act 2016:
 - a director must not be disqualified under section 59(1) of the Financial Services Act 2013, and must have been assessed by the NC to have complied with the fit and proper requirements;
 - a director must not have competing time commitments that impair his/her ability to discharge his/her duties effectively. The NC shall recommend to the Board a policy on the maximum number of external professional commitments that a director may have, commensurate with the responsibilities placed on the director, as well as the nature, scale and complexity of the Company's operations;

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Corporate governance and internal controls (cont'd.)

(d) Nomination Committee (cont'd.)

- (ii)
 - a director must not be an active politician; and
 - where a firm has been appointed as the external auditors of the Company, any of its officers directly involved in the engagement and any partner of the firm must not serve or be appointed as a director of the Company until at least three (3) years after:
 - (a) he ceases to be an officer or partner of that firm; or
 - (b) the firm last served as an auditor of the Company;
- (iii) utilising a variety of approaches and sources in the search for suitable Board candidates including sourcing from external introductions, independent search firms and independent sources of director databases. The NC shall consider candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other Key Senior Officers or any director or shareholder;
- (iv) assessing and evaluating, on an annual basis:
 - the desirability of the overall composition of the Board, considering the structure and development of excessive number of directorships, to ensure appropriate size, skills and professionalism;
 - the balance between executive directors, non-executive directors and independent directors are maintained in accordance with the Malaysian Code on Corporate Governance ("MCCG") and Corporate Governance Policy Document ("CGPD") and in consideration of corporate governance best practices;
 - the required mix of skills and experience and other qualities, including core competencies, which non-executive directors should bring to the Board;
 - the desirable number of independent directors and independence of the Board consistent with all legal and regulatory requirements including, but not limited to, the MCCG and CGPD;
 - the desirability of renewing existing directorships, with due consideration given to the extent to which the interplay of the directors' expertise, skills, knowledge and experience was demonstrated with those of other Board members; and
 - the possible representation of interest groups on the Board.

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Corporate governance and internal controls (cont'd.)

(d) Nomination Committee (cont'd.)

- (v) recommending to the Board the removal of director(s) from the Board and/or Key Senior Officers and/or the Company Secretary if the director/Key Senior Officer/the Company Secretary is ineffective, errant and/or negligent in discharging his/her responsibilities;
- (vi) establishing a mechanism for the formal annual assessment on the effectiveness of the Board, Key Senior Officers and the Company Secretary as a whole and the contribution of each director to the effectiveness of the Board and the contribution of the various Board committees. The NC's annual assessment should be based on objective performance criteria, in line with established key performance indicators, as approved by the Board. All assessments and evaluations carried out by the NC in the discharge of all its functions should be properly documented;
- (vii) to review the term of office and performance of the Board Committees and each of their members annually to determine whether such Board Committee and their members have carried out their duties in accordance with their terms of reference;
- (viii) recommending and ensuring that all directors receive appropriate continuous training in order to maintain an adequate level of competency in order to effectively discharge their roles as directors, including but not limited to keeping abreast with developments in the financial industry and with changes in the relevant statutory and regulatory requirements;
- (ix) overseeing the appointment, succession planning and performance evaluation of the Board, the Board committees, individual directors, Key Senior Officers and the Company Secretary and to report their performance and areas of improvement to the Board at the end of each fiscal year;
- (x) periodically reporting to the Board on succession planning for the Board Chairman and Key Senior Officers, and working with the Board to evaluate potential successors;
- (xi) determine annually whether a Director is independent as may be defined in the guidelines issued by BNM;
- (xii) authorised to seek independent professional advice, at the expense of the Company, in carrying out their duties if necessary; and
- (xiii) assess and recommend to the Board, the re-appointment of Directors/Chief Executive Officer upon the expiry of their respective terms of appointment as approved by BNM.

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Corporate governance and internal controls (cont'd.)

(e) Remuneration Committee

The roles, responsibilities and powers of the Remuneration Committee ("RC") include the following:

- (i) review annually and recommend to the Board the overall remuneration policy for the Non-Executive Directors, Executive Directors and the Key Senior Officers (including but not limited to directors' fees, salaries, allowances, bonuses, share options and benefits-in-kind) that support the Company's long-term success and shareholder value, and ensure that compensation is consistent with the Company's business strategy and long-term objectives, including but not limited to:
 - attracting and retaining Directors and Key Senior Officers of requisite quality and of calibre needed to manage the Company successfully and to increase productivity and profitability in the long run;
 - motivating and creating incentives for Directors and Key Senior Officers to perform at their best;
 - focusing attention on the achievement of desired goals and objectives;
 - documented and approved by the full board and any changes thereto should be subject to the endorsement of the full board, including when material changes are made to the policy;
 - reflecting the experience and level of responsibility borne by individual directors, the Chief Executive Officer and Key Senior Officers;
 - balancing staff rewards against the need to ensure that the funds of the insurers are not used to subsidise excessive remuneration packages; and
 - periodically reviewing the remuneration of directors on the Board, particular on whether remuneration remains appropriate to each directors' contribution, taking into account the level of expertise, commitment and responsibilities undertaken.

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Corporate governance and internal controls (cont'd.)

(e) Remuneration Committee (cont'd.)

- (ii) make annual recommendations to the Board on the individual remuneration packages for the Executive Director and Key Senior Officers (including but not limited to director's fees, salaries, allowances, bonuses, share options and benefits-in-kind). The RC shall ensure that such remuneration packages are competitive, fair and not excessive, and in determining such packages and arrangements the RC must consider:
 - the individual level of responsibilities undertaken, skills and experience as well as performance and contribution to the Company's growth and profitability, ensuring that the linkage between remuneration and performance is robust. However, the rewards-to-performance linkages should not create incentives for irresponsible behaviour and insider excesses;
 - the underlying performance of the Company as a Company on the whole, in light of the Company's business plans and consider competitors' results, analyst reports and the views of the Chairman of other Board committees;
 - the relative weighting of fixed and variable remuneration for target performance varies with level of responsibility, complexity of the role and typical market practice;
 - relevant market comparisons and practice as well as any other relevant guidance;
 - that the performance criteria set are genuinely challenging and that they are more suitable than possible alternatives; and
 - any other such factors as the RC considers necessary or appropriate.
- (iii) review annually the performance of the Non-Executive Directors, Executive Directors and Key Senior Officers and recommend to the Board specific adjustments in remuneration and/or reward payments, if any, taking into account the consideration the points set out in (e) above;
- (iv) ensure that remuneration outcomes are symmetric with risk outcomes. This includes ensuring that for Key Senior Officers:
 - a portion of remuneration consists of variable remuneration to be paid on the basis of individual, business-unit and institution-wide measures that adequately assess performance; and
 - the variable portion of remuneration increases along with the individual's level of accountability.

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Corporate governance and internal controls (cont'd.)

(e) Remuneration Committee (cont'd.)

- (v) obtain advice from external sources or experts, if necessary, regarding remuneration practices of other companies of a similar size in a comparable industry sector for the purposes of comparison;
- (vi) review and recommend to the Board the compensation payable to the Non-Executive Directors, Executive Directors, and Key Senior Officers in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;
- (vii) review and recommend to the Board compensation arrangements relating to dismissal or removal of the Executive Director or Key Senior Officers for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable, appropriate, fair and not excessive for the Company;
- (viii) review its own performance and terms of reference at least once a year to ensure that the RC is operating at maximum effectiveness and recommend any change it considers necessary to the Board of Directors for approval; and
- (ix) be authorised to seek independent professional advice, at the expense of the Company, in carrying out their duties.

(f) Investment Committee

The roles, responsibilities and powers of the Investment Committee ("IC") include the following:

- (i) to evaluate, assess and approve new investment proposals in line with the Mandated Asset Classes as set out in the Investment Policy of the Company;
- (ii) to review, advise and recommend to the Board for approval investment strategies and policies with a view to optimise the investment returns of the Company's available funds, in line with the Company's risk appetite;
- (iii) to review and ensure the Company's investments are monitored and that assets allocations are within the risk(s) and limit(s) permitted under the Company's Investment Policy, BNM's guidelines and Risk-Based Capital Framework;

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Corporate governance and internal controls (cont'd.)

(f) Investment Committee (cont'd.)

- (iv) to review with the Internal Auditors the adequacy of the internal controls of the Company in the administration of investment transactions, the proper adherence of the Company's policies and procedures, BNM's requirements as well as any other compliances required from the legal, accounting and prudential perspectives;
- (v) to review and approve the appointment and termination of external fund managers, counterparties, financial institution and any other financial intermediaries, and to notify the Board at its next meeting accordingly;
- (vi) to review the performance of external fund managers, counterparties, financial institutions and any other financial intermediaries;
- (vii) to set the performance targets, to ensure monitoring and to review the actual performance of the external fund managers on a regular basis;
- (viii) to submit periodic investment reports to the Board for notation; and
- (ix) to undertake any other functions as may be assigned by the Board to the IC.

(g) Composition and meetings

As at the end of the financial year under review and as at the date of this report, the Board comprised four (4) Independent Non-Executive Directors ("INEDs") and one (1) Executive Director ("ED").

The directors bring with them various skills, experience and knowledge in the insurance business to undertake stewardship and oversight of the Company.

The changes in the Board composition during the financial year under review were as indicated below. The Board met seven (7) times during the financial year under review, with attendance recorded as follows:

	Attendance
<u>Chairman:</u>	
Mohamed Rashdi Bin Mohamed Ghazalli (INED)	7/7
<u>Members:</u>	
Jayakumar A/L Somasundram (INED)	7/7
Azian Binti Kassim (INED)	7/7
How Kim Lian (ED)	7/7
Lim Joo Leong (appointed as INED on 1 August 2025)	2/2
Lim Chong Beng (ceased as NINED on 1 September 2025)	6/6

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Corporate governance and internal controls (cont'd.)

(g) Composition and meetings (cont'd.)

(i) Audit Committee ("AC")

The changes in the AC composition during the financial year under review were as indicated below and their attendance records were as follows:

	Attendance
<u>Chairperson:</u>	
Azian Binti Kassim (INED)	6/6
<u>Members:</u>	
Mohamed Rashdi Bin Mohamed Ghazalli (INED)	6/6
Jayakumar A/L Somasundram (INED)	6/6
Lim Joo Leong (appointed as INED on 1 August 2025)	1/1

The AC met six (6) times during the financial year.

(ii) Risk Management Committee ("RMC")

The changes in the RMC composition during the financial year under review were as indicated below and their attendance records were as follows:

	Attendance
<u>Chairman:</u>	
Jayakumar A/L Somasundram (INED)	4/4
<u>Members:</u>	
Mohamed Rashdi Bin Mohamed Ghazalli (INED)	4/4
Azian Binti Kassim (INED)	4/4
Lim Joo Leong (appointed as INED on 1 August 2025)	1/1
Lim Chong Beng (ceased as NINED on 1 September 2025)	3/3

The RMC met four (4) times during the financial year.

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Corporate governance and internal controls (cont'd.)

(g) Composition and meetings (cont'd.)

(iii) Nomination Committee ("NC")

The changes in the NC composition during the financial year under review were as indicated below and their attendance were as follows:

	Attendance
<u>Chairman:</u>	
Jayakumar A/L Somasundram (INED)	5/5
<u>Members:</u>	
Mohamed Rashdi bin Mohamed Ghazalli (INED)	5/5
Azian Binti Kassim (INED)	5/5
Lim Joo Leong (appointed as INED on 1 August 2025)	2/2
Lim Chong Beng (ceased as NINED on 1 September 2025)	4/4

The NC met five (5) times during the financial year.

(iv) Remuneration Committee ("RC")

The changes in the RC composition during the financial year under review and their attendance were as indicated below:

	Attendance
<u>Chairperson:</u>	
Azian Binti Kassim (INED) (redesignated as Chairperson on 1 March 2025)	3/3
<u>Members:</u>	
Mohamed Rashdi bin Mohamed Ghazalli (INED)	3/3
Jayakumar A/L Somasundram (INED)	3/3
Lim Joo Leong (appointed as INED on 1 August 2025)	1/1
Lim Chong Beng (ceased as NINED on 1 September 2025)	3/3

The RC met three (3) times during the financial year.

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Corporate governance and internal controls (cont'd.)

(g) Composition and meetings (cont'd.)

(v) Investment Committee ("IC")

The IC composition during the financial year under review and their attendance records were as indicated below:

	Attendance
<u>Chairperson:</u>	
Azian Binti Kassim (redesignated as Chairperson on 1 November 2025)	4/4
Lim Chong Beng (ceased as NINED on 1 September 2025)	3/3
<u>Members:</u>	
Mohamed Rashdi Bin Mohamed Ghazalli (INED)	4/4

The IC met four (4) times during the financial year.

(h) Management accountability

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

(i) Corporate independence

All material related party transactions have been disclosed in Note 24 to the financial statements.

(j) Risk management framework

The Company's risk management framework is designed to ensure that risks which could undermine the Company's strategies, business goals, objectives, reputation and long-term viability are identified timely, assessed and monitored within the risk appetite and risk tolerance limits approved by the Board. This is supported by the Risk Management Department in reviewing and assessing the risk taking, risk oversight and policy making. The risk reporting lines, authorities, roles and responsibilities are clearly specified in the Company's Risk Management Framework ("RMF") as disclosed in Note 26 to the financial statements.

Risk management has evolved into an important driver for strategic decisions in support of business strategies while balancing the appropriate level of risk taken to the desired level of rewards. The Board approved the RMF details and the policies and processes for managing risks and opportunities, with the objective of building value for the stakeholders.

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Corporate governance and internal controls (cont'd.)

(j) Risk management framework (cont'd.)

In accordance to the RMF, risks are identified using business mapping. The likelihood and impact of those risks are assessed based on a predefined Likelihood Rating table. Controls are put in place and their effectiveness are measured using the Control Effectiveness Rating table. Any residual risks are then managed with the implementation of risk mitigation strategies. The Risk Dashboard, which contains the main risks and Risk Registers are consolidated and monitored on a quarterly basis. The results of the assessment are presented to the Risk Management Committee for review and notation.

(k) Internal audit

The Company's internal audit function is governed by the Global Internal Audit Standards ("GIAS") that provides guidance for the internal auditing profession as promulgated by The Institute of Internal Auditors ("IIA"), a global, guidance setting body. The IIA provides internal audit professionals worldwide with authoritative guidance organised in the GIAS.

The Company's in-house Internal Audit function provides independent assurance on the adequacy and effectiveness of the systems of risk management and internal control. High impact risk areas identified are periodically assessed and form the basis of the risk-based internal audit plan and strategy. Internal Audit activities are approved by and monitored quarterly by the Board, through the Audit Committee. Remedial actions by Management arising from internal audit findings are tracked by the Audit Committee until resolution.

(l) Internal control framework

An effective internal control system provides reasonable assurance that the Company continues to pursue its goals in a manner that is effective and efficient, producing accurate and reliable reports, and is always in compliance with applicable laws and regulations. The key elements of the Company's internal control are:

Organisation Structure

- The Board has established clear reporting lines, authorities, roles and responsibilities to support the internal control system. The Executive Committee ("EXCO") assists the Board in their oversight on the day-to-day operations of the business.
- EXCO meetings are chaired by the Chief Executive Officer on a monthly basis to review the performance of the Company on corporate matters.

Annual Budgeting Process

- The annual business plan and targets setting are tabled to the Board for approval. The management also present the management accounts to the Board periodically for review, which are measured against budgets and previous year's results to gauge performance.

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Corporate governance and internal controls (cont'd.)

(I) Internal control framework (cont'd.)

Code of Conduct

- The Company's Code of Conduct follows three core principles - Respect in the Workplace, Respect for Business Partners and Respect for Shareholders - to ensure ethical, clear, and respectful interactions with all stakeholders.

Group Anti-Bribery and Corruption Policy

- The Anti Bribery and Corruption Policy states the Company's strict stance against bribery, corruption, fraud, money laundering, abuse of power and conflict of interest. It encourages honesty and ethical behaviour across the organisation. The rules outline how the company manages internal systems to prevent issues and ensures that any suspected wrongdoing by employees, contractors, suppliers, or partners is thoroughly investigated. Updated in 2023, the policy now also includes sustainability practices.

Group Whistleblowing Policy

- The Whistleblowing Policy applies to everyone in the company, including directors, senior management and all staff. Reports are kept private and sent confidentially to the Chairman of the Risk Management Committees. All report is reviewed, addressed and resolved fairly, with confidentiality and protection guaranteed for the whistleblower.

Underwriting and Claims

- Underwriting guidelines are established to manage and adequately assess risks being underwritten. Claims procedures detail the written operational controls surrounding claims handling and settlement processes.

Operating Policies and Procedures

- The Company has established operating policies and procedures, which incorporate regulatory and internal requirements and are updated as and when there are changes.
- Operational authority limits are imposed by the Chief Executive Officer and other key management personnel with the Company for day-to-day operations, covering underwriting on acceptance risks, claims settlement, investment, acquisition and disposal of assets.

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Corporate governance and internal controls (cont'd.)

(m) Financial reporting

The Directors are responsible for ensuring that accounting records are properly kept and that the Company's financial statements are 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.

(n) Public accountability

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

(o) Remuneration

Remuneration for Senior Management

At Tune Insurance Malaysia Berhad, our remuneration policy is structured to create a competitive framework that will enable us to attract, reward, motivate and retain talent with the right mix of experience, skills and competencies to deliver the Company's long-term goals.

Key Principles

Our Remuneration Policy is set by the following principles:

- Simple and transparent – our remuneration practices are simple and straightforward, with the intention to drive understanding and ownership among our talent.
- Market competitiveness – when setting remuneration practices, the Company considers external factors (such as market dynamics, regulatory environment, competition) and internal factors (such as organisational design and cost structure).
- Performance and growth – the Company's emphasis on a high performance culture is executed via a strong link between performance and rewards. This is implemented in a manner to balance top line growth with quality earnings and cash flow management in order for us to deliver sustainable results for our stakeholders.

Our remuneration policy or principles are applied across all levels of the organisation, and covers all functions including internal control functions.

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Corporate governance and internal controls (cont'd.)

(o) Remuneration (cont'd.)

Components of Remuneration

Component	Purpose and application
Fixed Pay	
Base Salary	• Our base salary is set to attract and retain key talent by providing competitive pay that is externally benchmarked against relevant peers and with internal equity maintained. • In setting base salary, differences in individual performance and achievements, skillsets, job scope as well as competency levels are considered. • Salaries are reviewed and adjusted once a year and adjustments are made taking into consideration performance (merit increment), market/internal equity (equity increment) and upgrade into a bigger role (promotion increment). • The Company sets the Company-wide salary increment pool taking into consideration market movement and projected performance for the upcoming financial year. • Increments implemented in the year 2025 were based on individual performance. Non-performing employees received minimal or no increment. • There is no guaranteed or contractual increase in base salary except for the increments mandated by the following Collective Agreements ("CA") for the Clerical and Executive population: - Association of Insurance Employers and National Union of Commercial Workers. - Tune Insurance Malaysia Berhad and Persatuan Pegawai-Pegawai Pentadbiran Industri Insuran.
Fixed Bonus	• Other than employees falling under the scope of the CAs, no other employees received fixed or guaranteed bonuses.
Fixed allowances	• Role-based fixed cash allowances which are paid monthly to certain segments of our employee pool, dependant on employees' role. • Quantum of the allowances are reviewed and set in accordance with external market benchmarking and Company's priorities.

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Corporate governance and internal controls (cont'd.)

(o) Remuneration (cont'd.)

Components of Remuneration (cont'd.)

Component	Purpose and application
Variable Pay	
Performance bonus	• Performance bonus is a discretionary payment to employees to reward and recognise them for achievement of Company and individual goals. • Performance bonus is paid once a year, subsequent to the annual performance review. • The performance bonus pool is determined by the Board of Directors based on various factors including the Company's financial performance and market pull factors. • Performance bonus quantum is determined based on the Company's financial performance and individual employees' performance. Employees are measured on both their Personal Goals as well as corporate goals on financial and non-financial targets. • Key Performance Indicators ("KPI") are set based on a cascading method. The Board of Directors set KPIs for the Chief Executive Officer, who cascades the goals to the senior management team. The management team would set departmental-wide goals to support the overall goals of the Company. Each goal carries a weightage that is commensurate with the key focus area of that department or particular role. • Personal individual goals comprise i) Business goals (sales, profitability, efficiency, productivity) and ii) Behavior goals (self and or team development). Scoring of goals are weighted depending on the goal. Weighted scores fall into a structured performance matrix ranging from Outstanding Performance to Unsatisfactory Performance. • In addition to personal goals, performance bonus payout is subject to corporate-wide targets such as: - Financial targets on revenue, profitability; - Customer & Partnership Net Promoter Score; and • The Company exercises discretion to not award non-performers any performance bonuses. Also, in the case of breaches or non-compliance of internal and external regulation/rules, the Company also has the discretion to remove or reduce the bonus entitlement for employees.

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Corporate governance and internal controls (cont'd.)

(o) Remuneration (cont'd.)

Components of Remuneration (cont'd.)

Component	Purpose and application
Variable Pay	
Performance bonus (cont'd.)	• Performance and remuneration of Control Functions are measured and assessed independently from the business units they support to avoid any conflict of interest. • All individual performance scores are calibrated organisation-wide. This is to allow for a consistent and objective evaluation of performance across the various departments functions as well as to ensure that the appropriate payouts are awarded in a fair manner. Final scores are signed off by the employee and the Line Manager. Performance summary of the organisation will be presented to the Board to support them in their discussion, deliberation and approval of the performance bonus pool.

Governance of remuneration awards

The Company reviews the remuneration policy, principles and overall framework periodically. As a responsible organisation, it is essential that local legislation and practices are observed. Should any clause of any policy conflict with the legislation, the latter will take precedent.

Performance and remuneration for Key Senior Officers and Other Material Risk Takers are reviewed on an annual basis and submitted to the Remuneration Committee for recommendation to the Board for approval.

Alignment between Risks and Rewards

Our total compensation, a mixture of fixed/variable cash compensation and benefits is designed to align with the long-term performance goals and objectives of the organisation. The compensation framework provides a balanced approach between fixed and variable components that change according to individual performance, business/corporate function performance, group performance outcome as well as individual's level and accountability.

The Company practices strong governance on performance and remuneration of control functions which are measured and assessed independently from the business units, with no commercial targets.

The Company participates in and performs annual market compensation reviews to benchmark against the market rate and internally to ensure compensation levels are set appropriately.

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Corporate governance and internal controls (cont'd.)

(o) Remuneration (cont'd.)

Alignment between Risks and Rewards (cont'd.)

Performance Management principles ensure KPIs continue to focus on outcomes delivered that are aligned to our business plans. Our performance bonus framework takes into consideration corporate targets on risk/compliance/internal audit as well as holding individuals accountable for breaches and/or non-compliance. Being a responsible organisation, we continue to review and adjust our KPI setting to shape the organisational culture and actively drive risk and compliance agendas effectively, with inputs from control functions and Board Committees.

The Company has a Clawback Clause where compensation (including bonuses) can be adjusted, reduced, withdrawn or clawed-back in the case of serious misconduct including serious legal, regulatory or internal policy breaches.

Internal audits are carried out regularly on all departments on a rotating basis, to assess instances of non-compliance with risk and compliance procedures as well as expected behaviours. Non-compliance cases are reported and investigated, where required. Depending on the severity, the audit findings would impact the employee's performance ratings which would have a direct impact on their remuneration.

Remuneration for senior management team

Quantitative disclosures

Total value of remuneration awards for the financial year - CEO	Unrestricted RM'000	Deferred RM'000
Fixed remuneration		
- Cash-based	1,054	-
- Shares and share-linked instruments	-	-
- Other	25	-

Total value of remuneration awards for the financial year - Senior Management Team	Unrestricted RM'000	Deferred RM'000
Fixed remuneration		
- Cash-based	3,609	-
- Shares and share-linked instruments	-	-
- Other	353	-
Variable remuneration		
- Cash-based	159	-
- Shares and share-linked instruments	-	-
- Other	13	-

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Corporate governance and internal controls (cont'd.)

(o) Remuneration (cont'd.)

Remuneration for senior management team (cont'd.)

The above table summarises compensation paid to the Company's senior management team for the financial year 2025.

Remuneration for directors

In remunerating its Directors, the Company is guided by the following principles:

- (a) Salaries payable to Executive Directors shall not include a commission on or percentage of turnover;
- (b) Fees payable to Non-Executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;
- (c) Bonuses to Executive Directors shall not be guaranteed, except in the context of sign-on bonuses;
- (d) Share options, if granted to Directors, shall not vest immediately. The vesting period of share options shall reflect the time horizon of risks and take account of the potential for financial risks to crystallise over a longer period of time; and
- (e) The maxim "pay for performance" is adopted in remunerating Executive Directors to promote the long-term success of the Company. Performance is measured based on a holistic balanced scorecard approach comprising both financial and non-financial KPIs.

All directors are paid fixed fees based on his/her responsibility in Board and Board Committees and/or the special skills and expertise he/she brings to the Board. The Chairman of the Board and of the respective other committees (Audit, Risk Management, Remuneration, Nomination and Investment) is paid at a higher level than the other members to reflect the wider responsibilities required for the position. The remuneration package for Directors comprises fees, meeting allowances and hospitalisation benefits.

The breakdown of the total amount of remuneration for directors for the financial year under review disclosed individually for each director, is tabled in Note 20(b) to the Financial Statements for the year ended 31 December 2025.

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Corporate governance and internal controls (cont'd.)

(o) Remuneration (cont'd.)

Remuneration for directors (cont'd.)

Quantitative disclosures

**Total value of remuneration awards for
the financial year - Directors**

Mohamed Rashdi Bin Mohamed Ghazalli
Jayakumar A/L Somasundram
Lim Chong Beng
Azian Binti Kassim
Lim Joo Leong
How Kim Lian - paid directly to Tune Protect Group Berhad

<----- Unrestricted ----->					
Fixed remuneration			Variable remuneration		
Cash based RM'000	Shares and share- linked RM'000	Others RM'000	Cash based RM'000	Shares and share- linked RM'000	Others RM'000
155	-	-	52	-	-
116	-	-	50	-	-
81	-	-	46	-	-
120	-	-	56	-	-
40	-	-	12	-	-
53	-	-	20	-	-
565	-	-	236	-	-

The above table summarises remuneration paid to the Company's directors for the financial year 2025. During the financial year 2025, there is no deferred remuneration paid to the Directors.

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Directors' benefits

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

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

	Company 2025 RM'000	Group and Company 2024 RM'000
Fees	565	561
Allowances and other emoluments	236	234
	<u>801</u>	<u>795</u>

During the financial year, the immediate and ultimate holding company, Tune Protect Group Berhad ("TPG"), purchased a Directors' and Officers' Liability insurance cover to provide indemnity to all directors of the TPG Group for a limit of RM30,000,000 at a premium of RM100,000.

The Company has agreed to indemnify its directors as part of the terms of their appointment against claims by third parties. No payment has been made to indemnify directors for the financial year ended 31 December 2025.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company or its related corporations at the end of the financial year were as follows:

	Number of options over ordinary shares in the holding company, Tune Protect Group Berhad			
	As at 1.1.2025 '000	Granted '000	Forfeited '000	As at 31.12.2025 '000
How Kim Lian	1,395	643	-	2,038

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Directors' interests (cont'd.)

Other than as disclosed above, the other directors in office at the end of the financial year did not have any interest in shares of the Company or its related corporations during the financial year.

Tune Protect Group Berhad's Long Term Incentive Plan ("LTIP")

On 30 September 2022, the immediate and ultimate holding company, Tune Protect Group Berhad ("TPG") launched a Long Term Incentive Plan ("LTIP") where TPG is allowed to grant up to 10% of its issued share capital of TPG (excluding treasury shares, if any) at any point in time. The LTIP replaces the previous Employee Share Option Scheme which was terminated on the same day.

The LTIP comprises a Share Grant Scheme ("LTIP - SGS") and a Employee Share Option Scheme ("LTIP - ESOS"). To date, TPG has granted LTIP - ESOS to the senior management members using an allocation matrix of performance and potential (leadership, role criticality and targetted progression). The LTIP is valid for a period of 10 years from 30 September 2022.

Other statutory information

- (a) Before the statement of financial position and statement of comprehensive income of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper actions had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) the amount written off for bad debts or the amount of the allowance for doubtful debts of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Company to be 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 to be misleading or inappropriate.

Tune Insurance Malaysia Berhad
(Incorporated in Malaysia)

Other statutory information (cont'd.)

- (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) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; 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 their obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen during 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.

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

Significant events

The significant events during the financial year end is disclosed in Note 31 to the financial statements.

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Tune Insurance Malaysia Berhad
(Incorporated in Malaysia)

Auditors and auditors' remuneration

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

Auditors' remuneration is as follows:

RM'000

Ernst & Young PLT

676

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 March 2026.



Mohamed Rashdi Bin Mohamed Ghazalli

Kuala Lumpur, Malaysia



Azian Binti Kassim

Tune Insurance Malaysia Berhad
(Incorporated in Malaysia)

Statement by Directors

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

We, Mohamed Rashdi Bin Mohamed Ghazalli and Azian Binti Kassim, being two of the directors of Tune Insurance Malaysia Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 43 to 163 are drawn up in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2025 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 March 2026.



Mohamed Rashdi bin Mohamed Ghazalli



Azian Binti Kassim

Kuala Lumpur, Malaysia

Statutory Declaration

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

I, Jeevan Parinpanayagam (MIA Membership No. CA 19103), being the officer primarily responsible for the financial management of Tune Insurance Malaysia Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 43 to 163 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 Jeevan Parinpanayagam at)
Kuala Lumpur in the Federal Territory)
on 24 March 2026)



Jeevan Parinpanayagam

Before me,



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**Independent auditors' report to the members of
Tune Insurance Malaysia Berhad
(Incorporated in Malaysia)**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Tune Insurance Malaysia Berhad, which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 43 to 163.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 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"), as applicable to audits of financial statements of public interest entities 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 statement on corporate governance), 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, and the Climate-related Disclosure, which is expected to be made available to us after the date of this auditors' report.



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

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

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.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information identified above 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.

When we read the Climate-related Disclosure, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

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.

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.



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

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

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

Other matters

This report is made solely to the 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 March 2026

Kannan A/L Rajagopal
No. 03490/03/2028 J
Chartered Accountant

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Tune Insurance Malaysia Berhad
(Incorporated in Malaysia)

Statement of financial position
As at 31 December 2025

		Company	Group and
		2025	Company
	Note	RM'000	2024
			RM'000
Assets			
Property and equipment	3	8,953	1,871
Intangible assets	4	48,006	39,879
Rights-of-use assets	11	1,952	1,978
Investments	5	569,483	583,405
Deferred tax assets	6	-	218
Reinsurance contract assets	10	191,776	330,216
Other receivables	7	41,158	39,996
Tax recoverable		-	12,240
Cash and bank balances		18,343	26,293
Total assets		879,671	1,036,096
Equity			
Share capital	8	103,348	103,348
Retained earnings		251,840	222,582
Total equity		355,188	325,930
Liabilities			
Deferred tax liabilities	6	6,014	-
Insurance contract liabilities	9	484,091	669,556
Lease liabilities	11	2,077	2,146
Other payables	12	31,758	38,464
Tax payable		543	-
Total liabilities		524,483	710,166
Total equity and liabilities		879,671	1,036,096

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

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Tune Insurance Malaysia Berhad
(Incorporated in Malaysia)

Statement of comprehensive income
For the financial year ended 31 December 2025

		Company 2025 RM'000	Group 2024 RM'000	Company 2024 RM'000
	Note			
Insurance revenue	13(a)	280,801	320,224	320,224
Insurance service expenses	13(b)	(139,976)	(300,465)	(300,465)
Insurance service result before reinsurance contracts held		<u>140,825</u>	<u>19,759</u>	<u>19,759</u>
Allocation of reinsurance premiums	13(c)	(59,218)	(64,233)	(64,233)
Amounts recoverable from reinsurers for incurred claims	13(d)	(59,921)	43,107	43,107
Net expense from reinsurance contracts held		<u>(119,139)</u>	<u>(21,126)</u>	<u>(21,126)</u>
Insurance service result	13	<u>21,686</u>	<u>(1,367)</u>	<u>(1,367)</u>
Investment income	14	21,286	16,859	16,861
Realised gains	15	2,761	15,753	15,739
Fair value gains or (losses)	16	1,068	(9,451)	(9,443)
Total investment income		<u>25,115</u>	<u>23,161</u>	<u>23,157</u>
Insurance finance expenses for insurance contracts issued	17	(15,566)	(14,507)	(14,507)
Reinsurance finance income for reinsurance contracts held	18	8,474	7,825	7,825
Net insurance financial result		<u>(7,092)</u>	<u>(6,682)</u>	<u>(6,682)</u>
Other operating income	19	3,574	2,611	2,611
Other operating expenses	20	(3,156)	(5,823)	(5,799)
Total other income and expenses		<u>418</u>	<u>(3,212)</u>	<u>(3,188)</u>
Profit before taxation		<u>40,127</u>	<u>11,900</u>	<u>11,920</u>
Taxation	21	(10,869)	1,159	1,159
Net profit for the year, representing total comprehensive income for the year		<u>29,258</u>	<u>13,059</u>	<u>13,079</u>
Profit attributable to:				
Owners of the parent		29,258	13,079	13,079
Non-controlling interests	32	-	(20)	-
		<u>29,258</u>	<u>13,059</u>	<u>13,079</u>
Earnings per share attributable to owners of the parent (sen per share)				
Basic and diluted	33	-	13.08	-

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

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Tune Insurance Malaysia Berhad
(Incorporated in Malaysia)

Statement of changes in equity
For the financial year ended 31 December 2025

	Attributable to the owners of the parent			Non- controlling interests	Total equity
	Share capital	Distributable Retained earnings	Total	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000
	(Note 8)			(Note 32)	
Group					
At 1 January 2024	103,348	209,503	312,851	634	313,485
Net profit for the year, representing total comprehensive income for the year	-	13,079	13,079	(20)	13,059
Decrease in non-controlling interests arising from reduction in interest in a subsidiary (Note 32)	-	-	-	(614)	(614)
At 31 December 2024	<u>103,348</u>	<u>222,582</u>	<u>325,930</u>	<u>-</u>	<u>325,930</u>
Company					
At 1 January 2024	103,348	209,503	312,851	-	312,851
Net profit for the year, representing total comprehensive income for the year	-	13,079	13,079	-	13,079
At 31 December 2024	<u>103,348</u>	<u>222,582</u>	<u>325,930</u>	<u>-</u>	<u>325,930</u>
At 1 January 2025	103,348	222,582	325,930	-	325,930
Net profit for the year, representing total comprehensive income for the year	-	29,258	29,258	-	29,258
At 31 December 2025	<u>103,348</u>	<u>251,840</u>	<u>355,188</u>	<u>-</u>	<u>355,188</u>

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

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Tune Insurance Malaysia Berhad
(Incorporated in Malaysia)

Statement of cash flows
For the financial year ended 31 December 2025

		Company 2025 RM'000	Group 2024 RM'000	Company 2024 RM'000
	Note			
Operating activities				
Profit before taxation		40,127	11,900	11,920
Adjustments for:				
Depreciation of property and equipment	3	1,442	948	948
Amortisation and reclassification of intangible assets	4	4,779	5,501	5,501
Depreciation of right-of-use assets	11	1,806	1,800	1,800
Investment income	14	(21,286)	(16,859)	(16,861)
Realised gains on disposal of property and equipment	15	(15)	(103)	(103)
Realised gains on disposal of investments	15	(2,746)	(15,650)	(15,636)
Unrealised fair value (gains)/losses on FVTPL financial assets	16	(1,068)	9,451	9,443
Income from leasing of right-of-use assets	19	(650)	-	-
Finance cost	11	119	133	133
Allowance for equity-settled share options to employees	20(a)	4	91	91
Operating profit/(loss) before working capital changes		22,512	(2,788)	(2,764)
Reinsurance contract assets		138,440	9,893	9,893
Insurance contract liabilities		(185,465)	20,144	20,144
Other receivables		350	2,468	2,451
Other payables		(6,710)	(2,944)	(2,921)
Cash (used in)/generated from operating activities		(30,873)	26,773	26,803
Net interest received		3,800	12,008	12,008
Net income from leasing of right-of-use assets		650	-	-
Net dividend received		15,974	2,865	2,865
Income tax refund		8,146	3,988	3,988
Net cash (used in)/generated from operating activities		(2,303)	45,634	45,664
Investing activity				
Purchases of FVTPL financial assets		(246,974)	(493,465)	(493,465)
Proceeds from disposal of FVTPL financial assets		188,227	277,018	277,018
Movement in financial assets at amortised cost		14,748	244,723	244,723
Proceeds from disposal of property and equipment		15	103	103
Purchase of property and equipment	3	(8,524)	(473)	(473)
Purchase of intangible assets	4	(12,906)	(13,655)	(13,655)
Net cash flows (used in)/generated from investing activity		(65,414)	14,251	14,251

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Tune Insurance Malaysia Berhad
(Incorporated in Malaysia)

Statement of cash flows

For the financial year ended 31 December 2025 (cont'd.)

	Note	Company 2025 RM'000	Group 2024 RM'000	Company 2024 RM'000
Financing activities				
Payment of principal portion of lease liabilities	11	(1,968)	(1,938)	(1,938)
Payments for cancellation of units made to other unitholders		-	(1,356)	-
Net cash flows used in financing activities		<u>(1,968)</u>	<u>(3,294)</u>	<u>(1,938)</u>
Net (decrease)/increase in cash and cash equivalents		(69,685)	56,591	57,977
Cash and cash equivalents at beginning of year		<u>93,284</u>	<u>36,693</u>	<u>35,307</u>
Cash and cash equivalents at end of year		<u>23,599</u>	<u>93,284</u>	<u>93,284</u>
Cash and cash equivalents comprise:				
Fixed and call deposits (with original maturities of less than three months) with licensed financial institutions (Note 5)		5,256	66,991	66,991
Cash and bank balances		<u>18,343</u>	<u>26,293</u>	<u>26,293</u>
		<u>23,599</u>	<u>93,284</u>	<u>93,284</u>

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

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Tune Insurance Malaysia Berhad
(Incorporated in Malaysia)

Notes to the financial statements
For the financial year ended 31 December 2025

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia.

The principal activity of the Company is the underwriting of all classes of general insurance business.

There have been no significant changes in the nature of the principal activities of the Company during the financial year.

The principal place of business of the Company is located at Level 9, Wisma Capital A, No.19, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur.

The immediate and ultimate holding company of the Company is Tune Protect Group Berhad ("TPG"), a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 March 2026.

2. Material accounting policies

2.1 Basis of preparation

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 ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the requirements of the Companies Act, 2016 in Malaysia.

At the beginning of the current financial year, the Company had fully adopted the new and amended MFRSs as described fully in Note 2.3.

The financial statements of the Company have been prepared under the historical cost convention, unless otherwise stated in the accounting policies.

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

Tune Insurance Malaysia Berhad
(Incorporated in Malaysia)

2. Material accounting policies (cont'd.)

2.1 Basis of preparation (cont'd.)

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Summary of material accounting policies

(a) Property and equipment

Property and equipment includes renovations, furniture, fittings, office equipment, computers and motor vehicles. Property and equipment are stated at cost less accumulated depreciation and any impairment losses. Residual values, useful lives and depreciation method are reviewed and adjusted prospectively, if appropriate, at each reporting date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property and equipment. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(d).

The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is charged to profit or loss in the period in which it is incurred. Subsequent costs are included in the asset's carrying amount, or recognised as a separate asset, as appropriate, only when 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. The carrying amount of the replaced part is derecognised.

Depreciation of property and equipment 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:

Renovations	10%
Motor vehicles	20%
Furniture, fittings and office equipment	12% - 17%
Computers	25%

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Upon the disposal of an item of property and equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in profit or loss.

Tune Insurance Malaysia Berhad
(Incorporated in Malaysia)

2. Material accounting policies (cont'd.)

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

(b) Intangible assets

Intangible assets of the Company consist of computer software and computer software work-in-progress. These intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The costs of generating other internally generated intangible assets are classified into whether they arise in a research phase or development phase. Research expenditure is charged to profit or loss in which the expense is incurred whilst development expenditure that meets specified criteria is capitalised at cost.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least once annually at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is 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 to use the specific software. These costs are amortised using the straight line method over their estimated useful lives.

Costs that are directly associated with the software or assets development in progress are recognised as intangible assets if it meets the specified criteria. The software which is being developed is expected to generate economic benefits beyond one year. Direct attributable costs include the employee costs involved in the development of the software and in acquisition of licences and an appropriate portion of relevant overheads to prepare the asset for its intended use.

The computer software work-in-progress is not amortised until such time that they are ready for their intended use. Upon completion of the development, the in-house developed computer software will be amortised using the straight-line method over the estimated useful lives of 10 to 15 years.

The acquired intangible assets are amortised using the straight-line method over the following estimated useful lives of 4 to 10 years.

**Tune Insurance Malaysia Berhad
(Incorporated in Malaysia)**

2. Material accounting policies (cont'd.)

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

(b) Intangible assets (cont'd.)

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Gains or losses arising from the 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 profit or loss.

(c) Leases

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

The Company as lessee

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

Tune Insurance Malaysia Berhad
(Incorporated in Malaysia)

2. Material accounting policies (cont'd.)

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

(c) Leases (cont'd.)

The Company as lessee (cont'd.)

(i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets which is between 2 to 5 years for office premises.

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

The right-of-use assets are also subject to impairment of non-financial assets, as described in Note 2.2(d).

(ii) Lease liabilities

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

**Tune Insurance Malaysia Berhad
(Incorporated in Malaysia)**

2. Material accounting policies (cont'd.)

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

(c) Leases (cont'd.)

The Company as lessee (cont'd.)

(ii) Lease liabilities (cont'd.)

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

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

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

(d) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs.

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2. Material accounting policies (cont'd.)

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

(d) Impairment of non-financial assets (cont'd.)

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(e) Investments and financial assets

Initial recognition and measurement

Financial instruments are classified, at initial recognition, as financial assets at fair value through profit or loss ("FVTPL") and at amortised cost. Financial instruments are initially recognised at their fair value. Except for financial assets recorded at FVTPL, transaction costs are added to this amount.

The classification depends on the instrument's contractual cash flow terms and the entity's business model for managing the instruments.

Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Company commit to purchase or sell the asset.

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2. Material accounting policies (cont'd.)

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

(e) Investments and financial assets (cont'd.)

Debt instruments measured at amortised cost

Debt instruments are held at amortised cost if both of the following conditions are met:

- (i) The instruments are held within a business model with the objective of holding the instrument to collect the contractual cash flows; and
- (ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The details of these conditions are outlined below:

(i) Business model assessment

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

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

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

- (a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel;
- (b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- (c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

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2. Material accounting policies (cont'd.)

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

(e) Investments and financial assets (cont'd.)

Debt instruments measured at amortised cost (cont'd.)

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

The expected frequency, value and timing of asset sales are also important aspects of the Company's assessment.

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

(ii) SPPI test

As a second step of its classification process the Company assesses the contractual terms to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company apply judgement and consider relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Financial assets measured at FVTPL

Financial assets in this category are those that are managed in a fair value business model, or that have been designated by management upon initial recognition, or are mandatorily required to be measured at fair value under MFRS 9. This category includes debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

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2. Material accounting policies (cont'd.)

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

(e) Investments and financial assets (cont'd.)

Subsequent measurement

Debt instruments at amortised cost

After initial measurement, debt instruments are measured at amortised cost, using the effective interest rate ("EIR") method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Expected Credit Losses ("ECLs") are recognised in profit or loss when the investments are impaired.

Financial assets measured at FVTPL

Financial assets at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss. Interest earned on assets measured at FVTPL is recorded using contractual interest rate. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss when the right to the payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- (i) The rights to receive cash flows from the asset have expired; or
- (ii) The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - (a) the Company has transferred substantially all the risks and rewards of the asset; or
 - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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2. Material accounting policies (cont'd.)

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

(e) Investments and financial assets (cont'd.)

Derecognition (cont'd.)

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

(f) Impairment of 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 receive.

At each financial year end, the Company assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition.

In determining whether credit risk on a financial asset has increased significantly since initial recognition, the Company uses external credit ratings and other supporting information to assess deterioration in credit quality of a financial asset. The Company assesses whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For impairment assessment, financial assets are grouped on the basis of similar risk characteristics.

These are the main components to measure ECL which are Probability of Default ("PD"), Exposure at Default ("EAD") and the Loss Given Default ("LGD").

(i) PD

The Probability of Default is an estimate of the likelihood of default over a given time horizon. It is estimated with consideration of economic scenarios and forward-looking information.

(ii) EAD

The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.

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2. Material accounting policies (cont'd.)

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

(f) Impairment of financial assets (cont'd.)

(iii) LGD

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive. It is usually expressed as a percentage of the EAD.

The Company consider past loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions, including any forecasts of future economic conditions, are reviewed regularly.

For insurance (which is included within the insurance contract liabilities and reinsurance contract assets) and other receivables, the Company applies the simplified approach in accordance with MFRS 9 Financial Instruments. MFRS 9 includes the requirement or policy choice to apply the simplified approach that does not require the Company to track changes in credit risk and a practical expedient to calculate ECLs using a provision matrix with the usage of forward looking information.

The carrying amount of a financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company makes an assessment with respect to the timing and amount of write off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off.

(g) Financial liabilities

Initial recognition and measurement

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

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2. Material accounting policies (cont'd.)

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

(g) Financial liabilities (cont'd.)

Initial recognition and measurement (cont'd.)

Financial liabilities are recognised in the statements of financial position when, and only when, the Company become a party to the contractual provisions of the financial instrument.

All financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. All financial liabilities of the Company, comprising insurance payables and other payables except for those covered under MFRS 4 *Insurance Contracts* ("MFRS 4"), are classified as other financial liabilities.

Subsequent measurement

Other payables are subsequently measured at amortised cost using the effective interest rate method.

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

Derecognition

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

(h) Equity instruments

Ordinary share capital

The Company has issued ordinary shares that are classified as equity. Incremental external costs that are directly attributable to the issuance of these shares are recognised in equity, net of tax.

Dividends on ordinary share capital

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders.

Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

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2. Material accounting policies (cont'd.)

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

(i) 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 interests.

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 use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- Level 1 - Quoted (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

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2. Material accounting policies (cont'd.)

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

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

- 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 determine 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 period.

For investments in unit trust funds and collective investment schemes, fair value is determined by reference to published net asset values.

The fair values of floating rate over-night deposits with financial institutions are their carrying values. The carrying value is the cost of the deposit/placements.

The fair values of Malaysian Government Securities, Cagamas Papers and unquoted corporate bonds are determined by reference to Bond Pricing Agency Malaysia.

For the purpose of fair value disclosures, the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions Note 30
- Quantitative disclosures of fair value measurement hierarchy Note 30
- Financial instruments (including those carried at amortised cost) Notes 5 & 30

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2. Material accounting policies (cont'd.)

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

(j) Insurance and reinsurance contracts

(i) Insurance and reinsurance contracts classification

The Company issue insurance contracts in the normal course of business, under which they accept significant insurance risk from its policyholders. As a general guideline, the Company determine whether they have significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. The Company general insurance to individuals and businesses. General insurance products offered include motor, fire and travel personal accident. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident.

The Company also issue reinsurance contracts in the normal course of business to compensate other entities for claims arising from one or more insurance contracts issued by those entities.

The Company do not issue any contracts with direct participating features.

Investment contracts are those contracts that do not transfer significant insurance risk.

(ii) Insurance and reinsurance contracts accounting treatment

(a) Separating components from insurance and reinsurance contracts

The Company assesses its general insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another MFRS instead of under MFRS 17. After separating any distinct components, the Company applies MFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company's products do not include any distinct components that require separation.

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2. Material accounting policies (cont'd.)

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

(j) Insurance and reinsurance contracts (cont'd.)

(ii) Insurance and reinsurance contracts accounting treatment (cont'd.)

(a) Separating components from insurance and reinsurance contracts (cont'd.)

Some reinsurance contracts issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. The minimum guaranteed amounts have been assessed to be highly interrelated with the insurance component of the reinsurance contracts and are, therefore, non-distinct investment components which are not accounted for separately. However, receipts and payments of these investment components are recognised outside of profit or loss.

(b) Level of aggregation

MFRS 17 requires the Company 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 identify a contract as the smallest 'unit', i.e., the lowest common denominator.

However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit 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 requires that no group for level of aggregation purposes may contain contracts issued more than one year apart.

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2. Material accounting policies (cont'd.)

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

(j) Insurance and reinsurance contracts (cont'd.)

(ii) Insurance and reinsurance contracts accounting treatment (cont'd.)

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

The Company applied a modified retrospective approach for transition to MFRS 17. The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

- A group of contracts that are onerous at initial recognition (if any);
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any); and
- A group of the remaining contracts in the portfolio (if any).

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Company assume that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assess, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. the Company consider facts and circumstances to identify whether a group of contracts are onerous based on:

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

The Company divide portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

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2. Material accounting policies (cont'd.)

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

(j) Insurance and reinsurance contracts (cont'd.)

(ii) Insurance and reinsurance contracts accounting treatment (cont'd.)

(c) Recognition

The Company recognises groups of insurance contracts 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 policyholder in the group is due or when the first payment is received if there is no due date; and
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous.

The Company recognise a group of reinsurance contracts held it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. However, the Company delay the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held; and
- The date the Company recognise an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The reinsurance contracts held by the Company provide proportionate cover. Therefore the Company does not recognise a proportional reinsurance contract held until at least one underlying direct insurance contract has been recognised.

The Company add new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

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2. Material accounting policies (cont'd.)

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

(j) Insurance and reinsurance contracts (cont'd.)

(ii) Insurance and reinsurance contracts accounting treatment (cont'd.)

(d) Contract boundary

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

- The Company has the practical ability to reassess the risks of the particular policyholder 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 insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
 - The pricing of the premiums 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 premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

(e) Measurement - General Model

Insurance contracts - Initial measurement

The general model measures a group of insurance contracts as the total of:

- Fulfilment cash flows; and

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2. Material accounting policies (cont'd.)

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

(j) Insurance and reinsurance contracts (cont'd.)

(ii) Insurance and reinsurance contracts accounting treatment (cont'd.)

(e) Measurement - General Model (cont'd.)

Insurance contracts - initial measurement (cont'd.)

- A CSM representing the unearned profit the Company will recognise as they provide insurance contract services under the insurance contracts in the group.

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 cashflows, the Company includes all cash flows that are within the contract boundary including:

- Premiums and related cash flows;
- Claims and benefits, including reported claims not yet paid, incurred claims not yet reported and expected future claims:
 - Payments to policyholders resulting from embedded surrender value options; and
 - An allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs.
- Claim handling cost;
- Policy administration and maintenance costs, including recurring commissions that are expected to be paid to intermediaries;

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2. Material accounting policies (cont'd.)

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

(j) Insurance and reinsurance contracts (cont'd.)

(ii) Insurance and reinsurance contracts accounting treatment (cont'd.)

(e) Measurement - General Model (cont'd.)

Insurance contracts - initial measurement (cont'd.)

- An allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts; and
- Transaction-based taxes.

The Company does not provide investment-return services in respect of contracts that they issue, nor do they perform investment activities for the benefit of policyholders.

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 estimate the probabilities and amounts of future payments under existing contracts based on information obtained, including:

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

The measurement of fulfilment cash flows includes insurance acquisition cash flows which are allocated as a portion of premium to profit or loss (through insurance revenue) over the period of the contract in a systematic and rational way on the basis of the passage of time. The Company does not elect to accrete interest on insurance acquisition cash flows to be allocated to profit or loss.

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2. Material accounting policies (cont'd.)

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

(j) Insurance and reinsurance contracts (cont'd.)

(ii) Insurance and reinsurance contracts accounting treatment (cont'd.)

(e) Measurement - General Model (cont'd.)

Insurance contracts - subsequent measurement

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

For a group of insurance contracts 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;
- Interest 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 amount recognised as insurance revenue because of the transfer of insurance contract services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

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 interest on the CSM is determined using the bottom-up approach at inception.

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2. Material accounting policies (cont'd.)

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

(j) Insurance and reinsurance contracts (cont'd.)

(ii) Insurance and reinsurance contracts accounting treatment (cont'd.)

(e) Measurement - General Model (cont'd.)

Insurance contracts - subsequent measurement (cont'd.)

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 premium receipts (and any related cash flows such as insurance acquisition cash flows and insurance premium taxes) and the estimate, at the beginning of the period, of the amounts expected. Differences related to premiums received (or due) related to current or past services are recognised immediately in profit or loss while differences related to premiums received (or due) for future services are adjusted against the CSM;
- 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 statements of 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. Those differences are determined by comparing (i) the actual investment component that becomes payable in the period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable. The same applies to a policyholder loan that becomes repayable; and
- 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 insurance contracts at initial recognition.

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2. Material accounting policies (cont'd.)

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

(j) Insurance and reinsurance contracts (cont'd.)

(ii) Insurance and reinsurance contracts accounting treatment (cont'd.)

(e) Measurement - General Model (cont'd.)

Insurance contracts - subsequent measurement (cont'd.)

Where, during the coverage period, a group of insurance contracts becomes 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 cashflows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

The Company measures the carrying amount of a group of insurance contracts at the end of each reporting period as the sum of: (i) the liability for remaining coverage comprising fulfilment cashflows 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 comprising the fulfilment cashflows related to past service allocated to the group at that date.

Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

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

The asset for insurance acquisition cash flows is derecognised from the statements of financial position when the insurance acquisition cash flows are included in the initial measurement of the CSM of the related group of insurance contracts. The Company expects to derecognise all assets for insurance acquisition cash flows within one year.

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2. Material accounting policies (cont'd.)

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

(j) Insurance and reinsurance contracts (cont'd.)

(ii) Insurance and reinsurance contracts accounting treatment (cont'd.)

(e) Measurement - General Model (cont'd.)

Insurance contracts - modification and derecognition

The Company derecognises insurance contracts 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.

(f) Measurement - Premium Allocation Approach

Adopted approach by the Company:

- Premium Allocation Approach (PAA) eligibility: The coverage period is assumed to be one year or less, and therefore qualifies automatically for PAA. Some insurance contracts include coverage periods greater than one year. However, there is no material difference in the measurement of the liability for remaining coverage between PAA and the general model; therefore, these also qualify for PAA.
- Insurance acquisition cash flows for insurance contracts issued: Insurance acquisition cash flows are allocated to related groups of insurance contracts and amortised over the coverage period of the related group;
- Liability for Remaining Coverage ("LFRC") adjusted for financial risk and time value of money: An allowance is made for the accretion of interest on the LFRC;
- Liability for Incurred Claims ("LFIC") adjusted for time value of money: The LFIC is adjusted for the time value of money; and

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2. Material accounting policies (cont'd.)

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

(j) Insurance and reinsurance contracts (cont'd.)

(ii) Insurance and reinsurance contracts accounting treatment (cont'd.)

(f) Measurement - Premium Allocation Approach (cont'd.)

Adopted approach by the Company: (cont'd.)

- Insurance finance income and expense: The change in LFRC and LFIC as a result of changes in discount rates will be captured within profit or loss.

Insurance contracts - initial measurement

The Company applies the PAA to insurance contracts that they issue and reinsurance contracts that they hold, as:

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary;

Or

- For contracts longer than one year, the Company have modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company have 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 contracts, 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; and
- The length of the coverage period of the group of contracts.

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2. Material accounting policies (cont'd.)

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

(j) Insurance and reinsurance contracts (cont'd.)

(ii) Insurance and reinsurance contracts accounting treatment (cont'd.)

(f) Measurement - Premium Allocation Approach (cont'd.)

Insurance contracts - initial measurement (cont'd.)

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition;
- Minus any insurance 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 insurance acquisition cash flows; and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognised.

There is no allowance for time value of money for the liability for remaining coverage as the premiums are received within one year of the coverage period.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and 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.

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2. Material accounting policies (cont'd.)

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

(j) Insurance and reinsurance contracts (cont'd.)

(ii) Insurance and reinsurance contracts accounting treatment (cont'd.)

(f) Measurement - Premium Allocation Approach (cont'd.)

Reinsurance contracts held – initial measurement

The Company measures its reinsurance assets for a group of reinsurance contracts that they hold on the same basis as insurance contracts that they issue. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

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

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held.

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

Insurance contracts - subsequent measurement

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:

- Plus premiums received in the period;

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2. Material accounting policies (cont'd.)

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

(j) Insurance and reinsurance contracts (cont'd.)

(ii) Insurance and reinsurance contracts accounting treatment (cont'd.)

(f) Measurement - Premium Allocation Approach (cont'd.)

Insurance contracts - subsequent measurement (cont'd.)

- Minus insurance acquisition cash flows;
- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group;
- Plus any adjustment to the financing component, where applicable;
- Minus the amount recognised as insurance revenue for the services provided in the period; and
- Minus any investment component paid or transferred to the liability for incurred claims.

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 insurance 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.

Insurance acquisition cash flows are allocated on a straight-line basis as a portion of premium to profit or loss (through insurance revenue).

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2. Material accounting policies (cont'd.)

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

(j) Insurance and reinsurance contracts (cont'd.)

(ii) Insurance and reinsurance contracts accounting treatment (cont'd.)

(f) Measurement - Premium Allocation Approach (cont'd.)

Reinsurance contracts held – subsequent measurement

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

Where the Company have established a loss-recovery component, the Company subsequently reduce the loss recovery component to zero in line with reductions in the onerous group of underlying insurance contracts 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 insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

The Company choose to expense insurance acquisition cash flows as they occur, the Company use a systematic and rational method to allocate:

- (a) Insurance acquisition cash flows that are directly attributable to a group of insurance contracts:
 - (i) to that group; and
 - (ii) to groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.
- (b) Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

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2. Material accounting policies (cont'd.)

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

(j) Insurance and reinsurance contracts (cont'd.)

(ii) Insurance and reinsurance contracts accounting treatment (cont'd.)

(f) Measurement - Premium Allocation Approach (cont'd.)

Insurance acquisition cash flows (cont'd.)

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

The asset for insurance acquisition cash flow is derecognised from the statements of financial position when the insurance acquisition cash flows are included in the initial measurement of the related group of insurance contracts. The time bands when the Company expect to derecognise the above asset for insurance acquisition cash flows.

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

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

- (a) An impairment test at the level of an existing or future group of insurance contracts; and
- (b) An additional impairment test specifically covering the insurance acquisition cash flows allocated to expected future contract renewals.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss.

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

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2. Material accounting policies (cont'd.)

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

(j) Insurance and reinsurance contracts (cont'd.)

(ii) Insurance and reinsurance contracts accounting treatment (cont'd.)

(f) Measurement - Premium Allocation Approach (cont'd.)

Insurance contracts – modification and derecognition

The Company derecognises insurance contracts 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, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognise the initial contract and recognises the modified contract as a new contract.

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

(g) Presentation

The Company has presented separately, in the statements of financial position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

Any assets for insurance acquisition cash flows recognised before the corresponding insurance contracts are included in the carrying amount of the related groups of insurance contracts are allocated to the carrying amount of the portfolios of insurance contracts that they relate to.

The Company disaggregates the total amount recognised in the statements of comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

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2. Material accounting policies (cont'd.)

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

(j) Insurance and reinsurance contracts (cont'd.)

(ii) Insurance and reinsurance contracts accounting treatment (cont'd.)

(g) Presentation (cont'd.)

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 insurance service result.

The Company separately present income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

Insurance revenue - Premium Allocation Approach

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

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

Loss components - Premium Allocation Approach

The Company assume that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances mentioned in Level of aggregation indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group as determined. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

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2. Material accounting policies (cont'd.)

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

(j) Insurance and reinsurance contracts (cont'd.)

(ii) Insurance and reinsurance contracts accounting treatment (cont'd.)

(g) Presentation (cont'd.)

Loss-recovery components - General Model

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

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

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

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

Loss-recovery components - Premium Allocation Approach

The Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses.

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2. Material accounting policies (cont'd.)

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

(j) Insurance and reinsurance contracts (cont'd.)

(ii) Insurance and reinsurance contracts accounting treatment (cont'd.)

(g) Presentation (cont'd.)

Loss-recovery components - Premium Allocation Approach (cont'd.)

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts 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 insurance contracts that the entity expects to recover money from the group of reinsurance contract held.

Insurance finance income and expense

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

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

Net income or expense from reinsurance contracts held

The Company presents separately on the face of the statements of comprehensive income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statements of comprehensive income.

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2. Material accounting policies (cont'd.)

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

(k) Other revenue recognition

(i) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(ii) Dividend income

Dividend income is recognised on a declared basis when the shareholders' right to receive payment is established.

(iii) Realised gains and losses

Realised gains and losses recorded in profit or loss include gains and losses on financial assets. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original, revalued or amortised cost and are recorded on occurrence of the sale transaction.

(iv) Management fees income

Management fees income from subsidiaries are recognised when services are rendered, based on retainer fees and time cost on an accrual basis.

(l) Income tax

Income tax expense 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 measured using the tax rates that have been enacted at the reporting date. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognised directly in equity is recognised in equity and not in the profit or loss.

Deferred tax is provided for, using the liability method. 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 not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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2. Material accounting policies (cont'd.)

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

(l) Income tax (cont'd.)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised as income or an expense and included in profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

(m) Provisions

Provisions are recognised when the Company has 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 of the obligation. When the Company expect some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(n) Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees. 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 absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

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2. Material accounting policies (cont'd.)

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

(n) Employee benefits (cont'd.)

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, the Company make such contributions to the Employees Provident Fund ("EPF").

(iii) Staff retirement benefits

The Company participates in the national Employees Provident Fund ("EPF") Scheme. Under the Clerical and Executive Union Agreements, the Company has an enhanced EPF Scheme for additional contributions between 1% to 5%, based on years of service. Such contributions are recognised as an expense in profit or loss as incurred.

Provision for retirement benefits is made for eligible staff in the Company from the date of employment under an unfunded defined contribution plan. For eligible staff, the gratuity is calculated based on the last drawn monthly salary of an employee multiplied by years of service up to a maximum of 15 years.

(iv) Share-based compensation

Long Term Incentive Plan - Employee Share Option Scheme ("LTIP - ESOS")

The LTIP - ESOS is an equity-settled share-based compensation plan that allows the Company's employees to acquire shares of TPGS. The total fair value of share options granted to employees is recognised as an employee cost or amounts due from subsidiaries, with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest.

The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

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2. Material accounting policies (cont'd.)

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

(n) Employee benefits (cont'd.)

(iv) Share-based compensation (cont'd.)

Long Term Incentive Plan - Employee Share Option Scheme ("LTIP - ESOS") (cont'd.)

At each reporting date, TPGB revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. The share option reserve is transferred to retained earnings upon expiry of the share options.

(o) Foreign currencies

(i) Functional and presentation currency

The financial statements of the Company are recorded using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign currency transactions

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currencies are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

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2. Material accounting policies (cont'd.)

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

(p) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and deposits held at call with financial institutions with original maturities of three months or less.

(q) Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the statements of comprehensive income and within equity in the statements of financial position, separately from equity attributable to owners of the Company.

Changes in the ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.3 Changes in accounting policies

The accounting policies adopted are new and consistent with those of the previous financial year except with respect to the following Amendments to Standards which are mandatory for annual financial periods beginning on or after 1 January 2025 and which were adopted by the Company on 1 January 2025:

Amendments to MFRS 121 Lack of Exchangeability

The adoption of the above pronouncements did not have any impact on the financial statements of the Company.

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2. Material accounting policies (cont'd.)

2.4 Standards issued but not yet effective

The following are Amendments 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 Amendments to Standards, if applicable, when they become effective:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 9 and MFRS 7 <i>Classification and Measurement of Financial Instruments</i>	1 January 2026
Amendments to MFRS 9 and MFRS 7 <i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
Amendments that are part of Annual Improvements - Volume 11	1 January 2026
- Amendments to MFRS 1 <i>First-time Adoption of MFRS Accounting Standards</i>	
- Amendments to MFRS 7 <i>Financial Instruments: Disclosures</i>	
- Amendments to MFRS 9 <i>Financial Instruments</i>	
- Amendments to MFRS 10 <i>Consolidated Financial Statements</i>	
- Amendments to MFRS 107 <i>Statement of Cash Flows</i>	
Amendments to MFRS 18 <i>Presentation and Disclosure in Financial Statement</i>	1 January 2027
Amendments to MFRS 19 <i>Subsidiaries without Public Accountability Disclosures</i>	1 January 2027
Amendments to MFRS 10 <i>Consolidated Financial Statements</i> and MFRS 128 <i>Investments in Associates and Joint Ventures - Sale or Distribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined by MASB

Except for MFRS 18, the directors expect that the adoption of the above pronouncements will not have a material impact on the Company's financial statements upon initial application. The Company is currently evaluating the potential impact, if any, arising from the implementation of MFRS 18.

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2. Material accounting policies (cont'd.)

2.5 Significant accounting judgements, estimates and assumptions

(a) Critical judgements made in applying accounting policies

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. These are areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The Company have applied the following significant judgement in preparing the financial statements:

Deferred tax assets

Deferred tax assets are recognized for unutilised tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the unutilised tax losses and unabsorbed capital allowances can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and the level of future taxable profits, together with future tax planning strategies.

(b) Key sources of estimation uncertainty and assumptions

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

2.5 Significant accounting judgements, estimates and assumptions (cont'd.)

(b) Key sources of estimation uncertainty and assumptions (cont'd.)

The Company applied PAA when measuring liabilities for remaining coverage for insurance contracts issued and applied both GMM and PAA for reinsurance contracts held. However, when measuring liabilities for incurred claims, the Company discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

Liability for remaining coverage

(i) Onerous groups

For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows. Any loss-recovery component is determined with reference to the loss component recognised on underlying contracts and the recovery expected on such claims from reinsurance contracts held.

(ii) Time value of money

The Company adjusts the carrying amount of the liability for remaining coverage to reflect the time value of money and the effect of financial risk using discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition.

Liability for incurred claims

For general insurance contracts, estimates have to be made for both the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported at the end of the reporting period.

It can take a significant period of time before the ultimate claims costs can be established with certainty and for some type of policies, IBNR claims form the majority of the liability at the reporting date. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as the expected loss ratio ("ELR"), Link Ratios and Bornhuetter-Ferguson ("BF") methods.

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2. Material accounting policies (cont'd.)

2.5 Significant accounting judgements, estimates and assumptions (cont'd.)

(b) Key sources of estimation uncertainty and assumptions (cont'd.)

Liability for incurred claims (cont'd.)

The main assumption underlying these techniques is that the Company's past claims development experience can be used to project future claims development and hence, ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, as well as by significant business lines and claims type.

Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historic claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in the future, (for example, to reflect once-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, level of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures), in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate. Risk-free rates are determined by reference to the yields of Malaysian Government Securities ("MGS").

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Company has has estimated the risk adjustment for non-financial risk for both LIC and LRC using a confidence level (probability of sufficiency) approach at 75% at the overall Group level. These are based on an actuarial valuation by a qualified actuary, using a mathematical method of estimation based on, among others, actual claims development patterns.

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3. Property and equipment

	Renovations RM'000	Motor vehicles RM'000	Furniture, fittings, office equipment and computers RM'000	Total RM'000
Group and Company				
Cost				
At 1 January 2024	2,801	513	20,114	23,428
Additions	-	286	187	473
Disposals	-	(344)	(12)	(356)
Written off	-	-	(49)	(49)
At 31 December 2024	2,801	455	20,240	23,496
Additions	-	-	8,524	8,524
Disposals	-	(40)	(24)	(64)
Written off	-	(120)	(616)	(736)
At 31 December 2025	2,801	295	28,124	31,220
Accumulated depreciation				
At 1 January 2024	1,763	511	18,808	21,082
Charge for the year (Note 20)	193	39	716	948
Disposals	-	(344)	(12)	(356)
Written off	-	-	(49)	(49)
At 31 December 2024	1,956	206	19,463	21,625
Charge for the year (Note 20)	191	58	1,193	1,442
Disposals	-	(40)	(24)	(64)
Written off	-	(120)	(616)	(736)
At 31 December 2025	2,147	104	20,016	22,267
Net carrying amount				
At 31 December 2024	845	249	777	1,871
At 31 December 2025	654	191	8,108	8,953

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4. Intangible assets

	Computer software RM'000	Computer software work-in- -progress RM'000	Total RM'000
Group and Company			
Cost			
At 1 January 2024	30,665	15,220	45,885
Additions	2,221	11,434	13,655
Reclassification	17,720	(17,720)	-
At 31 December 2024	50,606	8,934	59,540
Additions	3,421	9,485	12,906
Reclassification	379	(379)	-
At 31 December 2025	54,406	18,040	72,446
Accumulated amortisation			
At 1 January 2024	14,160	-	14,160
Amortisation (Note 20)	5,501	-	5,501
At 31 December 2024	19,661	-	19,661
Amortisation (Note 20)	4,779	-	4,779
At 31 December 2025	24,440	-	24,440
Net carrying amount			
At 31 December 2024	30,945	8,934	39,879
At 31 December 2025	29,966	18,040	48,006

The Company's intangible assets include computer software recorded at a cost of RM29,285,000 (2024: RM29,285,000).

Following a reassessment conducted after two years, the Company identified delays in the implementation timeline of certain project phases. To better align the remaining amortisation expenses with the deferred future economic benefits of the software, the Company revised its estimated useful life from 10 years to 15 years.

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5. Investments

	Company	Group and
	2025	Company
	RM'000	2024
		RM'000
Debt securities	5,005	5,031
Unit trust funds	505,319	442,732
Loans receivable	49	57
Fixed and call deposits with licensed financial institutions	59,110	135,585
	<u>569,483</u>	<u>583,405</u>

The Company's financial investments are summarised by categories as follows:

	Company	Group and
	2025	Company
	RM'000	2024
		RM'000
Amortised cost (Note 5(a))	59,159	135,642
Financial assets at FVTPL (Note 5(b))	510,324	447,763
	<u>569,483</u>	<u>583,405</u>

(a) Amortised cost

	Company	Group and
	2025	Company
	RM'000	2024
		RM'000
Fixed and call deposits with licensed financial institutions	59,110	135,585
Loans receivable:		
Secured staff mortgage loans	49	53
Other unsecured staff loans	-	4
	<u>49</u>	<u>57</u>
	<u>59,159</u>	<u>135,642</u>

Included in fixed and call deposits with licensed financial institutions of the Company is short-term deposits with original maturity periods of less than 3 months amounting to RM5,256,000 (2024: RM66,991,000), which has been classified as cash and cash equivalents for the purpose of the statement of cash flows.

Included in deposits and placements of the Company is an amount of RM14,110,000 (2024: RM13,685,000) representing placements fixed deposits and the deposits received from insureds as collateral for bond guarantees granted by the Company to third parties.

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5. Investments (cont'd.)

(a) Amortised cost (cont'd.)

The carrying values of the fixed and call deposits approximate fair values due to the relatively short-term maturities.

The carrying values of the secured staff mortgage loans and other unsecured staff loans are reasonable approximations of fair value due to the insignificant impact of discounting.

(b) FVTPL financial assets

	Company	Group and
	2025	Company
	RM'000	2024
		RM'000
At fair value:		
<u>Mandatorily measured</u>		
Unquoted debt securities in Malaysia	5,005	5,031
Quoted unit trust funds in Malaysia	505,319	442,732
	<u>510,324</u>	<u>447,763</u>

(c) Average effective interest rates

The average effective interest rates for each class of interest-bearing investment and placements with licensed financial institutions, at net carrying amounts are as below:

	Company	Group and
	2025	Company
	%	2024
		%
Debt securities	4.30	4.30
Loans receivable	5.00	5.00
Deposits with licensed financial institutions	<u>3.36</u>	<u>3.70</u>

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6. Deferred tax (liabilities)/assets

	Company 2025 RM'000	Group and Company 2024 RM'000
At 1 January	218	468
Recognised in profit or loss (Note 21)	(6,232)	(250)
At 31 December	<u>(6,014)</u>	<u>218</u>

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

	Company 2025 RM'000	Group and Company 2024 RM'000
Presented as follows:		
Deferred tax assets	1,234	5,043
Deferred tax liabilities	(7,248)	(4,825)
	<u>(6,014)</u>	<u>218</u>

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

	Premium liabilities RM'000	Provisions and MFRS 17 valuation difference RM'000	Unutilised tax losses, unabsorbed capital allowances and others RM'000	Total RM'000
Group and Company				
Deferred tax assets				
At 1 January 2024	518	1,471	-	1,989
Recognised in profit or loss	(501)	831	2,724	3,054
At 31 December 2024	17	2,302	2,724	5,043
Recognised in profit or loss	-	(1,085)	(2,724)	(3,809)
At 31 December 2025	<u>17</u>	<u>1,217</u>	<u>-</u>	<u>1,234</u>

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6. Deferred tax (liabilities)/assets (cont'd.)

	Property and equipment RM'000	Fair value of financial assets RM'000	Total RM'000
Group and Company			
Deferred tax liabilities			
At 1 January 2024	(1,509)	(12)	(1,521)
Recognised in profit or loss	(2,856)	(448)	(3,304)
At 31 December 2024	(4,365)	(460)	(4,825)
Recognised in profit or loss	(2,166)	(257)	(2,423)
At 31 December 2025	(6,531)	(717)	(7,248)

The unutilised tax losses of the Company are available for offsetting against future taxable profits, subject to no significant change in shareholdings, under the Income Tax Act 1967 and guidelines issued by the tax authority.

The Malaysia Finance Act gazetted on 27 December 2018 has imposed a time limitation to restrict the carry forward of the unutilised tax losses. The unutilised tax losses accumulated up to the year of assessment 2018 are allowed to be carried forward for 7 consecutive years of assessment (i.e., from year of assessment 2019 to 2025) and any balance of the unutilised losses thereafter shall be disregarded.

Based on the Act, for any unutilised tax losses that originated from the year of assessment 2019 onwards, these were allowed to be carried forward for a maximum period of 7 consecutive years of assessment immediately following that originating year of assessment and any balance of the unutilised tax losses thereafter shall be disregarded.

However, following the Budget 2022 announcement and the gazetting of the Finance Act 2021 on 31 December 2021, any accumulated unutilised tax losses from the year of assessment 2019 onwards can now be carried forward to a maximum of 10 consecutive years of assessment and any balance of the unutilised tax losses thereafter shall be disregarded. This will be effective retrospectively from year of assessment 2019.

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7. Other receivables

	Company 2025 RM'000	Group and Company 2024 RM'000
Financial assets:		
Amount due from holding company	80	-
Amount due from related companies	424	684
Income due and accrued	818	1,064
Sundry receivables	1,731	1,591
	<u>3,053</u>	<u>3,339</u>
Non-financial assets:		
Assets held under the Malaysian Motor Insurance Pool ("MMIP" or "the Pool") *	35,651	36,025
Prepayments	2,454	632
	<u>38,105</u>	<u>36,657</u>
Total	<u>41,158</u>	<u>39,996</u>

The carrying amounts of financial assets disclosed above approximate their fair values at the reporting date due to the relatively short-term maturity of these balances.

* As a participating member of MMIP, the Company shares a proportion of the Pool's net assets/liabilities. At each reporting date, the Company accounts for its proportionate share of the assets, liabilities and performance of the Pool. The net assets held under MMIP represents the Company's share of the Pool's net assets, before insurance contract liabilities. The Company's proportionate share of the Pool's insurance contract liabilities arising from its participation in the Pool is disclosed in Note 9.

8. Share capital

	Group and Company Share capital Issued and fully paid, at no par value Number of ordinary shares '000	Amount RM'000
At 31 December 2024/2025	<u>100,013</u>	<u>103,348</u>

The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. The ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual assets.

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9. Insurance contract liabilities

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims

Company

	Liabilities for remaining coverage		Liabilities for incurred claims		Total RM'000
	Excluding loss components RM'000	Loss components RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustments RM'000	
2025					
Insurance contract liabilities as at 1 January	58,647	17,751	533,448	59,710	669,556
Net insurance contract liabilities as at 1 January	58,647	17,751	533,448	59,710	669,556
Insurance revenue	(280,801)	-	-	-	(280,801)
Insurance service expenses	88,902	(1,975)	68,594	(15,545)	139,976
Incurred claims and other expenses	-	-	185,630	11,319	196,949
Amortisation of insurance acquisition cash flows	88,902	-	-	-	88,902
Losses on onerous contracts and reversal of those losses	-	(1,975)	-	-	(1,975)
Changes to liabilities for incurred claims	-	-	(117,036)	(26,864)	(143,900)
Insurance service results	(191,899)	(1,975)	68,594	(15,545)	(140,825)
Insurance finance expenses	(86)	42	15,550	60	15,566
Total changes in statement of comprehensive income	(191,985)	(1,933)	84,144	(15,485)	(125,259)
Investment components	504	-	(504)	-	-

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9. Insurance contract liabilities (cont'd.)

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (cont'd.)

Company (cont'd.)

	Liabilities for remaining coverage		Liabilities for incurred claims		Total RM'000
	Excluding loss components RM'000	Loss components RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustments RM'000	
2025 (cont'd.)					
Cash flows					
Premium received excluding taxes	267,807	-	-	-	267,807
Premium tax outflows	(20,519)	-	-	-	(20,519)
Claims and other expenses paid	-	-	(229,082)	-	(229,082)
Insurance acquisition cash flows	(78,412)	-	-	-	(78,412)
Total cash flows	168,876	-	(229,082)	-	(60,206)
Net insurance contract liabilities as at 31 December	36,042	15,818	388,006	44,225	484,091
Insurance contract liabilities as at 31 December	36,042	15,818	388,006	44,225	484,091
Net insurance contract liabilities as at 31 December	36,042	15,818	388,006	44,225	484,091

Included in the liabilities for remaining coverage and liabilities for incurred claims above are the Company's proportionate shares of liabilities for remaining coverage and liabilities for incurred claim in MMIP, amounting to RM1,420,000 (2024: RM885,000) and RM8,164,000 (2024: RM9,383,000), respectively.

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9. Insurance contract liabilities (cont'd.)

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (cont'd.)

Group and Company

	Liabilities for remaining coverage		Liabilities for incurred claims		Total RM'000
	Excluding loss components RM'000	Loss components RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustments RM'000	
2024					
Insurance contract liabilities as at 1 January	63,482	24,715	503,816	57,399	649,412
Net balances as at 1 January 2024	63,482	24,715	503,816	57,399	649,412
Insurance revenue	(320,224)	-	-	-	(320,224)
Insurance service expenses	94,323	(7,024)	211,003	2,163	300,465
Incurred claims and other expenses	-	-	231,171	17,036	248,207
Amortisation of insurance acquisition cash flows	94,323	-	-	-	94,323
Losses on onerous contracts and reversal of those losses	-	(7,024)	-	-	(7,024)
Changes to liabilities for incurred claims	-	-	(20,168)	(14,873)	(35,041)
Insurance service results	(225,901)	(7,024)	211,003	2,163	(19,759)
Insurance finance expenses	1,168	60	13,131	148	14,507
Total changes in statements of comprehensive income	(224,733)	(6,964)	224,134	2,311	(5,252)
Investment components	(1,171)	-	1,171	-	-

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9. Insurance contract liabilities (cont'd.)

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (cont'd.)

Group and Company (cont'd.)

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss components RM'000	Loss components RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustments RM'000	
2024 (cont'd.)					
Cash flows					
Premiums received excluding taxes	328,517	-	-	-	328,517
Premium tax outflows	(25,208)	-	-	-	(25,208)
Claims and other expenses paid	-	-	(195,673)	-	(195,673)
Insurance acquisition cash flows	(82,240)	-	-	-	(82,240)
Total cash flows	221,069	-	(195,673)	-	25,396
Net insurance contract liabilities as at 31 December	58,647	17,751	533,448	59,710	669,556
Insurance contract liabilities as at 31 December	58,647	17,751	533,448	59,710	669,556
Net insurance contract liabilities as at 31 December	58,647	17,751	533,448	59,710	669,556

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10. Reinsurance contract assets

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and amounts recoverable on incurred claims

Company

	Assets for remaining coverage		Amounts recoverable on incurred claims			
				Contracts under PAA		
	Excluding loss-recovery component RM'000	Loss- recovery component RM'000	Contracts not under PAA RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustments RM'000	Total RM'000
2025						
Reinsurance contract (liabilities)/assets as at 1 January	(36,601)	3,104	283,139	74,568	6,006	330,216
Contracts under PAA	(10,730)	2,745	-	74,568	6,006	72,589
Contracts not under PAA	(25,871)	359	283,139	-	-	257,627
Net reinsurance contract (liabilities)/assets as at 1 January	(36,601)	3,104	283,139	74,568	6,006	330,216
Allocation of reinsurance premiums	(59,218)	-	-	-	-	(59,218)
Amounts recoverable from reinsurers for incurred claims	-	(428)	(70,627)	12,156	(1,022)	(59,921)
Amounts recoverable for incurred claims and other expenses	-	-	-	6,606	16,940	23,546
Reversal of a loss-recovery component, other than changes in fulfilment cash flow	-	(428)	-	-	-	(428)
Changes to amounts recoverable for incurred claims	-	-	(70,627)	5,550	(17,962)	(83,039)

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10. Reinsurance contract assets (cont'd.)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and amounts recoverable on incurred claims (cont'd.)

Company (cont'd.)

	Assets for remaining coverage		Amounts recoverable on incurred claims			
			Contracts under PAA			
	Excluding loss-recovery component RM'000	Loss- recovery component RM'000	Contracts not under PAA RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustments RM'000	Total RM'000
2025 (cont'd.)						
Investment component	1,716	-	-	(1,716)	-	-
Net (expense)/income from reinsurance contracts held	(57,502)	(428)	(70,627)	10,440	(1,022)	(119,139)
Reinsurance finance income	207	2	6,419	1,844	2	8,474
Total changes in statement of comprehensive income	(57,295)	(426)	(64,208)	12,284	(1,020)	(110,665)
Cash flows						
Premium paid	111,970	-	-	-	-	111,970
Amounts received	-	-	(96,889)	(42,856)	-	(139,745)
Total cash flows	111,970	-	(96,889)	(42,856)	-	(27,775)
Net reinsurance contract assets as at 31 December	18,074	2,678	122,042	43,996	4,986	191,776

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10. Reinsurance contract assets (cont'd.)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and amounts recoverable on incurred claims (cont'd.)

Company (cont'd.)

	<u>Assets for remaining coverage</u>		<u>Amounts recoverable on incurred claims</u>			
				<u>Contracts under PAA</u>		
	Excluding loss-recovery component RM'000	Loss- recovery component RM'000	Contracts not under PAA RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustments RM'000	Total RM'000
2025 (cont'd.)						
Reinsurance contract assets as at 31 December	18,074	2,678	122,042	43,996	4,986	191,776
Contracts under PAA	12,494	2,395	-	43,996	4,986	63,871
Contracts not under PAA	5,580	283	122,042	-	-	127,905
Net reinsurance contract assets as at 31 December	18,074	2,678	122,042	43,996	4,986	191,776

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10. Reinsurance contract assets (cont'd.)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and amounts recoverable on incurred claims (cont'd.)

Group and Company

	Assets for remaining coverage		Amounts recoverable on incurred claims			
			Contracts under PAA			
	Excluding loss-recovery component RM'000	Loss- recovery component RM'000	Contracts not under PAA RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustments RM'000	Total RM'000
2024						
Reinsurance contract (liabilities)/assets as at 1 January	(35,279)	4,398	310,495	57,071	3,424	340,109
Contracts under PAA	(17,758)	3,610	-	57,071	3,424	46,347
Contracts not under PAA	(17,521)	788	310,495	-	-	293,762
Net reinsurance contract (liabilities)/assets as at 1 January	(35,279)	4,398	310,495	57,071	3,424	340,109
Allocation of reinsurance premiums	(64,233)	-	-	-	-	(64,233)
Amounts recoverable from reinsurers for incurred claims	-	(1,294)	4,729	37,090	2,582	43,107
Amounts recoverable for incurred claims and other expenses	-	-	-	34,973	6,712	41,685
Reversal of a loss-recovery component, other than changes in fulfilment cash flow	-	(1,294)	-	-	-	(1,294)
Changes to amounts recoverable for incurred claims	-	-	4,729	2,117	(4,130)	2,716

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10. Reinsurance contract assets (cont'd.)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and amounts recoverable on incurred claims (cont'd.)

Group and Company (cont'd.)

	Assets for remaining coverage		Amounts recoverable on incurred claims			
				Contracts under PAA		
	Excluding loss-recovery component RM'000	Loss- recovery component RM'000	Contracts not under PAA RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustments RM'000	Total RM'000
2024						
Investment component	2,645	-	-	(2,645)	-	-
Net (expense)/income from reinsurance contracts held	(61,588)	(1,294)	4,729	34,445	2,582	(21,126)
Reinsurance finance income	368	-	6,665	792	-	7,825
Total changes in statements of comprehensive income	(61,220)	(1,294)	11,394	35,237	2,582	(13,301)
Cash flows						
Premium paid	59,898	-	-	-	-	59,898
Amounts received	-	-	(38,750)	(17,740)	-	(56,490)
Total cash flows	59,898	-	(38,750)	(17,740)	-	3,408
Net reinsurance contract (liabilities)/assets as at 31 December	(36,601)	3,104	283,139	74,568	6,006	330,216

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10. Reinsurance contract assets (cont'd.)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and amounts recoverable on incurred claims (cont'd.)

Group and Company (cont'd.)

	<u>Assets for remaining coverage</u>		<u>Amounts recoverable on incurred claims</u>			
				<u>Contracts under PAA</u>		
	Excluding loss-recovery component RM'000	Loss- recovery component RM'000	Contracts not under PAA RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustments RM'000	Total RM'000
2024 (cont'd.)						
Reinsurance contract (liabilities)/assets						
as at 31 December	(36,601)	3,104	283,139	74,568	6,006	330,216
Contracts under PAA	(10,730)	2,745	-	74,568	6,006	72,589
Contracts not under PAA	(25,871)	359	283,139	-	-	257,627
Net reinsurance contract (liabilities)/assets						
as at 31 December	(36,601)	3,104	283,139	74,568	6,006	330,216

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10. Reinsurance contract assets (cont'd.)

Roll-forward of net asset or liability for reinsurance contracts held showing estimates of the present value of future cash flows, risk adjustment and CSM

Company

	Present value of future cash flows RM'000	Risk adjustments for non- financial risk RM'000	CSM RM'000	Loss recovery adjustment RM'000	Total RM'000
2025					
Reinsurance contract assets/(liabilities) as at 1 January	224,220	33,388	(340)	359	257,627
Net reinsurance contract assets/(liabilities) as at 1 January	224,220	33,388	(340)	359	257,627
Changes that relate to current services					
CSM recognised for the services received	-	-	82	-	82
Risk adjustment for non-financial risk for the risk expired	-	(101)	-	-	(101)
Experience adjustments	(1,500)	-	-	-	(1,500)
Changes that relate to future services					
Changes in estimates that adjust CSM	(44)	14	30	-	-
Reversals of a loss-recovery component, other than changes in fulfilment cash flow of reinsurance contracts held	-	-	-	(76)	(76)
Changes that relate to past services					
Changes in future cash flow relating to incurred claims recovery	(56,425)	(14,244)	-	-	(70,669)
Insurance service results	(57,969)	(14,331)	112	(76)	(72,264)
Reinsurance finance income	6,455	-	(12)	-	6,443
Total changes in statement of comprehensive income	(51,514)	(14,331)	100	(76)	(65,821)

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10. Reinsurance contract assets (cont'd.)

Roll-forward of net asset or liability for reinsurance contracts held showing estimates of the present value of future cash flows, risk adjustment and CSM (cont'd.)

Company (cont'd.)

	Present value of future cash flows RM'000	Risk adjustments for non- financial risk RM'000	CSM RM'000	Loss recovery adjustment RM'000	Total RM'000
2025 (cont'd.)					
Cash flows					
Premiums paid, net of ceding commissions and other directly attributable expenses	(8,523)	-	-	-	(8,523)
Amounts received	(55,378)	-	-	-	(55,378)
Total cash flows	(63,901)	-	-	-	(63,901)
Net reinsurance contract assets/(liabilities) as at 31 December	108,805	19,057	(240)	283	127,905
Reinsurance contract assets/(liabilities) as at 31 December	108,805	19,057	(240)	283	127,905
Net reinsurance contract assets/(liabilities) as at 31 December	108,805	19,057	(240)	283	127,905

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10. Reinsurance contract assets (cont'd.)

Roll-forward of net asset or liability for reinsurance contracts held showing estimates of the present value of future cash flows, risk adjustment and CSM (cont'd.)

Group and Company

	Present value of future cash flows RM'000	Risk adjustments for non- financial risk RM'000	CSM RM'000	Loss recovery adjustment RM'000	Total RM'000
2024					
Reinsurance contract assets/(liabilities) as at 1 January	258,885	35,722	(1,689)	844	293,762
Net reinsurance contract assets/(liabilities) as at 1 January	258,885	35,722	(1,689)	844	293,762
Changes that relate to current services					
CSM recognised for the services received	-	-	781	-	781
Risk adjustment for non-financial risk for the risk expired	-	(603)	-	-	(603)
Experience adjustments	(3,344)	-	-	-	(3,344)
Changes that relate to future services					
Changes in estimates that adjust CSM	(691)	79	612	-	-
Reversals of a loss-recovery component, other than changes in fulfilment cash flow of reinsurance contracts held	-	-	-	(485)	(485)
Changes that relate to past services					
Changes in future cash flow relating to incurred claims recovery	6,539	(1,810)	-	-	4,729
Insurance service results	2,504	(2,334)	1,393	(485)	1,078
Reinsurance finance income	6,786	-	(44)	-	6,742
Total changes in statements of comprehensive income	9,290	(2,334)	1,349	(485)	7,820

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10. Reinsurance contract assets (cont'd.)

Roll-forward of net asset or liability for reinsurance contracts held showing estimates of the present value of future cash flows, risk adjustment and CSM (cont'd.)

Group and Company (cont'd.)

	Present value of future cash flows RM'000	Risk adjustments for non- financial risk RM'000	CSM RM'000	Loss recovery adjustment RM'000	Total RM'000
2024 (cont'd.)					
Cash flows					
Premiums paid, net of ceding commissions and other directly attributable expenses	(1,453)	-	-	-	(1,453)
Amounts received	(42,502)	-	-	-	(42,502)
Total cash flows	(43,955)	-	-	-	(43,955)
Net reinsurance contract assets/(liabilities) as at 31 December	224,220	33,388	(340)	359	257,627
Reinsurance contract assets/(liabilities) as at 31 December	224,220	33,388	(340)	359	257,627
Net reinsurance contract assets/(liabilities) as at 31 December	224,220	33,388	(340)	359	257,627

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11. Leases

(a) The Company as lessee

The Company have entered into lease agreements for rental of office premises. Leases of office premises generally have lease terms between 2 to 5 years and include extension and termination options.

The Company also have certain leases of office equipment with lease terms of 12 months or less and of low value. The Company applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Company	Group and
	2025	Company
	RM'000	2024
		RM'000
Office premises		
As at 1 January	1,978	2,795
Additions	1,780	774
Depreciation expense (Note 20)	(1,806)	(1,800)
Modification to lease term	-	209
As at 31 December	<u>1,952</u>	<u>1,978</u>

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Company	Group and
	2025	Company
	RM'000	2024
		RM'000
Office premises		
As at 1 January	2,146	2,968
Additions	1,780	774
Accretion of interest	119	133
Payments	(1,968)	(1,938)
Modification to lease term	-	209
As at 31 December	<u>2,077</u>	<u>2,146</u>

Maturity profiles of lease liabilities is disclosed in Note 29(b).

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11. Leases (cont'd.)

(a) The Company as lessee (cont'd.)

Extension options

The Company have several lease contracts of buildings which contain extension options exercisable by the Company. At the commencement of the lease, the Company assess whether it is reasonably certain to exercise such options. All of the extension options for buildings have been included in the lease liabilities because the Company are reasonably certain that the leases will be extended based on past practices and the existing economic incentive.

The following are the amounts recognised in profit or loss:

	Company 2025 RM'000	Group and Company 2024 RM'000
Expense		
Depreciation expense of right-of-use assets (Note 20)	1,806	1,800
Interest expense on lease liabilities	119	133
Expenses relating to leases of low value assets (Note 20)	62	66
Expenses relating to short-term leases (Note 20)	847	428

The Company had total cash outflows for payment of lease liabilities of RM2,877,000 (2024: RM2,432,000). The Company also have non-cash additions to right-of-use assets of RM1,780,000 (2024: RM774,000).

(b) The Company as lessor

The Company has entered into a cancellable operating sublease arrangement on its right-of-use asset. The sublease has a remaining cancellable lease term of less than five years.

The future minimum lease payments receivable under a cancellable operating sublease contracted for as at the reporting date but not recognised as receivables, are as follows:

	Company 2025 RM'000	Group and Company 2024 RM'000
Receivable within one year	1,300	-
Receivable within two to five years	4,550	-
	5,850	-

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12. Other payables

	Company	Group and
	2025	Company
	RM'000	2024
		RM'000
Financial liabilities:		
Amount due to holding company	-	1,232
Amount due to related companies	-	790
Retirement benefits	345	255
Accrued expenses	3,857	360
Sundry payables	17,679	20,823
	<u>21,881</u>	<u>23,460</u>
Non-financial liabilities:		
LTIP - ESOS provision	369	365
Others	9,508	14,639
	<u>9,877</u>	<u>15,004</u>
Total	<u>31,758</u>	<u>38,464</u>

The carrying amounts of financial liabilities disclosed above approximate their fair values due to their relatively short-term maturities.

13. Insurance service result

	Company	Group and
	2025	Company
	RM'000	2024
		RM'000
(a) Insurance revenue		
Contracts measured under the PAA	280,801	320,224
(b) Insurance service expenses		
Incurred claims and other expenses	(196,949)	(248,207)
Amortisation of insurance acquisition cash flows	(88,902)	(94,323)
Reversal of losses on onerous contracts	1,975	7,024
Changes to liabilities for incurred claims	143,900	35,041
	<u>(139,976)</u>	<u>(300,465)</u>
(c) Allocation of reinsurance premiums	<u>(59,218)</u>	<u>(64,233)</u>

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13. Insurance service result (cont'd.)

	Company 2025 RM'000	Group and Company 2024 RM'000
(d) Amounts recoverable from reinsurers for incurred claims		
Amounts recoverable for incurred claims and other expenses	23,546	41,685
Reversal of a loss recovery component, other than changes in fulfilment cash flow, for reinsurance contracts held	(428)	(1,294)
Changes to amounts recoverable for incurred claims	(83,039)	2,716
	<u>(59,921)</u>	<u>43,107</u>
Insurance service result	<u>21,686</u>	<u>(1,367)</u>

14. Investment income

	Company 2025 RM'000	Group 2024 RM'000	Company 2024 RM'000
Interest income:			
- AC financial assets	3,339	10,257	10,257
- FVTPL financial assets	215	216	216
Share of investment income from MMIP	1,758	3,523	3,523
Dividend income:			
- Quoted collective investment schemes	-	-	2
- Quoted unit trust funds	15,974	2,863	2,863
	<u>21,286</u>	<u>16,859</u>	<u>16,861</u>

15. Realised gains

	Company 2025 RM'000	Group 2024 RM'000	Company 2024 RM'000
Property and equipment:			
Realised gains on disposal of property and equipment	<u>15</u>	<u>103</u>	<u>103</u>

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15. Realised gains (cont'd.)

	Company 2025 RM'000	Group 2024 RM'000	Company 2024 RM'000
FVTPL financial assets:			
Realised gains/(losses):			
Quoted collective investment scheme in Malaysia	-	-	(14)
Quoted unit trust funds in Malaysia	2,746	15,650	15,650
Net realised gains for FVTPL financial assets	<u>2,746</u>	<u>15,650</u>	<u>15,636</u>
Total net realised gains	<u>2,761</u>	<u>15,753</u>	<u>15,739</u>

16. Fair value gains or (losses)

	Company 2025 RM'000	Group 2024 RM'000	Company 2024 RM'000
FVTPL financial assets:			
Unrealised (losses)/gains:			
Unquoted debt securities in Malaysia	(26)	(17)	(17)
Quoted unit trust funds in Malaysia	1,094	(9,434)	(9,434)
Quoted collective investment schemes	-	-	8
Total unrealised fair value gains/(losses) on FVTPL financial assets	<u>1,068</u>	<u>(9,451)</u>	<u>(9,443)</u>

17. Insurance finance expenses for insurance contracts issued

	Company 2025 RM'000	Group and Company 2024 RM'000
Interest accreted to insurance contracts using current financial assumption	(12,799)	(13,163)
Due to changes in interest rates and other financial assumptions	(2,767)	(1,344)
	<u>(15,566)</u>	<u>(14,507)</u>

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18. Reinsurance finance income for reinsurance contracts held

	Company 2025 RM'000	Group and Company 2024 RM'000
Interest accreted to insurance contracts using current financial assumption	7,330	7,664
Interest accreted to insurance contracts using locked-in rate	1	4
Due to changes in interest rates and other financial assumptions	1,156	205
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	(13)	(48)
	<u>8,474</u>	<u>7,825</u>

19. Other operating income

	Company 2025 RM'000	Group and Company 2024 RM'000
Realised foreign exchange gains	2	-
Income from leasing right-of-use assets	650	-
Sundry income	1,016	934
Management fee income	1,906	1,677
	<u>3,574</u>	<u>2,611</u>

20. Expenses

	Company 2025 RM'000	Group 2024 RM'000	Company 2024 RM'000
Claims and benefits	8,065	178,311	178,311
Fees and commissions	44,145	43,554	43,554
Reversal of losses on onerous contracts	(1,975)	(7,024)	(7,024)
Employee benefits expense (Note 20(a))	48,173	45,614	45,614
Directors' remuneration (Note 20(b))	802	795	795
Auditors' remuneration:			
- statutory audits	579	583	583
- regulatory related services	72	69	69
- other services	25	120	120
Audit fees to other audit firms	-	13	-

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20. Expenses (cont'd.)

	Company 2025 RM'000	Group 2024 RM'000	Company 2024 RM'000
Depreciation of property and equipment (Note 3)	1,442	948	948
Depreciation of right-of-use assets (Note 11)	1,806	1,800	1,800
Amortisation of intangible assets (Note 4)	4,779	5,501	5,501
Expenses relating to low-value assets (Note 11)	62	66	66
Expenses relating to short-term leases (Note 11)	847	428	428
Management fees	4,523	4,091	4,090
Marketing expenses	10,917	13,745	13,745
Professional fees	1,986	3,104	3,100
Publicity expenses	-	191	191
Communication expenses	352	211	211
Computer expenses	10,881	10,420	10,420
Realised foreign exchange losses	-	25	25
Other administration and general expenses	4,729	5,510	5,504
	<u>142,210</u>	<u>308,075</u>	<u>308,051</u>
Amounts attributed to insurance acquisition cash flows incurred during the year	(87,980)	(96,110)	(96,110)
Amortisation of insurance acquisition cash flows	88,902	94,323	94,323
	<u>143,132</u>	<u>306,288</u>	<u>306,264</u>
Represented by:			
Insurance service expenses	139,976	300,465	300,465
Other operating expenses	3,156	5,823	5,799
	<u>143,132</u>	<u>306,288</u>	<u>306,264</u>

(a) Employee benefits expense

	Company 2025 RM'000	Group and Company 2024 RM'000
Wages and salaries	40,125	37,089
Social security contributions	325	298
Contributions to defined contribution plan	4,931	4,348
Share-based compensation	4	91
Other benefits	2,788	3,788
	<u>48,173</u>	<u>45,614</u>

Included in employee benefits expense of the Company is the Chief Executive Officer's ("CEO") remuneration of RM1,054,000 (2024: RM1,071,000) as detailed in Note 20(c).

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20. Expenses (cont'd.)

(b) Directors' remuneration

	Company 2025 RM'000	Group and Company 2024 RM'000	
<u>Executive:</u>			
Fees	53	30	
Allowances and other emoluments	20	12	
	<u>73</u>	<u>42</u>	
<u>Non-executive:</u>			
Fees	513	531	
Allowances and other emoluments	216	222	
	<u>729</u>	<u>753</u>	
Total	<u>802</u>	<u>795</u>	
	Fees RM'000	Allowances and other emoluments RM'000	Total RM'000
2025			
<u>Executive:</u>			
How Kim Lian			
- paid to Tune Protect Group Berhad	<u>53</u>	<u>20</u>	<u>73</u>
<u>Non-executive:</u>			
Mohamed Rashdi Bin Mohamed Ghazalli	155	52	207
Jayakumar A/L Somasundram	116	50	166
Azian Binti Kassim	120	56	176
Lim Joo Leong	40	12	52
Lim Chong Beng	81	46	127
	<u>512</u>	<u>216</u>	<u>728</u>
Total	<u>565</u>	<u>236</u>	<u>801</u>

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20. Expenses (cont'd.)

(b) Directors' remuneration (cont'd.)

	Fees RM'000	Allowances and other emoluments RM'000	Total RM'000
2024			
<u>Executive:</u>			
Rohit Chandrasekharan			
- paid to Tune Protect Group Berhad	26	12	38
How Kim Lian			
- paid to Tune Protect Group Berhad	4	-	4
	<u>30</u>	<u>12</u>	<u>42</u>
<u>Non-executive:</u>			
Mohamed Rashdi Bin Mohamed Ghazalli	169	52	221
Jayakumar A/L Somasundram	119	56	175
Lim Chong Beng	135	68	203
Azian Binti Kassim	81	30	111
Tan Ming-Li	27	16	43
	<u>531</u>	<u>222</u>	<u>753</u>
Total	<u>561</u>	<u>234</u>	<u>795</u>

The number of directors whose total remuneration received and receivable from the Company during the year fell within the following bands is analysed below:

	Number of directors	
	2025	2024
<u>Executive:</u>		
Less than RM50,000	-	2
RM50,001 - RM100,000	<u>1</u>	<u>-</u>
<u>Non-executive:</u>		
Less than RM50,000	-	1
RM50,001 - RM100,000	1	-
RM100,001 - RM150,000	1	1
RM150,001 - RM200,000	2	1
RM200,001 - RM250,000	<u>1</u>	<u>2</u>

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20. Expenses (cont'd.)

(c) CEO's remuneration

The details of remuneration received by the CEO of the Company during the financial year are as follows:

	Company 2025 RM'000	Group and Company 2024 RM'000
Salaries and other emoluments	1,054	1,027
Bonus	-	44
Total remuneration excluding benefits-in-kind (Note 20(a))	1,054	1,071
Estimated money value of benefits-in-kind	25	25
Total remuneration	1,079	1,096

21. Taxation

	Company 2025 RM'000	Group and Company 2024 RM'000
Malaysian income tax:		
Current income tax	4,637	-
Overprovision in prior year	-	(1,409)
	4,637	(1,409)
Deferred tax (Note 6):		
Relating to origination and reversal of temporary differences	6,223	(1,198)
Underprovision in prior years	9	1,448
	6,232	250
	10,869	(1,159)

The income tax for the Company and Malaysia incorporated subsidiary are based on the corporate tax rate of 24% (2024: 24%) of the estimated assessable profit for the financial year.

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21. Taxation (cont'd.)

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

	Company 2025 RM'000	Group 2024 RM'000	Company 2024 RM'000
Profit before taxation	40,127	11,900	11,920
Taxation at Malaysian statutory tax rate of 24%	9,630	2,856	2,861
Non-taxable income	(4,257)	(1,465)	(1,465)
Expenses not deductible for tax purposes	5,487	1,134	1,129
Utilisation of previously unabsorbed capital allowa	-	(1,003)	(1,003)
Deferred tax assets recognised on unabsorbed capital allowances, unutilised tax losses and other temporary differences	-	(2,720)	(2,720)
Overprovision of income tax in prior years	-	(1,409)	(1,409)
Underprovision of deferred tax in prior years	9	1,448	1,448
Tax expense/(benefits) for the year	10,869	(1,159)	(1,159)

22. Dividends

No dividend has been declared or paid by the Group and the Company in the current and previous years.

23. Capital commitments

The commitments of the Company as at the reporting date are as follows:

	Company 2025 RM'000	Group and Company 2024 RM'000
Capital expenditure:		
Approved but not contracted for:		
Intangible assets	22,799	48,895
Property and equipment	16,478	1,548
	39,277	50,443

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24. Related party disclosures

(a) Significant related party transactions

The Company had the following significant transactions with related parties during the year:

	Company	Group and
	2025	Company
	RM'000	2024
	RM'000	RM'000
Income/(expenses):		
Transactions with immediate and ultimate holding company, Tune Protect Group Berhad ("TPGB"):		
Director fees paid	(73)	(42)
Insurance premium	43	34
Income from leasing right-of-use assets	294	-
Management fee expenses	(3,825)	(2,531)
Management fee income	907	887
Rental paid	(1,125)	(1,099)
Reimbursement of expenses incurred	(2,454)	(5,350)
Payment of expenses on behalf	235	90
	<u>235</u>	<u>90</u>
Transactions with related companies of TPGB:		
Tune Protect Re Ltd		
Ancillary fee expenses	(4,790)	-
Claims recoveries	1,485	814
Fee and commission income	3,765	3,322
Gross written premium	16	15
Income from leasing right-of-use assets	106	-
Management fee expenses	(665)	(522)
Management fee income	891	878
Payment of expenses on behalf	341	736
Premiums ceded to reinsurers	(12,550)	(11,074)
	<u>(12,550)</u>	<u>(11,074)</u>
Tune Protect Ventures Sdn Bhd		
Gross written premium	-	(1)
Payment of expenses on behalf	-	9
Transfer of computer hardware	-	(16)
Transfer of staff insurance	-	(5)
	<u>-</u>	<u>(5)</u>

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24. Related party disclosures (cont'd.)

(a) Significant related party transactions (cont'd.)

	Company 2025 RM'000	Group and Company 2024 RM'000
Income/(expenses):		
Transactions with related companies of TPGB:		
White Label Sdn Bhd		
Computer expenses	(2,958)	(3,055)
Computer software work-in-progress	(340)	(615)
Gross written premium	4	20
Income from leasing right-of-use assets	88	-
Management fee income	9	34
Management fee expenses	(223)	(857)
Reimbursement of expenses incurred	(3,112)	(2,412)
Transfer of computers	(5,480)	-
Transfer of intangible assets	-	(212)
	<u>-</u>	<u>(212)</u>
Tune Insurance Public Company Limited		
Management fee income	99	218
Payment of expenses on behalf	5	13
	<u>5</u>	<u>13</u>
Tune Protect Commercial Brokerage LLC		
Income from leasing right-of-use assets	162	-
Payment of expenses on behalf	3	9
	<u>3</u>	<u>9</u>
Transactions with related companies of a corporate shareholder of TPGB, Move Digital Sdn Bhd:		
AirAsia Berhad		
Gross written premium	49,389	38,310
Fee and commission expenses	(12,319)	(9,546)
	<u>(12,319)</u>	<u>(9,546)</u>
AirAsia X Berhad		
Gross written premium	11,878	8,395
Fee and commission expenses	(2,968)	(2,098)
	<u>(2,968)</u>	<u>(2,098)</u>
BIGLIFE Sdn Bhd		
Other expenses	(2)	(8)
	<u>(2)</u>	<u>(8)</u>
BigPay Malaysia Sdn Bhd		
Gross written premium	21	71
	<u>21</u>	<u>71</u>

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24. Related party disclosures (cont'd.)

(a) Significant related party transactions (cont'd.)

	Company 2025 RM'000	Group and Company 2024 RM'000
Income/(expenses):		
Transactions with related companies of a corporate shareholder of TPGB, Move Digital Sdn Bhd: (cont'd.)		
Capital A Berhad		
Gross written premium	3	3
Move Travel Sdn Bhd		
Gross written premium	490	641
Reimbursement of expenses incurred	(113)	(2,723)
Fee and commission expenses	(122)	(156)
Philippines AirAsia		
Gross written premium	148	92
PT Indonesia AirAsia		
Gross written premium	1,773	1,572
Teleport Commerce Malaysia Sdn Bhd		
Gross written premium	1	2
Thai AirAsia Co. Ltd		
Gross written premium	804	912
Transactions with related companies of a corporate shareholder of TPGB, Tune Group Sdn Bhd:		
ECM Libra Financial Group Berhad		
Gross written premium	7	103
Epsom College in Malaysia		
Gross written premium	71	61
SP&G Gallagher Insurance Brokers Sdn Bhd		
Gross written premium	2,922	2,997
Fee and commission expenses	(477)	(442)

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24. Related party disclosures (cont'd.)

(a) Significant related party transactions (cont'd.)

	Company 2025 RM'000	Group and Company 2024 RM'000
Income/(expenses):		
Transactions with related companies of a corporate shareholder of TPGB, Tune Group Sdn Bhd: (cont'd.)		
Tune Group Sdn Bhd		
Gross written premium	<u>2</u>	<u>1</u>
Tune Talk Sdn Bhd		
Gross written premium	<u>82</u>	<u>64</u>
Bigpay Later Sdn Bhd		
Gross written premium	<u>1</u>	<u>-</u>

(b) Significant related party balances

Included in the statement of financial position of the Company are the amounts due from/(to) related parties represented by the following:

	Company 2025 RM'000	Group and Company 2024 RM'000
Immediate and ultimate holding company:		
Tune Protect Group Berhad	<u>(494)</u>	<u>(793)</u>
Related companies of TPGB:		
Tune Protect Re Ltd	(8,018)	(3,656)
Tune Protect Ventures Sdn Bhd	1	197
Tune Protect Commercial Brokerage LLC	234	3
Tune Insurance Public Company Limited	189	85
White Label Sdn Bhd	<u>(302)</u>	<u>(46)</u>
	<u>(7,896)</u>	<u>(3,417)</u>

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24. Related party disclosures (cont'd.)

(b) Significant related party balances (cont'd.)

	Company 2025 RM'000	Group and Company 2024 RM'000
Related companies of a corporate shareholder of TPGB, Move Digital Sdn Bhd:		
AirAsia Berhad	26,012	12,298
AiAsia X Berhad	7,707	4,931
Move Travel Sdn Bhd	326	171
BigPay Malaysia Sdn Bhd	(6)	-
PT Indonesia AirAsia	2,016	1,058
Teleport Commerce Malaysia Sdn Bhd	1	1
Thai AirAsia Co. Ltd	77	54
Philippines AirAsia	82	10
Zest Airways	25	36
	<u>36,240</u>	<u>18,559</u>

Related companies of a corporate shareholder of
TPGB, Tune Group Sdn Bhd:

ECM Libra Financial Group Berhad	1	-
Epsom College in Malaysia	55	19
SP&G Gallagher Insurance Brokers Sdn Bhd	(204)	64
Tune Talk Sdn Bhd	(5)	3
	<u>(153)</u>	<u>86</u>

The amounts due from/(to) related parties are unsecured, non-interest bearing and are repayable in the short-term.

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24. Related party disclosures (cont'd.)

(c) Compensation of key management personnel

The remuneration of key management personnel during the year was as follows:

	Company	Group and
	2025	Company
	RM'000	2024
		RM'000
Executive director's remuneration (Note 20(b))	73	42
Non-executive directors' remuneration (Note 20(b))	729	753
CEO's remuneration (Note 20(c))	1,079	1,096
	<u>1,881</u>	<u>1,891</u>

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel includes the directors and Chief Executive Officer of the Company.

25. Regulatory capital requirements

The Company is required to comply with the regulatory capital requirements prescribed in the RBC Framework which is imposed by the Ministry of Finance. Under the RBC Framework, insurance companies are required to satisfy a minimum capital adequacy ratio of 130%. As at year end, the Company has a capital adequacy ratio in excess of the minimum requirement.

The capital structure of the Company as at 31 December 2025 and the comparative period, as prescribed under the RBC Framework, are provided as below:

	2025	2024
	RM'000	RM'000
Eligible Tier 1 capital		
Paid-up share capital	103,348	103,348
Reserves, including retained earnings	241,775	216,029
	<u>345,123</u>	<u>319,377</u>
Amount deducted from capital	(52,615)	(46,311)
Total capital available	<u>292,508</u>	<u>273,066</u>

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 MFRS Accounting Standards.

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26. Risk management policy

As a general insurance company, the Company is in the business of assuming and managing insurance risks while it promotes value proposition to all its stakeholders. As a dynamic general insurance company, the Company has in place a sound Risk Management Programme to ensure that risks are managed effectively and efficiently across the value chain and in changing business and regulatory environments. The Company mitigates risk by focusing on managing material risks, and not totally avoiding them.

To ensure risk management is effectively practised, the Company is guided by its Risk Management Policy ("RMP"), as adopted from the Group that defines and formalises the risk management strategy, risk organisation and governance structure, risk policies and procedures, risk appetites and tolerances, and the roles and responsibilities of each party in the Company. The policy is a strategic document that articulates financial and operational strategies for managing risk holistically and, policies and procedures that set out compulsory rules governing the conduct of insurance business. The document also provides crucial input on how regulators comprehend and assess the approach to managing risk.

The policy is reviewed regularly and updated at least once every 3 years to maintain its relevance and appropriateness.

The Company has in place a Capital Management Plan ("CMP") in compliance with the Guidelines on Internal Capital Adequacy Assessment Process ("ICAAP") issued by BNM. The CMP sets out the corrective actions that are required based on different level of capital threshold breach. The Company's capital management policy is also guided by the CMP, and driven by the Company's business strategies.

The Board of the Company, which has the ultimate responsibility for ensuring an adequate system of risk management, has established the Risk Management Committee ("RMC") that comprises four Independent Non-Executive Directors. The Committee is responsible for quarterly deliberation on key risks, to ensure that they are adequately managed and controlled within the Company's risk appetite and in accordance with defined risk management policies.

Overview of risk management policies

Risk appetite

The Company's risk appetite statements together with the associated metrics, articulate the levels, boundaries and nature of risk that the Board is willing to bear and accept in pursuit of achieving strategic objectives. The statements, which are approved by the Board, comprise the following components:

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26. Risk management policy (cont'd.)

Overview of risk management policies (cont'd.)

Risk appetite (cont'd.)

- (a) Capital adequacy risk policy;
- (b) Business growth strategies;
- (c) Underwriting performance;
- (d) Liquidity;
- (e) Investment strategy and income;
- (f) Reinsurance and intermediaries counterparty risks;
- (g) Compliance with regulatory guidelines;
- (h) Reputational risks;
- (i) Operational risks;
- (j) Credit settlement period; and
- (k) Climate change risk.

The Company's key risks are broadly categorised as:

- (a) Insurance risk;
- (b) Financial risk; and
- (c) Operational risk.

The categorisations are in line with industry practice and BNM's RBC Framework. The key risks that the Company is exposed to, are mitigated by the following function-specific policies and controls:

A. Insurance

i. Risk

This includes the acceptance of sub-standard insurance business that may result in high incurred claims, adverse risk accumulation arising from poor spread, inadequate product pricing risk that causes low profit margins, product defects from inadequate design, inadequate reinsurance arrangements that attribute to lower profits and under-reserving of outstanding liabilities under insurance contracts.

ii. Policy

The following outlines the Company's policies to safeguard against these risks:

- (a) Underwrite only classes of risks which have been approved by the Board;
- (b) Accept risks within the approved classes only according to comprehensive underwriting guidelines and within limits of delegated authority;

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26. Risk management policy (cont'd.)

Overview of risk management policies (cont'd.)

Risk appetite (cont'd.)

A. Insurance (cont'd.)

ii. Policy (cont'd.)

- (c) Expand into new lines only where there is adequate experience within the Company and after management has obtained appropriate Board approval;
- (d) Price risks with sufficient margin to ensure ongoing viability of the business and maintaining a professional approach to this function;
- (e) Retain risks according to guidelines on maximum risks to be retained;
- (f) Mitigate foreign currency risks on reinsurance by ensuring all significant reinsurance arrangements are contracted in Malaysian Ringgit;
- (g) Ensure compliance with current treaty arrangements in risk acceptance;
- (h) Maintain a balanced portfolio to yield a reasonable level of profits;
- (i) Review reserves for unearned premiums and IBNR on a regular basis; and
- (j) Track claims ratio by individual classes, and take remedial actions when required.

B. Reinsurance

i. Risk

Inappropriate or insufficient reinsurance arrangement exposes the Company to residual insurance risk, legal risk, concentration risk, counterparty risk, and operational risk.

ii. Policy

The following outlines the Company's policies to safeguard against these risks:

- (a) Support the Company's business direction, growth and underwriting strategy;
- (b) Ensure required reinsurance capacity is available for risk undertaken by the Company and within approved risk appetite and retention/tolerance limit;

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26. Risk management policy (cont'd.)

Overview of risk management policies (cont'd.)

Risk appetite (cont'd.)

B. Reinsurance (cont'd.)

ii. Policy (cont'd.)

- (c) Optimise the Company's balance sheet and strengthening sustainable earnings capabilities; and
- (d) Regularly review the financial soundness of the reinsurers.

C. Claims

i. Risk

Exposure to unexpected or excessive losses, fraudulent claims and inadequate provisions for outstanding claims could affect the Company's profitability, financial position and reputation.

ii. Policy

The Company's policies to safeguard against these risks are as follows:

- (a) Identify claims exposures and properly assess them, and routinely review them upon the receipt of further information and at least once a year;
- (b) Maintain good claims administration and settlement processes to ensure prudent claims management and appropriate loss adjustment;
- (c) Make adequate provisions for all claim liabilities; and
- (d) Ensure that losses are mitigated and potential recovery action is followed up in a professional and timely fashion.

D. Investments

i. Risk

Investment risk is the risk of inadequate investment returns from poor investment strategies and adverse movements in the value of investments. Investment risk is derived from market risk, credit risk, investment concentration risk, liquidity risk and asset/liability mismatch risk.

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26. Risk management policy (cont'd.)

Overview of risk management policies (cont'd.)

D. Investments (cont'd.)

ii. Policy

Returns from the investment of premium income and shareholder's funds are an important source of income to the Company and maintenance of the market value of the investments is essential for the financial stability of the Company. The absence of prudent investment strategies and an investment decision framework could result in poor investment return which would affect the Company's profitability and competitiveness and also result in the Company not being able to meet its obligations as they fall due. It is the Company's policy to:

- (a) Implement an investment strategy to ensure appropriate asset allocation, minimise concentration of investments and ensure matching of asset and liability portfolios;
- (b) Ensure that investments are held in different classes within limits specified by the Investment Committee;
- (c) Undertake analysis prior to investment to minimise market risk and continuously monitor the performance and risk of the investment;
- (d) Manage disposal of investments to optimise the returns on realisation;
- (e) Limit exposure to interest rate risk by investing in term deposits, corporate bonds and government securities on a long and short-term basis at competitive rates;
- (f) Ensure liquidity by maintaining sufficient cash float at any time and regularly matching the expected duration of liabilities and investments and uncertainties arising from the timing and amount of cash flows;
- (g) Minimise credit risk and investment concentration risk by investing with institutions that have a minimum rating of "A" within specific overall limits for each institution; and
- (h) Monitor investment portfolio and performance weekly or at other shorter intervals and report investment exposure and performance to the Board monthly.

The Company does not use derivatives.

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26. Risk management policy (cont'd.)

Overview of risk management policies (cont'd.)

E. Credit quality

i. Risk

Credit quality risk is associated with credit exposure that increases the risk profile of the Company and can adversely affect the Company's viability. The risk arises mainly from default of reinsurers, due premiums and other large exposures.

ii. Policy

Policies to limit credit risks include the following:

- (a) Maintain credit control in accordance with appropriate policies and procedures which governs the extension of credit to brokers, agents and reinsurance partners and specific guidelines for setting limits on credit;
- (b) Limit exposure to single parties or groups of related entities to 30% of the Company's capital base. However, specific Board approval is required to sanction exposures including facultative reinsurance placements which exceed 30% of the Company's capital base as well as exposure from arrangements made in exception cases;
- (c) Monitor compliance with established credit limits; and
- (d) Collect amounts due in accordance with agreed credit terms, enforce prompt collection of overdue amounts in the case of due premiums and consider the cancellation of insurance policies at the expiry of credit terms.

F. Operational

i. Risk

Operational risk is the risk of direct losses resulting from inadequate or failed internal processes, people and systems throughout the Company and from external events.

ii. Policy

The policies to monitor and minimise these risks are as follows:

- (a) Undertake annual risk audits to identify material operational risks to which the Company is exposed;

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26. Risk management policy (cont'd.)

Overview of risk management policies (cont'd.)

F. Operational (cont'd.)

ii. Policy (cont'd.)

- (b) Effect appropriate insurance cover for all identified operational risks which can be cost-effectively insured;
- (c) Maintain an IT security management policy that identifies the rules and procedures that all persons accessing computer resources must adhere to in order to ensure confidentiality, integrity and availability of data resources and protects the data resources from viruses;
- (d) Closely monitor external relationships;
- (e) Retain records in accordance with an approved document retention policy and safeguard such documents from accidental damage or destruction;
- (f) Ensure at all times that compliance with regulatory requirements and fulfilment of material obligations under the legislative framework is maintained;
- (g) Maintain an ethics and personal conduct policy to conduct the affairs of the Company in a manner that would avoid any action by the Company or its officers that would bring disrepute to the Company;
- (h) Implement adequate security procedures to prevent unauthorised access, damage, loss to assets and facilities and harm to employees;
- (i) Ensure that roles and responsibilities are clear and mutually understood where any part of the Company's business is outsourced to third parties whilst ultimate control over the outsourced operations is retained by the Company; and
- (j) Identify the types of fraud the Company is exposed to and develop and maintain effective controls to prevent them and to take appropriate and prompt action if fraud occurs.

G. Regulatory compliance and corporate governance

The Management is responsible to follow a systematic approach to the business and effectively manage the risks. The key risks that have been identified are monitored and their status communicated as appropriate throughout all levels of the organisation and also incorporated in the Company's performance management reporting.

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26. Risk management policy (cont'd.)

Overview of risk management policies (cont'd.)

G. Regulatory compliance and corporate governance (cont'd.)

The Internal Audit Department, which reports independently to the Board, undertakes a wide-ranging programme of work designed to keep the Board fully informed on the compliance of the business with agreed risk management policies, controls and procedures.

Regular reports are submitted to the Board with Key Performance Indicators covering the Company's performance and the key risks identified.

A Compliance function is in place to ensure regulatory compliance. The function is under the responsibility of the Chief Risk & Compliance Officer who monitors compliance to regulatory requirements.

The Chief Risk & Compliance Officer has the responsibility to ensure regulatory compliance is adhered to and any changes to policy and practices are communicated appropriately to all parties concerned.

H. Regulations of risk management

In accordance with these policies, a framework/policy for management of identified risks has been developed for the effective management of risk.

Effective and efficient operation of the organisation would be ensured through:

- (a) Providing a framework for the organisation that enables activities to be undertaken in a consistent and controlled manner;
- (b) A management structure that clearly identifies the roles and responsibilities of the staff;
- (c) Development of procedures to ensure that risk management strategies are implemented;
- (d) Retention of a level of well-qualified staff through appropriate recruitment, training and staff development systems and procedures;
- (e) Improving motivation of staff through suitable communication, review, feedback and reward systems; and
- (f) Prompt and comprehensive management reporting systems to assess performance and progress of the business and the utilisation of its resources.

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27. Financial instruments and insurance assets and liabilities

The following tables summarise the financial instruments (other than cash and bank balances) and insurance assets and liabilities of the Company by categories:

	Amortised cost RM'000	FVTPL RM'000	Assets under MFRS 17 RM'000	Total RM'000
Assets				
Company				
2025				
Investments	59,159	510,324	-	569,483
Reinsurance contract assets	-	-	191,776	191,776
Other receivables (net of prepayments and assets held under MMIP)	3,053	-	-	3,053
Total assets	<u>62,212</u>	<u>510,324</u>	<u>191,776</u>	<u>764,312</u>
Group and Company				
2024				
Investments	135,642	447,763	-	583,405
Reinsurance contract assets	-	-	330,216	330,216
Other receivables (net of prepayments and assets held under MMIP)	3,339	-	-	3,339
Total assets	<u>138,981</u>	<u>447,763</u>	<u>330,216</u>	<u>916,960</u>
		Other financial liabilities RM'000	Liabilities under MFRS 17 RM'000	Total RM'000
Liabilities				
Company				
2025				
Insurance contract liabilities	-	-	484,091	484,091
Lease liabilities	-	2,077	-	2,077
Other payables (net of provision for taxation and other provisions)	-	21,881	-	21,881
Total liabilities	-	<u>23,958</u>	<u>484,091</u>	<u>508,049</u>

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27. Financial instruments and insurance assets and liabilities (cont'd.)

The following tables summarise the financial instruments (other than cash and bank balances) and insurance assets and liabilities of the Company by categories: (cont'd.)

	Other financial liabilities RM'000	Liabilities under MFRS 17 RM'000	Total RM'000
Liabilities (cont'd.)			
Group and Company			
2024			
Insurance contract liabilities	-	669,556	669,556
Lease liabilities	2,146	-	2,146
Other payables (net of provision for taxation and other provisions)	23,460	-	23,460
Total liabilities	<u>25,606</u>	<u>669,556</u>	<u>695,162</u>

28. Insurance risk

The Company has in place comprehensive underwriting guidelines and limits of authority to ensure that risks are accepted in accordance with the authorised limits. The retention of risks is protected by proportional and non-proportional treaties with reputable reinsurers and brokers, and premised on the risk appetite of the Company.

(a) Sensitivity analysis

Key assumptions

The principal assumption underlying the estimation of the insurance contract liabilities is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes key assumptions such as the adopted Ultimate Loss Ratios ("ULR"), risk margin percentages (i.e., PRAD) and expense ratios in respect of claims handling and other overhead expenses.

In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historic claims development data on which the projections are based. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example, isolated occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

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28. Insurance risk (cont'd.)

(a) Sensitivity analysis (cont'd.)

Key assumptions (cont'd.)

The insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate. Risk-free rates are determined by reference to the yields of Malaysian Government Securities ("MGS").

The Company has based its risk margin for adverse deviation for the provisions for unexpired risks and insurance claims at a 75% level of sufficiency, according to the requirements set by Bank Negara Malaysia under the Risk Based Capital ("RBC") Framework.

Sensitivities

The general insurance liabilities are sensitive to the key assumptions shown below. It has not been possible to quantify the sensitivity of certain assumptions, such as, legislative changes or uncertainty in the estimation process.

The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact (gross and net reinsurance held) on contractual service margin, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate liabilities, but to demonstrate the impact due to changes in assumptions, assumptions are changed on an individual basis. It should be noted that movements in these assumptions are non-linear. The method used for deriving the sensitivity results had not changed from the previous year.

		-----Increase/(decrease)-----			
		Impact on		Impact on equity *	
		profit before tax			
Changes in assumptions		Gross of	Net of	Gross of	Net of
		reinsurance	reinsurance	reinsurance	reinsurance
		RM'000	RM'000	RM'000	RM'000
Company					
2025					
Loss ratio	+10%	(21,022)	(12,652)	(15,977)	(9,615)
PRAD	+10%	(5,713)	(2,836)	(4,342)	(2,156)
Provision for expenses	+10%	(2,662)	(2,595)	(2,023)	(1,972)
Discounting	+1%	8,200	4,172	6,232	3,171
Loss ratio	-10%	20,311	12,652	15,437	9,615
PRAD	-10%	5,713	2,836	4,342	2,156
Provision for expenses	-10%	2,661	2,595	2,023	1,972
Discounting	-1%	(6,363)	(4,617)	(4,836)	(3,509)

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28. Insurance risk (cont'd.)

(a) Sensitivity analysis (cont'd.)

Sensitivities (cont'd.)

Group and Company	Changes in assumptions	-----Increase/(decrease)-----			
		Impact on profit before tax		Impact on equity *	
		Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
		RM'000	RM'000	RM'000	RM'000
2024					
Loss ratio	+10%	(49,611)	(34,136)	(37,705)	(25,943)
PRAD	+10%	(7,646)	(3,161)	(5,811)	(2,403)
Provision for expenses	+10%	(2,550)	(2,494)	(1,938)	(1,896)
Discounting	+1%	10,230	4,755	7,775	3,614
Loss ratio	-10%	48,727	32,283	37,033	24,535
PRAD	-10%	7,646	3,161	5,811	2,403
Provision for expenses	-10%	2,550	2,494	1,938	1,896
Discounting	-1%	(8,279)	(4,644)	(6,292)	(3,529)

* Impact is net of tax of 24% (2024: 24%).

(b) Claims development table

In setting provisions for claims, the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed and exercises a degree of caution in setting reserves when there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development and the margin necessary to provide the necessary confidence in the adequacy of the provision is relatively at its highest. As claims develop and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease.

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28. Insurance risk (cont'd.)

(b) Claims development table (cont'd.)

Company

Gross undiscounted liabilities for incurred claims for 2025

Accident year	2018 & prior RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	2025 RM'000	Total RM'000
At the end of accident year	419,111	413,643	274,566	220,646	267,023	242,837	214,725	145,042	
One year later	395,085	412,309	271,187	185,130	215,919	226,496	188,290		
Two years later	455,939	379,695	212,062	141,729	186,410	183,500			
Three years later	458,743	345,213	220,269	138,888	182,847				
Four years later	406,809	323,863	238,499	127,525					
Five years later	361,672	324,300	223,943						
Six years later	367,233	293,970							
Seven years later	361,036								
Gross estimates of the undiscounted amount of the claims	361,036	293,970	223,943	127,525	182,847	183,500	188,290	145,042	1,706,153
At the end of accident year	(66,383)	(80,157)	(38,898)	(24,535)	(34,478)	(42,360)	(44,303)	(37,306)	
One year later	(238,424)	(151,759)	(77,811)	(59,060)	(76,665)	(82,310)	(96,306)		
Two years later	(265,905)	(220,056)	(98,641)	(90,574)	(103,830)	(115,882)			
Three years later	(290,770)	(251,055)	(130,450)	(104,669)	(120,559)				
Four years later	(314,335)	(265,355)	(139,053)	(109,717)					
Five years later	(324,532)	(270,568)	(179,380)						
Six years later	(330,758)	(256,475)							
Seven years later	(340,526)								
Cumulative payments to-date	(340,526)	(256,475)	(179,380)	(109,717)	(120,559)	(115,882)	(96,306)	(37,306)	(1,256,151)
Gross undiscounted liabilities for incurred claims	20,510	37,495	44,563	17,808	62,288	67,618	91,984	107,736	450,002
Effect of discounting									(17,771)
Total gross liabilities for incurred claim									432,231
					Estimated of the present value of future cash flows RM'000	Risk adjustments RM'000		Total RM'000	
Total gross liabilities for incurred claims (Note 9)					388,006	44,225		432,231	

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28. Insurance risk (cont'd.)

(b) Claims development table (cont'd.)

Company (cont'd.)

Net undiscounted liabilities for incurred claims for 2025

Accident year	2018 & prior RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	2025 RM'000	Total RM'000
At the end of accident year	149,367	125,932	95,228	83,454	139,060	137,127	152,171	119,346	
One year later	127,793	109,622	75,871	68,342	96,879	130,577	154,377		
Two years later	117,552	96,929	65,875	56,374	89,479	129,731			
Three years later	109,387	88,968	60,150	55,453	95,038				
Four years later	105,013	84,949	57,353	55,840					
Five years later	100,621	83,722	63,649						
Six years later	98,040	82,861							
Seven years later	99,193								
Net estimates of the undiscounted amount of the claims	99,193	82,861	63,649	55,840	95,038	129,731	154,377	119,346	800,035
At the end of accident year	(35,666)	(29,966)	(19,485)	(16,881)	(26,829)	(34,017)	(33,920)	(30,204)	
One year later	(72,361)	(52,725)	(34,967)	(32,824)	(51,506)	(63,183)	(75,885)		
Two years later	(81,718)	(63,020)	(43,430)	(40,284)	(63,819)	(82,556)			
Three years later	(85,447)	(70,135)	(49,741)	(44,609)	(69,890)				
Four years later	(88,706)	(73,432)	(51,914)	(46,142)					
Five years later	(90,490)	(75,209)	(53,738)						
Six years later	(92,509)	(75,984)							
Seven years later	(94,212)								
Cumulative payments to-date	(94,212)	(75,984)	(53,738)	(46,142)	(69,890)	(82,556)	(75,885)	(30,204)	(528,611)
Net undiscounted liabilities for incurred claims	4,981	6,877	9,911	9,698	25,148	47,175	78,492	89,142	271,424
Effect of discounting									(10,217)
Total net liabilities for incurred claim									261,207
	Contracts not under PAA RM'000	Estimated of the present value of future cash flows RM'000				Risk adjustments RM'000		Total RM'000	
Total gross liabilities for incurred claims (Note 9)	-	388,006				44,225		432,231	
Amounts recoverable from reinsurers (Note 10)	(122,042)	(43,996)				(4,986)		(171,024)	
Total net liabilities for incurred claims	(122,042)	344,010				39,239		261,207	

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28. Insurance risk (cont'd.)

(b) Claims development table (cont'd.)

Group and Company

Gross undiscounted liabilities for incurred claims for 2024

Accident year	2017 & prior RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	Total RM'000
At the end of accident year	332,338	419,111	413,643	274,566	220,646	267,023	242,837	214,725	
One year later	321,812	395,085	412,309	271,187	185,130	215,919	226,496		
Two years later	263,327	455,939	379,695	212,062	141,729	186,410			
Three years later	255,215	458,743	345,213	220,269	138,888				
Four years later	252,764	406,809	323,863	238,499					
Five years later	246,235	361,672	324,300						
Six years later	243,861	359,843							
Seven years later	238,387								
Gross estimates of the undiscounted amount of the claims	238,387	359,843	324,300	238,499	138,888	186,410	226,496	214,725	1,927,548
At the end of accident year	(85,432)	(66,383)	(80,157)	(38,898)	(24,535)	(34,478)	(42,360)	(44,303)	
One year later	(174,301)	(238,424)	(151,759)	(77,811)	(59,060)	(76,665)	(82,310)		
Two years later	(204,177)	(265,905)	(220,056)	(98,641)	(90,574)	(103,830)			
Three years later	(214,375)	(290,770)	(251,055)	(130,450)	(104,669)				
Four years later	(220,832)	(314,335)	(265,355)	(139,053)					
Five years later	(227,845)	(324,532)	(270,568)						
Six years later	(230,998)	(329,707)							
Seven years later	(232,049)								
Cumulative payments to-date	(232,049)	(329,707)	(270,568)	(139,053)	(104,669)	(103,830)	(82,310)	(44,303)	(1,306,489)
Gross undiscounted liabilities for incurred claims	6,338	30,136	53,732	99,446	34,219	82,580	144,186	170,422	621,059
Effect of discounting									(27,901)
Total gross liabilities for incurred claim									593,158

	Estimated of the present value of future cash flows RM'000	Risk adjustments RM'000	Total RM'000
Total gross liabilities for incurred claims (Note 9)	533,448	59,710	593,158

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28. Insurance risk (cont'd.)

(b) Claims development table (cont'd.)

Group and Company (cont'd.)

Net undiscounted liabilities for incurred claims for 2024

Accident year	2017 & prior RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	Total RM'000
At the end of accident year	203,874	149,367	125,932	95,228	83,454	139,060	137,127	152,171	
One year later	174,838	127,793	109,622	75,871	68,342	96,879	130,577		
Two years later	157,504	117,552	96,929	65,875	56,374	89,479			
Three years later	151,629	109,387	88,968	60,150	55,453				
Four years later	147,057	105,013	84,949	57,353					
Five years later	143,641	100,621	83,722						
Six years later	139,612	94,472							
Seven years later	138,530								
Net estimates of the undiscounted amount of the claims	138,530	94,472	83,722	57,353	55,453	89,479	130,577	152,171	801,757
At the end of accident year	(59,278)	(35,666)	(29,966)	(19,485)	(16,881)	(26,829)	(34,017)	(33,920)	
One year later	(107,969)	(72,361)	(52,725)	(34,967)	(32,824)	(51,506)	(63,183)		
Two years later	(122,450)	(81,718)	(63,020)	(43,430)	(40,284)	(63,819)			
Three years later	(128,356)	(85,447)	(70,135)	(49,741)	(44,609)				
Four years later	(130,471)	(88,706)	(73,432)	(51,914)					
Five years later	(132,702)	(90,490)	(75,209)						
Six years later	(134,963)	(91,659)							
Seven years later	(135,813)								
Cumulative payments to-date	(135,813)	(91,659)	(75,209)	(51,914)	(44,609)	(63,819)	(63,183)	(33,920)	(560,126)
Net undiscounted liabilities for incurred claims	2,717	2,813	8,512	5,439	10,844	25,660	67,394	118,251	241,631
Effect of discounting									(12,186)
Total net liabilities for incurred claim									229,445

	Contracts not under PAA RM'000	Estimated of the present value of future cash flows RM'000	Risk adjustments RM'000	Total RM'000
Total gross liabilities for incurred claims (Note 9)	-	533,448	59,710	593,158
Amounts recoverable from reinsurers (Note 10)	(283,139)	(74,568)	(6,006)	(363,713)
Total net liabilities for incurred claims	(283,139)	458,880	53,704	229,445

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29. Financial risks

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company are exposed to credit risk primarily from net insurance receivables, reinsurance assets, investment securities and other receivables which are financial assets, and cash and bank balances with licensed financial institutions.

The Company have established counterparty and credit management policies that governs the credit selection and review process, as well as the insurance and reinsurance receivables collection and impairment assessment processes. These processes are regularly reviewed and monitored by the Risk Management Committee of the Company.

The maximum exposure to credit risk is normally represented by the carrying amount of each financial asset in the statements of financial position, although in the case of commission paid to intermediaries, it is fairly common practice for accounts to be settled on a net basis. In such cases, the maximum exposure to credit risk is expected to be limited to the extent of the amount of financial assets that has not been fully offset by financial liabilities with the same counterparty. The maximum amount recoverable from each reinsurer at any time is also dependent on the claims recoverable from such reinsurers at that point in time.

Amounts arising from ECL

The Company apply the simplified approach in accordance with MFRS 9 *Financial Instruments* and measure the allowance for impairment loss based on a lifetime ECL from initial recognition.

Measurement of ECL - Explanation of inputs, assumptions and estimation techniques

The key inputs into the measurement of ECL are based on the following variables as described in Note 2.3(g):

- PD;
- LGD; and
- EAD.

The ECL is determined by projecting PD, LGD and EAD which are multiplied together and adjusted for forward-looking information.

These parameters are derived from internally developed statistical models as developed by the Company based on historical data. They are adjusted to reflect forward-looking information.

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29. Financial risks (cont'd.)

(a) Credit risk (cont'd.)

Definition of default

The Company consider a financial asset to be in default by assessing the following criteria:

Quantitative criteria

Amounts receivable are considered to be in default when the counterparty fails to make contractual payments within 12 months when they fall due, which is derived based on the Company's historical information.

Qualitative criteria

Default occurs when the counterparty is in bankruptcy or has indications of potentially significant financial difficulty such as lawsuits or similar actions that threaten the financial viability of the counterparty.

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for credit risk management purposes. The default definition has been applied consistently to model the PD, LGD and EAD throughout the Company's expected loss calculations.

Incorporation of forward-looking information

The Company incorporate forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Company have performed historical analysis and identified key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, LGD and EAD vary by financial instrument. Forecasts of these economic variables (the "base economic scenario") are obtained from publicly available economic databases and provide the best estimate view of the economy over the next four to five years. The impact of these economic variables on the PD, LGD and EAD has been determined by performing statistical regression analysis to understand the impact that changes in these variables have had historically on default rates and the components of LGD and EAD.

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29. Financial risks (cont'd.)

(a) Credit risk (cont'd.)

Incorporation of forward-looking information (cont'd.)

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and the actual outcomes may be significantly different from those projected. The Company consider these forecasts to represent its best estimates of the possible outcomes and has analysed the non-linearities and asymmetries within the Company's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

The sensitivity of the ECL to the economic variable assumptions affecting the calculation of ECL was not material to the Company for the year ended 31 December 2025 and 31 December 2024.

The following table shows the movement in gross insurance receivables (included within insurance contract liabilities) and the loss allowance recognised for not credit and credit impaired receivables:

	Not credit impaired RM'000	Credit impaired RM'000	Total RM'000
Gross carrying amount			
As at 1 January 2024	70,404	76,831	147,235
Increase/(Decrease)	4,460	(65,366)	(60,906)
As at 31 December 2024	74,864	11,465	86,329
Increase/(Decrease)	5,553	(1,833)	3,720
As at 31 December 2025	80,417	9,632	90,049
Allowance for ECL			
As at 1 January 2024	1,394	54,120	55,514
Increase/(Decrease)	559	(45,901)	(45,342)
As at 31 December 2024	1,953	8,219	10,172
Decrease	(1,380)	(2,824)	(4,204)
As at 31 December 2025	573	5,395	5,968

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29. Financial risks (cont'd.)

(a) Credit risk (cont'd.)

Set out below is the information about the credit risk exposure on the Company's insurance receivables (included within insurance contract liabilities) using a provision matrix:

	Days past due					Total RM'000
	< 30 days RM'000	31 to 60 days RM'000	61 to 90 days RM'000	91 to 180 days RM'000	More than 180 days RM'000	
Company						
31 December 2025						
ECL rate	0%	1%	2%	0%	25%	7%
Gross carrying amount - insurance receivables	27,424	6,523	8,261	25,576	22,265	90,049
Allowance for ECL	78	42	134	39	5,675	5,968
Group and Company						
31 December 2024						
ECL rate	0%	2%	1%	2%	35%	12%
Gross carrying amount - insurance receivables	21,846	6,210	6,827	24,186	27,260	86,329
Allowance for ECL	92	113	102	373	9,492	10,172

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29. Financial risks (cont'd.)

(a) Credit 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 and reinsurance assets recognised in the statement of financial position as shown in the table below. The reinsurers' share of unearned premiums have been excluded from the analysis as they are not contractual obligations.

	Company 2025 RM'000	Group and Company 2024 RM'000
Amortised cost:		
Fixed and call deposits with licensed financial institutions	59,110	135,585
Loans receivable:		
Staff mortgage loans	49	53
Other unsecured staff loans	-	4
FVTPL financial assets:		
Debt securities	5,005	5,031
Reinsurance contract assets	191,776	330,216
Other receivables (net of prepayments)	3,053	3,339
Cash and bank balances	18,343	26,293
	<u>277,336</u>	<u>500,521</u>

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29. Financial risks (cont'd.)

(a) Credit risk (cont'd.)

Credit exposure by credit rating

The tables below provide information regarding the credit risk exposures of the Company by classifying financial and reinsurance assets subject to credit risk according to the credit ratings of counterparties.

Company	AAA RM'000	AA RM'000	A RM'000	BBB and lower RM'000	Not rated RM'000	Total RM'000
2025						
Amortised cost:						
Fixed and call deposits with licensed financial institutions	51,938	7,172	-	-	-	59,110
Loans receivable:						
Staff mortgage loans	-	-	-	-	49	49
FVTPL financial assets:						
Debt securities	5,005	-	-	-	-	5,005
Reinsurance contract assets ^	-	6,427	33,758	-	151,591	191,776
Insurance receivables (included within insurance contract liabilities) ^	-	3,089	2,873	-	78,119	84,081
Other receivables (net of prepayments and assets held under MMIP)	714	104	-	-	2,235	3,053
Cash and bank balances	18,170	-	89	-	84	18,343
	<u>75,827</u>	<u>16,792</u>	<u>36,720</u>	<u>-</u>	<u>232,078</u>	<u>361,417</u>

^ Reinsurance assets and insurance receivables from brokers/insurers/reinsurers licensed under the Financial Services Act 2013 and Labuan Financial Services and Securities Act 2010 are classified under the "not rated" category.

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29. Financial risks (cont'd.)

(a) Credit risk (cont'd.)

Credit exposure by credit rating (cont'd.)

Group and Company	AAA RM'000	AA RM'000	A RM'000	BBB and lower RM'000	Not rated RM'000	Total RM'000
2024						
Amortised cost:						
Fixed and call deposits with licensed financial institutions	66,786	66,990	-	-	1,809	135,585
Loans receivable:						
Staff mortgage loans	-	-	-	-	53	53
Other unsecured staff loans	-	-	-	-	4	4
FVTPL financial assets:						
Debt securities	5,031	-	-	-	-	5,031
Reinsurance contract assets ^	-	12,656	73,997	-	243,563	330,216
Insurance receivables (included within insurance contract liabilities) ^	-	503	709	-	74,945	76,157
Other receivables (net of prepayments and assets held under MMIP)	527	537	-	-	2,275	3,339
Cash and bank balances	26,107	7	90	-	89	26,293
	<u>98,451</u>	<u>80,693</u>	<u>74,796</u>	<u>-</u>	<u>322,738</u>	<u>576,678</u>

^ Reinsurance assets and insurance receivables from brokers/insurers/reinsurers licensed under the Financial Services Act 2013 and Labuan Financial Services and Securities Act 2010 are classified under the "not rated" category.

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29. Financial risks (cont'd.)

(b) Liquidity risk

Liquidity risk is the risk where the Company are unable to meet its obligations in a timely manner at a reasonable cost at any time. The Company maintain a large tranche of liquid asset instruments, primarily bank deposits and unit trust funds, to ensure high liquidity.

Maturity profiles

The following table summarise the maturity profile of the financial and reinsurance contract assets and financial and insurance contract liabilities of the Company based on the remaining undiscounted contractual obligations, including interest receivable.

For insurance contract liabilities and reinsurance assets, maturity profiles are determined based on the estimated timing of net cash outflows from the recognised insurance liabilities. Unearned premiums and the reinsurers' share of unearned premiums have been excluded from the analysis as they are not contractual obligations.

Company	Carrying value RM'000	Less than 1 year RM'000	Over 1-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
2025						
Amortised cost:						
Fixed and call deposits with licensed financial institutions	59,110	59,110	-	-	-	59,110
Loans receivable:						
Staff mortgage loans	49	-	-	49	-	49

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29. Financial risks (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

Company (cont'd.)	Carrying value RM'000	Less than 1 year RM'000	Over 1-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
2025 (cont'd.)						
FVTPL:						
Unit trust funds	505,319	-	-	-	505,319	505,319
Debt securities	5,005	5,005	-	-	-	5,005
Reinsurance contract assets	191,776	108,008	83,836	(68)	-	191,776
Other receivables (net of prepayments and assets held under MMIP)	3,053	3,053	-	-	-	3,053
Cash and bank balances	18,343	18,343	-	-	-	18,343
Total financial assets	782,655	193,519	83,836	(19)	505,319	782,655
Insurance contract liabilities	484,091	269,059	210,117	4,915	-	484,091
Lease liabilities	2,077	274	1,390	587	-	2,251
Other payables (net of provisions)	21,881	21,881	-	-	-	21,881
Total financial liabilities	508,049	291,214	211,507	5,502	-	508,223
Liquidity surplus/(deficit)	274,606	(97,695)	(127,671)	(5,521)	505,319	274,432

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29. Financial risks (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

Group and Company	Carrying value RM'000	Less than 1 year RM'000	Over 1-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
2024						
Amortised cost:						
Fixed and call deposits with licensed financial institutions	135,585	135,585	-	-	-	135,585
Loans receivable:						
Staff mortgage loans	53	-	-	53	-	53
Other unsecured staff loans	4	4	-	-	-	4
FVTPL financial assets:						
Unit trust funds	442,732	-	-	-	442,732	442,732
Debt securities	5,031	5,031	-	-	-	5,031
Reinsurance contract assets	330,216	248,250	81,417	549	-	330,216
Other receivables (net of prepayments and assets held under MMIP)	3,339	3,339	-	-	-	3,339
Cash and bank balances	26,293	26,293	-	-	-	26,293
Total financial assets	943,253	418,502	81,417	602	442,732	943,253
Insurance contract liabilities	669,556	363,560	298,320	7,676	-	669,556
Lease liabilities	2,146	195	1,915	239	-	2,349
Other payables (net of provisions)	23,460	23,460	-	-	-	23,460
Total financial liabilities	695,162	387,215	300,235	7,915	-	695,365
Liquidity surplus/(deficit)	248,091	31,287	(218,818)	(7,313)	442,732	247,888

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29. Financial risks (cont'd.)

(c) Market risk

Market risk arises with changes in prices of unit trust funds, collective investment schemes and bond prices. This risk is mitigated through proper initial and continuous credit evaluation of bonds and review of performance of the unit trust funds and collective investment schemes respectively, purchase of highly rated bonds, and constant watch on investment portfolio for adverse changes and opportunities.

Fund managers' performance are monitored constantly, and parameters are prescribed to fund managers according to the Company's risk appetite on investments in unit trust funds and collective investment schemes and bonds, by placing limits on categories of purchase.

Price risk

Management's best estimate of the effect on the net income for the year and equity due to a reasonably possible change in the Net Asset Value ("NAV") of unit trust funds and collective investment schemes with all other variables held constant is indicated in the table below:

		Increase/(decrease)	
	Change in variable %	[^] Effect on net profit for the year RM'000	[^] Effect on equity RM'000
Company			
2025			
Market indices:			
NAV	+10	38,404	38,404
NAV	-10	(38,404)	(38,404)
Group and Company			
2024			
Market indices:			
NAV	+10	33,648	33,648
NAV	-10	(33,648)	(33,648)

[^] Impact is net of tax of 24% (2024: 24%).

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29. Financial risks (cont'd.)

(c) Market risk (cont'd.)

Interest rate risk

The Company's exposure to interest rate risk arises primarily from investments in interest-bearing investments classified as FVTPL. The interest and capital value may be affected by changes in the interest yield curve. The Company have an investment policy that investments are made at competitive interest rates.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on net income or loss and impact on equity. The correlation of variables will have a significant effect in determining the ultimate impact on interest rate yield risk but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear. During the current financial year, the method used for deriving sensitivity information did not change from the previous period.

Sensitivity analysis:

Company	Changes in basis points	Increase/(decrease)	
		^ Effect on net profit for the year RM'000	^ Effect on equity RM'000
2025			
Interest rates	+ 200 bps	(3)	(3)
Interest rates	- 200 bps	3	3
Group and Company			
2024			
Interest rates	+ 200 bps	(3)	(3)
Interest rates	- 200 bps	3	3

^ Impact is net of tax of 24% (2024: 24%).

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29. Financial risks (cont'd.)

(d) Operational risk

A good internal control framework, compliance to regulatory guidelines and observance of best practices enable the Company to mitigate operational risks. Internal audit plan and risk-based audits coupled with periodic reviews on compliance to policies and procedures provide assurance that the Company have the best processes in a controlled environment.

30. Fair value measurement

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

The Company use the following hierarchy for determining and disclosing the fair value of assets by valuation techniques:

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

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 period.

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30. Fair value measurement (cont'd.)

The following table provides an analysis of assets measured and/or disclosed at fair value on a recurring basis in accordance with the fair value hierarchy:

		----- Valuation techniques using -----			
		Quoted	Observable	Un-observable	
		market price	inputs	inputs	
		(Level 1)	(Level 2)	(Level 3)	
Date of		RM'000	RM'000	RM'000	Total
valuation					RM'000
Assets measured at fair value					
Company					
2025					
Financial assets at FVTPL:					
Unquoted debt securities in Malaysia	31 December 2025	-	5,005	-	5,005
Quoted unit trust funds in Malaysia	31 December 2025	505,319	-	-	505,319
		<u>505,319</u>	<u>5,005</u>	<u>-</u>	<u>510,324</u>
Group and Company					
2024					
Financial assets at FVTPL:					
Unquoted debt securities in Malaysia	31 December 2024	-	5,031	-	5,031
Quoted unit trust funds in Malaysia	31 December 2024	442,732	-	-	442,732
		<u>442,732</u>	<u>5,031</u>	<u>-</u>	<u>447,763</u>

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31. Significant events

Update to the Malaysian Competition Commission ("MyCC")'s Proposed Decision against PIAM and its 22 members

TIMB was among 22 PIAM member insurers investigated by the Malaysian Competition Commission ("MyCC") for an alleged infringement of Section 4 of the Competition Act 2010 relating to agreed parts trade discounts and labour rates under the PIAM Approved Repairers Scheme.

In September 2020, MyCC imposed a financial penalty of RM2.57 million on TIMB and issued a cease and desist order ("MyCC's Decision").

TIMB appealed to the Competition Appeal Tribunal ("CAT"), which:

- granted a stay of both the penalty and the cease and desist order (March 2021); and
- allowed TIMB's appeal (September 2022), setting aside MyCC's Decision.

MyCC's subsequent application for leave to commence judicial review was dismissed by the High Court on 16 January 2024, with costs awarded to TIMB and the other insurers.

MyCC has appealed to the Court of Appeal. The hearing is fixed for 30 April 2026 (case management on 16 April 2026).

Current position:

- CAT decision remains in TIMB's favour;
- No financial provision has been made; and
- No operational impact (cease and desist order remains stayed).

32. Non-controlling interests

	Group 2024 RM'000
At beginning of year	634
Share of loss for the year	(20)
Decrease in non-controlling interests	(614)
At end of year	<u>-</u>

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32. Non-controlling interests (cont'd.)

The subsidiary, Affin Hwang Income Fund I ("the Fund") was incorporated in Malaysia, which also has its principal place of business in Malaysia. The principal activity of the Fund is the investment in fixed income securities and money market placements.

The Company fully redeemed its investments in the Fund and the Fund was subsequently terminated on 31 May 2024. As a result, the Company no longer exercises control over any subsidiary and the Group ceased to exist from that date. Accordingly, consolidated financial statements are not presented for the current financial year. The comparative information for the financial year 2024 continues to be presented to ensure consistency of disclosure and to comply with applicable financial reporting requirements

2024
RM'000

Profit allocated to non-controlling interests:

Affin Hwang Income Fund I	<u>(20)</u>
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The summarised financial information of the subsidiary that have material non-controlling interests is provided below. This information is based on amounts before any eliminations between entities.

2024
RM'000

Summarised statements of comprehensive income

Investment income	16
Management expenses	<u>(26)</u>
Profit before taxation	<u>(10)</u>
Taxation	<u>-</u>
Net profit for the year, representing total comprehensive income for the year	<u>(10)</u>
Attributable to non-controlling interests	<u>(20)</u>

Summarised cash flow information for the year ended 31 December:

Operating activities	(30)
Financing activities	<u>(1,356)</u>
Net decrease in cash and cash equivalents	<u>(1,386)</u>

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33. Earnings per share - Basic and diluted

Basic and diluted earnings per share is calculated by dividing the profit for the year, net of tax attributable to ordinary equity holders of the Company by the number of ordinary shares in issue.

	2024
	RM'000
Profit attributable to ordinary equity holders (RM'000)	13,079
Number of ordinary shares in issue ('000)	100,013
Basic and diluted earnings per share (sen)	<u>13.08</u>

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