DEARTIME BERHAD

201901000228 (1309554-D)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
For the financial year ended 31 December 2023

201901000228 (1309554-D)

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Directors' report

The directors hereby present their report together with the audited financial statements of the Company for the financial year ended 31 December 2023.

Principal activity

The Company has commenced business on 23 June 2022. The principal activity of the Company is to underwrite life insurance business.

The Company is an approved participant in the Bank Negara Malaysia Fintech Regulatory Sandbox to conduct insurance business.

Results

	RM
Net loss for the financial year	4,216,897

Reserves and provisions

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

In the opinion of the directors, the results of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than those arising from the adoption of MFRS 17 *Insurance Contracts*, as disclosed in Note 2.8.

Subsequent event after the financial year

The subsequent event after the financial year is as disclosed in Note 18 to the financial statements.

Directors of the Company

The names of the directors of the Company in office since the date of the last report to the date of this report are:

Yeoh Hai Yong
Leong Chin Boon
Mohammad Ridzuan Bin Abdul Aziz
Mohd Ridzal Bin Mohd Sheriff
Wong Teck Meng

Directors' benefits

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

During the financial year ended 31 December 2023, 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 as disclosed below) by reason of a contract made by the Company with the director.

The non-executive directors are paid directors' fees, which take into account factors such as the directors' contributions, effort and time spent, attendance at meetings and frequency of meetings, the respective responsibilities of the directors including the Board Committees on which they serve, market practices and the need to pay competitive fees to attract, retain and motivate directors.

The directors' fees paid to or receivable by directors in respect of the financial year ended 31 December 2023 are RM240,000.

No payment has been paid to or payable to any third party in respect of the services provided to the Company by the directors of the Company during the financial year.

Directors' indemnity

During the financial year, the Company did not have a directors and officers liability insurance cover to provide indemnity to directors of the Company.

Directors' interests

According to the register of directors' shareholdings, the interest of a director in office at the end of the financial year in shares of the Company during the financial year is as follows:

	(Number of ordinary shares)			
	1.1.2023	**Acquired**	**Disposed**	**31.12.2023**
Leong Chin Boon	833,000	-	-	833,000

None of the other directors in office at the end of the financial year had any interests in shares in the Company during financial year.

Paid up share capital

During the financial year, the Company increased its paid-up share capital from RM13,000,099 to RM18,001,637 via allotment of 4,918,180 irredeemable convertible preference shares ("ICPS") for total cash consideration of RM4,918,180 in 4 tranches, issued on 2 June, 4 August, 6 October and 28 December 2023 respectively, and allotment of 617,463 ordinary shares for cash consideration of RM83,358 on 27 December 2023.

Other statutory information

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

(i) to ascertain that proper action had been taken in relation to the making of allowance for doubtful debts and that no provision for doubtful debts was necessary; and

(ii) to ensure that any current assets which were unlikely to realise their value 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 of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent; and

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

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

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or 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 of the Company which has arisen since the end of the financial year.

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Directors' report (cont'd.)

Other statutory information (cont'd.)

(f) In the opinion of the directors:

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

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

Auditors

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

To the extent permitted by law, the Company has agreed to indemnify its auditors as part of the terms of its audit engagement against claims by third parties arising from the audit (for unspecified amount). No payments have been made to indemnify its auditors during or since the financial year.

Total amounts paid or payable to the auditors as remuneration for their statutory audit services are as follows:

	2023
	RM
Statutory audit	300,000
Regulatory related services	10,000
	310,000

Signed on behalf of the Board in accordance with a resolution of the directors dated 6 June 2024.

Mohd Ridzal Bin Mohd Sheriff

Yeoh Hai Hong

Kuala Lumpur, Malaysia

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

We, Mohd Ridzal Bin Mohd Sheriff and Yeoh Hai Hong, being two of the directors of DearTime Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 10 to 49 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting 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 2023 and of their financial performance and the cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 6 June 2024.

Mohd Ridzal Bin Mohd Sheriff

Yeoh Hai Hong

Kuala Lumpur, Malaysia

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

(NRIC NO: 850212-14-6273)

I, Jonathan Ng Choong-Qi, being the officer primarily responsible for the financial management of DearTime Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 49 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, Jonathan Ng Choong-Qi at Kuala Lumpur in the Federal Territory on ~~6 June 2024~~. 13 JUN 2024

PESURUHJAYA SUMPAH
W 893
CH'NG ENG HING
BC/C/704
01.02.2022 - 31.12.2024
MALAYSIA

Before me,

Commissioner of Oaths

Block D-2-11, Plaza Arkadia
No.3, Jalan Intisari Perdana,
Desa ParkCity, 52200 Kuala Lumpur.

Jonathan Ng Choong-Qi
(NRIC NO: 850212-14-6273)

Building a better working world

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SST ID: W10-2002-32000062
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Independent auditors' report to the members of DearTime Berhad (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of DearTime Berhad, which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 10 to 49.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

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

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

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Independent auditors' report to the members of
DearTime Berhad (cont'd.)
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Information other than the financial statements and auditors' report thereon (cont'd.)

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

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

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

Other matters

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

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

Brandon Bruce Sta Maria
No. 02937/09/2025 J
Chartered Accountant

Kuala Lumpur, Malaysia
6 June 2024

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DearTime Berhad
(Incorporated in Malaysia)

Statement of financial position
As at 31 December 2023

	Note	31.12.2023 RM	Restated 31.12.2022 RM	1.1.2022 RM
Assets				
Intangible assets	3	3,972,469	3,223,987	2,462,899
Investment	4	1,674,646	3,520,609	-
Reinsurance contract assets	6	10,788	927	-
Other receivables	5	176,265	227,421	511,226
Cash at bank		2,096,189	197,859	778,070
Total assets		**7,930,357**	**7,170,803**	**3,752,195**
Current liabilities				
Insurance contract liabilities	6	40,782	17,220	-
Other payables	7	964,905	1,013,554	12,000
Total current liabilities		1,005,687	1,030,774	12,000
Shareholders' equity				
Share capital	8	18,001,637	13,000,099	7,000,099
Accumulated losses		(11,076,967)	(6,860,070)	(3,259,904)
Total shareholders' equity		6,924,670	6,140,029	3,740,195
Total liabilities and shareholders' equity		**7,930,357**	**7,170,803**	**3,752,195**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Statement of comprehensive income
For the financial year ended 31 December 2023

	Note	2023 RM	Restated 2022 RM
Insurance revenue	9	33,089	3,107
Insurance service expenses	10	(13,858)	(5,262)
Net (expenses)/income from reinsurance contracts held	11	(11,326)	927
Insurance service result		7,905	(1,228)
Investment income	12	55,337	20,610
Investment returns		55,337	20,610
Other operating income		641	851
Other operating expenses	10	(4,280,780)	(3,620,399)
Loss before taxation		(4,216,897)	(3,600,166)
Taxation		-	-
Loss for the financial year, representing total comprehensive loss for the financial year		**(4,216,897)**	**(3,600,166)**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Statement of changes in equity for the financial year ended 31 December 2023

	Note	Share capital RM	Accumulated losses RM	Total RM
At 1 January 2022		7,000,099	(3,259,904)	3,740,195
Issuance of share capital	8	6,000,000	-	6,000,000
Total comprehensive loss for the financial year		-	(3,600,166)	(3,600,166)
At 31 December 2022 (restated)		13,000,099	(6,860,070)	6,140,029
At 1 January 2023 (As previously stated)		13,000,099	(6,857,631)	6,142,468
Effect of adoption of MFRS17 (Note 2.12(c))		-	(2,439)	(2,439)
At 1 January 2023 (As restated)		13,000,099	(6,860,070)	6,140,029
Issuance of share capital	8	5,001,538	-	5,001,538
Total comprehensive loss for the financial year		-	(4,216,897)	(4,216,897)
At 31 December 2023		18,001,637	(11,076,967)	6,924,670

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

DearTime Berhad
(Incorporated in Malaysia)

Statement of cash flows
for the financial year ended 31 December 2023

	Note	2023 RM	Restated 2022 RM
Cash flows from operating activities			
Loss before taxation		(4,216,897)	(3,600,166)
Adjustment for:			
Amortisation of intangible assets	3	827,381	243,967
Dividend income	12	(44,661)	(25,557)
Fair value losses	12	10,554	4,947
Realised gains	12	(19,930)	-
Operating cash flows before working capital changes		(3,443,553)	(3,376,809)
Changes in working capital:			
Decrease in other receivables and reinsurance contract assets		41,295	282,878
(Decrease)/increase in other payables and insurance contract liabilities		(25,087)	1,018,774
Net cash used in operating activities		(3,427,345)	(2,075,157)
Cash flows from investing activities			
Payment for intangible assets	3	(1,575,863)	(1,005,055)
Redemption/(purchase) of investment		1,900,000	(3,499,999)
Net cash generated from/(used in) investing activities		324,137	(4,505,054)
Cash flows from financing activity			
Proceeds from issuance of share capital	8	5,001,538	6,000,000
Net cash generated from financing activity		5,001,538	6,000,000
Net increase/(decrease) in cash at bank		1,898,330	(580,211)
Cash at bank at the beginning of the financial year		197,859	778,070
Cash at bank at the end of the financial year		2,096,189	197,859

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the financial statements
For the financial year ended 31 December 2023

Corporate information

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

The registered office of the Company is located 2-07-01, Plaza Bukit Jalil, 1 Persiaran Bukit Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur, Malaysia.

The Company has commenced business on 23 June 2022. The principal activity of the Company is to underwrite life insurance business. The Company is an approved participant in the Bank Negara Malaysia Fintech Regulatory Sandbox to conduct life insurance business.

The financial statements were authorised for issue by the board of directors in accordance with a resolution of the directors on 6 June 2024.

1. Basis of preparation

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

The financial statements of the Company have been prepared under the historical cost convention, unless otherwise indicated in the material accounting policy information below.

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

2. Material accounting policy information

2.1 Intangible asset

Intangible assets include software development costs. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets are not capitalised and expenditure is reflected in the profit or loss in the period in which the expenditure is incurred.

Amortisation is charged to profit or loss. Intangible assets are amortised over the useful economic life 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 are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

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

2.1 Intangible asset (cont'd.)

The Company's intangible assets are amortised on a straight-line basis over their estimated useful lives.

	Useful lives
Software	5 years

Work-in-progress are not amortised as these assets are not available for use.

Costs associated with maintaining computer software programmes are recognised as an expense when incurred. Costs that are directly associated with identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include employee costs incurred as a result of developing software and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised using the straight line method over their estimated useful lives.

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

The carrying amount of 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 impairment loss. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.2 Financial assets

Recognition and initial measurement

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

A financial asset or financial liability is initially measured at fair value plus or minus, in the case of a financial asset or financial liability not measured at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue.

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

2.2 Financial assets (cont'd.)

Classification and subsequent measurement

The classification and subsequent measurement of debt instruments held by the Company are determined based on their business model and cash flow characteristics.

Business model

The business model reflects how the Company manages the financial assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets, or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. the financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model. Factors considered by the Company in determining the business model for a portfolio of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, and how risks are assessed and managed.

Cash flow characteristics

Where the business model is to hold the financial assets to collect contractual cash flows, or to collect contractual cash flows and sell, the Company assesses whether the financial assets' contractual cash flows represent solely payment of principal and interest ("SPPI"). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic financing arrangement, i.e. interest includes only consideration for time value of money, credit risk, other basic financing risks and a interest margin that is consistent with a basic financing arrangement. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

The classification of financial assets depends on the Company's business model of managing the financial assets in order to generate cash flows ("business model test") and the contractual cash flow characteristics of the financial instruments ("SPPI test"). The business model test determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both and the assessment is performed on a portfolio basis. The SPPI test determines whether the contractual cash flows are solely for payments of principal and interest and the assessment is performed on a financial instrument basis.

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

2.2 Financial assets (cont'd.)

Classification and subsequent measurement (cont'd.)

The Company may classify its financial assets under the following categories:

(a) Financial assets at amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has designated its other receivables as instruments measured at amortised cost.

(b) Financial assets at fair value through other comprehensive income ("FVOCI")

A financial asset is measured at FVOCI if its business model is both to hold the asset to collect contractual cash flows and to sell the financial asset. In addition, the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal.

Financial asset at FVOCI is initially recorded at fair value and transaction costs are expensed in the profit or loss. Subsequent to initial recognition, this financial asset is remeasured at fair value. All fair value adjustments are initially recognised through OCI. Debt instruments at FVOCI are subject to impairment assessment.

The Company does not have any instruments designated at FVOCI as at 31 December 2023 and 2022.

(c) Financial assets at fair value through profit or loss ("FVTPL")

Any financial assets that are not measured at amortised cost or FVOCI are measured at FVTPL. Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Changes in the fair value of those financial instruments are recorded in net gain or loss through profit or loss.

Instruments that qualify for amortised cost or FVOCI may be irrevocably designated as FVTPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Equity instruments are normally measured at FVTPL, nevertheless, the Company is allowed to irrevocably designate equity instruments that are not held for trading as FVOCI, with no subsequent reclassification of gains or losses to profit or loss.

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

2.2 Financial assets (cont'd.)

Offsetting of financial instruments

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

Derecognition

A financial asset is primarily derecognised when:

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

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

  (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.

On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

2.3 Fair value measurement

The Company measures financial instruments such as financial assets at FVTPL 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:

(i) In the principal market for the asset or liability; or

(ii) 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.

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

2.3 Fair value measurement (cont'd.)

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

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

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

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

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

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

2.4 Impairment of assets

(a) Financial assets

<u>Credit-impaired financial assets</u>

The Company recognises an allowance for expected credit losses ("ECL") for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the appropriate effective interest rate.

<u>Write-offs</u>

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

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

2.4 Impairment of assets (cont'd.)

(b) Non-financial assets

The carrying amounts of assets are reviewed at each reporting date to determine whether there is any indication of impairment. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of the net realisable value and the value in use, which is measured by reference to discounted cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating unit.

An impairment loss is recognised in the profit or loss in the period in which it arises. Subsequent increases in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. A reversal of impairment loss is recognised in the profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

2.5 Cash and cash equivalents

Cash and cash equivalents include cash at bank which have an insignificant risk of changes in value. The statements of cash flows has been prepared using the indirect method.

2.6 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where 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.

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

2.7 Financial liabilities

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

Financial liabilities, within the scope of MFRS 9 *Financial Instruments*, are recognised in the statements of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

(a) Financial liabilities at FVTPL

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

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

(b) Other financial liabilities

The Company's other financial liabilities include other payables.

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

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

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

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

2.8 Insurance contracts and reinsurance contracts held

(a) Classification

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. The Company determines whether it has 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 issues yearly renewable life insurance to individuals and businesses. The life insurance products offered include death, disability, accident, medical and critical illness. 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 does not accept insurance risk from other insurers.

In the normal course of business, the Company uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

All insurance contracts issued and all reinsurance contracts held are classified as contracts without direct participation features. These contracts are measured under the Premium Allocation Approach ("PAA") (see Note 2.8(f)).

(b) Separating components from insurance and reinsurance contracts

At inception, the Company assesses the features of the insurance and reinsurance contracts whether the following components are present and require separation from the insurance and reinsurance contracts:

- Derivatives embedded in the contract.
- Distinct investment component.
- Distinct non-insurance service component.

The Company currently does not issue any insurance contracts or enter into any reinsurance contracts that include the above components.

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

2.8 Insurance contracts and reinsurance contracts held (cont'd.)

(c) Level of aggregation

Insurance contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together. Each portfolio is divided into annual cohorts (i.e. by years of issuance and inception) and each annual cohort is categorised into three groups based on the profitability of contracts:

- contracts that are onerous on initial recognition;
- contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- remaining contracts in the annual cohort.

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

Reinsurance contracts

Groups of reinsurance contracts are determined by identifying the underlying direct contracts it covers, the corresponding reinsurer and dividing each portfolio into annual cohorts (i.e. by year of issue). Each annual cohort is categorized into three groups based on the profitability of the reinsurance contracts:

- a group of reinsurance contracts that are at a net gain to the Company at initial recognition,
- a group of reinsurance contracts that at initial recognition have no significant possibility of becoming a net gain to the Company, and
- a group of the remaining reinsurance contracts in the portfolio.

The reinsurance contracts held provide cover for underlying contracts that are included in different groups. However, the Company concludes that the reinsurance contract's legal form of a single contract reflects the substance of the Company's contractual rights and obligations, considering that the different coverages lapse together and are not sold separately. As a result, the reinsurance contracts held is not separated into multiple insurance components that relate to different underlying groups.

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

2.8 Insurance contracts and reinsurance contracts held (cont'd.)

(d) 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;
- when facts and circumstances indicate that the group of contracts is onerous.

The Company recognises 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 delays 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.
- the date the Company recognises 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.

(e) Contract boundaries

Insurance contracts

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

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

2.8 Insurance contracts and reinsurance contracts held (cont'd.)

(e) Contract boundaries (cont'd.)

Insurance contracts (cont'd.)

- 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.

Reinsurance contracts

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Company's substantive rights and obligations and, therefore, may change over time.

(f) Contracts measured under the Premium Allocation Approach ("PAA")

Insurance contracts

The Company applies PAA to all the insurance contracts that it issues and reinsurance contracts that it holds, 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.

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

2.8 Insurance contracts and reinsurance contracts held (cont'd.)

(f) Contracts measured under the Premium Allocation Approach ("PAA") (cont'd.)

Insurance contracts (cont'd.)

Initial recognition

For a group of contracts that is not onerous at initial recognition, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition and adjusted for any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group. The Company has chosen to expense insurance acquisition cash flows when they are incurred.

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.

Subsequent measurement

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and decreased by the amount recognised as insurance revenue for services provided. On initial recognition of each group of contracts, the Company expects that the time between providing each part of the services and the related premium due date is no more than a year. Accordingly, the Company has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

The Company recognises the liability for incurred claims of a group of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims. 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.

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

2.8 Insurance contracts and reinsurance contracts held (cont'd.)

(f) Contracts measured under the Premium Allocation Approach ("PAA") (cont'd.)

Reinsurance contracts

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued.

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

(g) Derecognition and contract modification

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 derecognises 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.

(h) Presentation

The Company has presented separately, in the statement 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.

The Company disaggregates amounts recognised in the statement of comprehensive income into an insurance service result, comprising insurance revenue and insurance service expenses.

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

2.8 Insurance contracts and reinsurance contracts held (cont'd.)

(h) Presentation (cont'd.)

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

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.

Insurance revenue and insurance service expenses exclude any investment components and are recognised as follows.

Insurance revenue – Contracts measured under the PAA

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Company allocates the expected premium receipts to each period on the basis of the passage of time.

Loss components

The Company assumes 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 Note 2.8(f) 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 in Note 2.8(c). Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They comprise of the following items:

- *Incurred claims and other insurance service expenses:* For some non-participating contracts, incurred claims also include premiums waived on detection of critical illness.

- For contracts measured under the PAA, the Company recognises insurance acquisition costs in the profit or loss as and when incurred.

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

2.8 Insurance contracts and reinsurance contracts held (cont'd.)

(h) Presentation (cont'd.)

Insurance service expenses (cont'd.)

- Losses on onerous contracts and reversals of such losses.
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.

Net expenses from reinsurance contracts

Net expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

The Company recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts. For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

For a group of reinsurance contracts covering onerous underlying contracts, the Company establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:

- on recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognised; and
- for changes in fulfilment cash flows of the group of reinsurance contracts relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Company expects to recover from the reinsurance contracts.

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

2.9 Share capital

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Irredeemable convertible preference shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of irredeemable preference shares are deducted against share capital.

2.10 Taxation

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

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

Deferred tax is computed at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the profit or loss, except when it arises from a transaction which is recognised directly in other comprehensive income, in which case the deferred tax is also charged or credited directly in other comprehensive income.

2.11 Material accounting estimates and judgements

The preparation of the Company's financial statements requires management to make estimates, assumptions and judgements that affect the reported amounts of revenues, expenses, assets and liabilities at the reporting date. Estimates, assumptions and judgements are continually evaluated and based on internal studies of actual historical experience and other factors. Best estimates and assumptions are constantly reviewed to ensure that they remain relevant and valid. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

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

2.11 Material accounting estimates and judgements (cont'd.)

The Company applies the PAA to simplify the measurement of insurance contracts and reinsurance contracts held. When measuring insurance contract liabilities and reinsurance contract assets, the PAA is broadly similar to the Company's previous accounting treatment under MFRS 4, except for the following:

(a) Risk Adjustment and confidence level used to determine risk adjustment

Risk adjustments for non-financial risk represent the compensation an entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the entity fulfils insurance contracts. The risk adjustment considers insurance, lapse and expense risks, includes both favourable and unfavourable outcomes, and reflects diversification benefits from the insurance contracts issued.

The Company has determined the risk-adjustment using a confidence level approach. The Company views a 75% confidence level as consistent with the compensation that it requires for bearing insurance risks. The confidence level is therefore consistent with the Risk Based Capital ("RBC")'s Provision of Risk Margin for Adverse Deviation ("PRAD") as prescribed by Bank Negara Malaysia guideline. As a result, The Company follows similar stress factors to determine the risk adjustment as those applicable under the RBC PRAD basis. The same confidence level will apply for both insurance contracts and reinsurance contracts held.

2.12 Changes in material accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2023, the Company adopted the following MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023:

Description	Effective for annual periods beginning on or after
MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17: *Initial Application of MFRS 17 and MFRS 9 - Comparative Information*	1 January 2023
Amendments to MFRS 112: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023

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

2.12 Changes in material accounting policies (cont'd.)

The initial application of the amendments do not have any material impacts to the current and prior year's financial statements upon their first adoption, except for:

MFRS 17 *Insurance Contracts*

MFRS 17 replaces MFRS 4 for annual periods beginning on or after 1 January 2023. The standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts and reinsurance contracts held. As a result, The Company has restated comparative information for 2022 applying the transitional approach in Note 2.12(c) below.

(a) Changes to classification and measurement

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

The Company applies PAA for both insurance contracts issues and reinsurance contracts held. The measurement principles of the PAA is broadly similar to the "earned premium approach" used by the Company under MFRS 4, except for the following key areas:

- The liability for remaining coverage reflects premiums received less amounts recognised in revenue for insurance services provided. The Company expenses its insurance acquisition cash flow when they are incurred.

- Measurement of the liability for remaining coverage may involve an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision).

- Measurement of the liability for incurred claims (previously incurred but not reported claim) includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred insurance expenses.

- Similar to liability for remaining coverage, measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) will be adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

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

2.12 Changes in material accounting policies (cont'd.)

MFRS 17 *Insurance Contracts* (cont'd.)

(b) Changes to presentation and disclosures

Statement of financial position

Under MFRS 17, portfolio of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts held that are assets and those that are liabilities, are presented separately in the statement of financial position. All rights and obligations arising from a portfolio of contracts are presented on a net basis; therefore, balances such as amount due to reinsurers is no longer presented separately. Any assets or liabilities for cash flows arising before the recognition of the related group of contracts are also presented in the same line item as the related portfolios of contracts.

Statement of comprehensive income

The presentation of the statement of comprehensive income will change significantly upon the adoption of MFRS 17, with clear delineation of underwriting and investment results. There will no longer be items such as gross, net earned premiums or net benefits and claims shown on the profit or loss. Under MFRS 17, the Company separately presents insurance revenue, insurance service expenses and net expenses from reinsurance contracts. Under MFRS 4, the Company reported net earned premiums, gross benefits and claims paid, claims ceded to reinsurers, gross change in contract liabilities and change in contract liabilities ceded to reinsurers.

(c) Transition

The Company commenced its underwritten of life insurance business on 23 June 2022. As a result, the Company applied full retrospective approach to identify and measure all groups of contracts on transition to MFRS 17.

Under the full retrospective approach, the Company:

- Identified, recognised and measured each group of insurance contracts and reinsurance contracts held as if MFRS 17 had always been applied;
- Derecognised previously reported balances that would not have existed if MFRS 17 had always been applied;
- Recognised any resulting net difference in equity. The effects as a result of adoption of MFRS 17 were recognised as adjustments to retained profits as at 31 December 2023. The adoption resulted in an decrease to total equity as of 1 January 2023 by RM2,439.

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

2.13 Standard and amendments to standards that are issued but not yet effective

The following are standards and amendments to standards issued by MASB, but not yet effective, up to the date of this report. The Company intends to adopt these standards, amendments to standards and interpretations to standards, if applicable, when they become effective:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16, Leases: *Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to MFRS 101 Presentation of Financial Statements: *Non current liabilities with Covenants*	1 January 2024
Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures: *Supplier Finance Arrangements*	1 January 2024
Amendments to MFRS 121, The Effects of Changes in Foreign Exchange Rates: *Lack of Exchangeability*	1 January 2025
Amendments to MFRS 10 and MFRS 128: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The directors expect that the adoption of the above amendments to standards will have no material impact on the financial statements in the period of initial application.

3. Intangible assets

2023	Software RM	Software-in development RM	Total RM
Cost			
At 1 January 2023	3,430,112	37,842	3,467,954
Additions	1,613,705	(37,842)	1,575,863
At 31 December 2023	5,043,817	-	5,043,817
Accumulated amortisation			
At 1 January 2023	243,967	-	243,967
Charge of the financial year	827,381	-	827,381
At 31 December 2023	1,071,348	-	1,071,348
Net Book Value			
At 31 December 2023	3,972,469	-	3,972,469
2022			
Cost			
At 1 January 2022	2,462,899	-	2,462,899
Additions	967,213	37,842	1,005,055
At 31 December 2022	3,430,112	37,842	3,467,954
Accumulated amortisation			
At 1 January 2022	-	-	-
Charge of the financial year	243,967	-	243,967
At 31 December 2022	243,967	-	243,967
Net Book Value			
At 31 December 2022	3,186,145	37,842	3,223,987

4. Investment

The Company has invested in Areca Islamic Cash Fund ("AICF"), a short term fund that provides liquidity to the portfolio with target to generate returns close to fixed deposit rates.

	2023 RM	2022 RM
Fair value hierarchy - Level 1:		
Financial asset measured at FVTPL:		
Unit trust fund	1,674,646	3,520,609

5. Other receivables

	2023 RM	2022 RM
Financial assets - at amortised cost:		
Sundry receivables	1,514	678
Non-financial assets:		
Deposits	151,300	220,410
Prepayments	23,451	6,333
	176,265	227,421

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

6. Insurance and reinsurance contracts

The following reconciliations show how the net carrying amounts of insurance contracts and reinsurance contracts held changed during the financial year as a result of cash flows and amounts recognised in the statement of profit or loss.

The Company presents tables that separately analyses movements in the liabilities/assets for remaining coverage and movements in the liabilities/assets for incurred claims and reconciles these movements to the line items in the statement of profit or loss.

Movement in insurance contract liabilities - Analysis of remaining coverage and incurred claims

		31.12.2023				
		Liabilities for remaining coverage		Liabilities for incurred claims		
	Note	Excluding loss component RM	Loss component RM	Estimates of present value of future cash flows RM	Risk adjustment for non-financial risk RM	Total RM
Opening assets		-	-	-	-	-
Opening liabilities		13,818	-	3,042	360	17,220
Net opening balance		13,818	-	3,042	360	17,220
Changes in statement of profit or loss						
Insurance revenue	9	(33,089)	-	-	-	(33,089)
Insurance service expenses		-	-	12,994	864	13,858
Incurred claims and other insurance service expenses	10	-	-	12,994	864	13,858
Insurance service result		(33,089)	-	12,994	864	(19,231)
Cash flows						
Premiums received		48,563	-	-	-	48,563
Claims and other insurance service expenses paid		-	-	(5,770)	-	(5,770)
Total cash flows		48,563	-	(5,770)	-	42,793
Net closing balance		29,292	-	10,266	1,224	40,782
Closing assets		-	-	-	-	-
Closing liabilities		29,292	-	10,266	1,224	40,782
Net closing balance		29,292	-	10,266	1,224	40,782

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

Movement in insurance contract liabilities - Analysis of remaining coverage and incurred claims (cont'd.)

		31.12.2022				
		Liabilities for remaining coverage		Liabilities for incurred claims		
	Note	Excluding loss component RM	Loss component RM	Estimates of present value of future cash flows RM	Risk adjustment for non-financial risk RM	Total RM
Opening assets		-	-	-	-	-
Opening liabilities		-	-	-	-	-
Net opening balance		-	-	-	-	-
Changes in statement of profit or loss						
Insurance revenue	9	(3,107)	-	-	-	(3,107)
Insurance service expenses		-	-	4,902	360	5,262
Incurred claims and other insurance service expenses	10	-	-	4,902	360	5,262
Insurance service result		(3,107)	-	4,902	360	2,155
Cash flows						
Premiums received		16,925	-	-	-	16,925
Claims and other insurance service expenses paid		-	-	(1,860)	-	(1,860)
Total cash flows		16,925	-	(1,860)	-	15,065
Net closing balance		13,818	-	3,042	360	17,220
Closing assets		-	-	-	-	-
Closing liabilities		13,818	-	3,042	360	17,220
Net closing balance		13,818	-	3,042	360	17,220

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

Movement in reinsurance contract assets - analysis of remaining coverage and incurred claims

		<---- 31.12.2023				---->
		Assets for remaining coverage		Assets for incurred claims		
	Note	Excluding loss recovery component RM	Loss recovery component RM	Estimates of present value of future cash flows RM	Risk adjustment for non-financial risk RM	Total RM
Opening assets		(1,596)	-	2,259	264	927
Opening liabilities		-	-	-	-	-
Net opening balance		(1,596)	-	2,259	264	927
Changes in statement of profit or loss						
Allocation of reinsurance premium	11	(16,522)	-	-	-	(16,522)
Amounts recoverable from reinsurers		-	-	4,650	546	5,196
Recoveries of incurred claims and other insurance service expense	11	-	-	4,650	546	5,196
Net expense from reinsurance contracts held		(16,522)	-	4,650	546	(11,326)
Cash flows						
Premiums paid		21,187	-	-	-	21,187
Amount received		-	-	-	-	-
Total cash flows		21,187	-	-	-	21,187
Net closing balance		3,069	-	6,909	810	10,788
Closing assets		3,069	-	6,909	810	10,788
Closing liabilities		-	-	-	-	-
Net closing balance		3,069	-	6,909	810	10,788

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

Movement in reinsurance contract assets - analysis of remaining coverage and incurred claims (cont'd.)

		31.12.2022				
		Assets for remaining coverage		Assets for incurred claims		
	Note	Excluding loss recovery component RM	Loss recovery component RM	Estimates of present value of future cash flows RM	Risk adjustment for non-financial risk RM	Total RM
Opening assets		-	-	-	-	-
Opening liabilities		-	-	-	-	-
Net opening balance		-	-	-	-	-
Changes in statement of profit or loss						
Allocation of reinsurance premium	11	(1,596)	-	-	-	(1,596)
Amounts recoverable from reinsurers		-	-	2,259	264	2,523
Recoveries of incurred claims and other insurance service expense	11	-	-	2,259	264	2,523
Net expense from reinsurance contracts held		(1,596)	-	2,259	264	927
Cash flows						
Premiums paid		-	-	-	-	-
Amount received		-	-	-	-	-
Total cash flows		-	-	-	-	-
Net closing balance		(1,596)	-	2,259	264	927
Closing assets		(1,596)	-	2,259	264	927
Closing liabilities		-	-	-	-	-
Net closing balance		(1,596)	-	2,259	264	927

7. Other payables

	2023 RM	Restated 2022 RM
Financial liabilities - at amortised cost:		
Accrual liabilities	470,868	978,710
Sundry payables	488,561	33,059
Thanksgiving payable	4,921	1,617
Third party fee administrator payable	555	168
	964,905	1,013,554

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

8. Share capital

	2023 Number of shares	2023 Amount RM	2022 Number of shares	2022 Amount RM
Issued and fully paid up:				
Ordinary shares (Note (a))	102,658,279	1,083,457	102,040,816	1,000,099
Irredeemable convertible preference shares ("ICPS") (Note (b))	16,918,180	16,918,180	12,000,000	12,000,000
	119,576,459	18,001,637	114,040,816	13,000,099

	2023 Number of shares	2023 Amount RM	2022 Number of shares	2022 Amount RM
(a) Ordinary shares				
At the beginning of the financial year	102,040,816	1,000,099	102,040,816	1,000,099
Additions	617,463	83,358	-	-
At the end of the financial year	102,658,279	1,083,457	102,040,816	1,000,099
(b) ICPS				
At the beginning of the financial year	12,000,000	12,000,000	6,000,000	6,000,000
Additions	4,918,180	4,918,180	6,000,000	6,000,000
At the end of the financial year	16,918,180	16,918,180	12,000,000	12,000,000

During the financial year, the Company increased its paid-up share capital from RM13,000,099 to RM18,001,637 (2022: from RM7,000,099 to RM13,000,099) via several tranches of shares allotment as follows:

8. Share capital (cont'd.)

(i) 617,463 (2022: nil) ordinary shares for cash consideration of RM83,358 on 27 December 2023.

(ii) 4,918,180 (2022: 6,000,000) ICPS for total cash consideration of RM4,918,180 (2022: RM6,000,000) in 4 tranches as follows:

- 1,000,000 ICPS for RM1,000,000 on 2 June 2023;
- 1,000,000 ICPS for RM1,000,000 on 4 August 2023;
- 1,000,000 ICPS for RM1,000,000 on 6 October 2023;
- 1,918,180 ICPS for RM1,918,180 on 28 December 2023;

The salient terms of the ICPS were as follows:

(i) Ranking of the ICPS

The ICPS shall, with respect to distributions of assets and rights upon the occurrence of Event of Defaults, and all other rights and preferences, rank senior to all classes of ordinary shares of the Company and each other class or series of preference shares in the capital of the Company hereafter created which does not expressly rank pari passu with or senior to the ICPS.

(ii) Conversions of the ICPS

The ICPS holder shall have the right but not the obligation to convert any number of ICPS to ordinary shares within two (2) years from the Subscription Date of Tranche 1, with an option to extend such period at the agreement of the parties and such right of conversion is exercisable without any further consideration.

(iii) Right of the ICPS holder

The ICPS holder shall have the right of first refusal on any new issue of shares or financing of any class and right to participate with the holders of the ordinary shares (including in any new issue of shares of any class) pro rata to their shareholding and such other rights as are customary in private equity transaction of this type.

(iv) Voting right

The holders of the ICPS shall carry the number of votes as is equal to the number of votes that such holder would be entitled to cast had such holder converted such ICPS into ordinary shares.

The holders of ICPS shall vote together with the holders of the ordinary shares as if they were the same class.

8. Share capital (cont'd.)

(v) Other matters

Each shareholder shall not transfer, sell, assign, pledge or deal with or permit to subsist any encumbrance over any of its ordinary shares in any manner unless such transfer is being dealt in accordance with the terms and conditions under the Shareholders Agreement.

9. Insurance revenue

	2023 RM	2022 RM
Contracts measured under the PAA	33,089	3,107

10. Expenses

	Note	2023 RM	2022 RM
Claims and benefits		(8,089)	(3,402)
Employee benefits expense			
- wages and salaries		(1,470,537)	(1,024,300)
- social security contributions		(14,376)	(9,933)
- defined contribution plans - Employees provident fund		(179,852)	(154,340)
- bonus		(11,000)	(25,000)
- other benefits		(62,854)	-
Non-executive directors' remuneration	13(a)	(240,000)	(210,000)
Auditors' remuneration			
- statutory audit		(300,000)	(80,000)
- regulatory related services		(10,000)	(20,000)
Professional fees and consultancy		(476,760)	(420,637)
Amortisation of intangible assets	3	(827,381)	(243,967)
Marketing expenses		(519,628)	(474,711)
IT related expenses		(147,123)	(943,736)
Policy related expenses		(5,770)	(1,861)
Company secretarial expenses		(7,725)	(7,451)
Sundry expenses		(13,543)	(6,323)
		(4,294,638)	(3,625,661)
Represented by:			
Insurance service expenses	6	(13,858)	(5,262)
Other operating expenses		(4,280,780)	(3,620,399)
		(4,294,638)	(3,625,661)

11. Net expenses from reinsurance contracts held

	Note	2023 RM	2022 RM
Allocation of reinsurance premium	6	(16,522)	(1,596)
Amounts recoverable from reinsurers	6	5,196	2,523
		(11,326)	927

12. Investment income

	2023 RM	2022 RM
Dividend income	44,661	25,557
Interest income	1,300	-
Fair value losses	(10,554)	(4,947)
Realised gains	19,930	-
	55,337	20,610

13. Related party disclosures

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

Key management personnel includes the directors and the Chief Executive Officer ("CEO") and they are deemed of having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. Therefore, the directors and the CEO are also considered as the related parties to the Company.

The significant related party transactions during the financial year are as follows:

	2023 RM	2022 RM
a) Non-executive directors' remuneration:		
Yeoh Hai Yong	60,000	30,000
Leong Chin Boon	60,000	60,000
Mohammad Ridzuan Bin Abdul Aziz	60,000	60,000
Mohd Ridzal Bin Mohd Sheriff	60,000	60,000
	240,000	210,000
(b) CEO's remuneration:		
Jonathan Ng Choong-Qi	161,280	134,400
	161,280	134,400

14. Insurance risk

Insurance risk is the risk of loss or adverse change arising from the underwritten insurance businesses. This can be due to adverse deviation in portfolio experience as well as underlying assumptions/expectation on which product, pricing, underwriting, claims, reserving and reinsurance have been made.

Reinsurance offers financial protection to insurers against large and catastrophic events. It allows efficient use of capital to support future business growth, whilst reducing the volatility of financial results and solvency. Risks associated with reinsurance companies are the counterparty risk of reinsurers failing to honor their obligations. The Company regularly monitors the reinsurers' creditworthiness.

The Company has established appropriate policies and monitoring metrics combined with authority limits as part of risk mitigation activities embedded in the business operations.

(i) Life underwriting risk

The life underwriting risk reflects the adverse changes in the level, trend or volatility of mortality, disability/morbidity, and expense experience that is different from the expectation/best estimate assumptions, either from pricing or reserving, therefore affecting the profitability of the Company's portfolio.

(ii) Pricing risk

Risk of loss or adverse impact arising from the inadequate premium charged resulting in higher than expected losses and expenses.

(iii) Reinsurance risk

The reinsurance risk reflects possible loss or adverse impact arising from reinsurance. The scope of this risk category includes reinsurer and risk mitigating contracts, such as reinsurance arrangements.

(iv) Life insurance products risk

Risk of loss or adverse impact arising from the development of new products and management of new and existing products. All product-related risk including investment risk, pricing risk, business risk, reinsurance risk, solvency risk, underwriting risk, fraud risk and mis-selling risk.

(v) Reserving risk

Being the risk of loss or adverse impact arising from the inadequate reserves due to unanticipated loss developments.

14. Insurance risk (cont'd.)

(vi) Catastrophe risk

Risk of loss or adverse changes in the value of insurance liabilities due to over-exposures to extreme or exceptional events (e.g. pandemic outbreaks, flood, etc.), which can cause an accumulated loss or a single large loss. Catastrophe risk could arise from life insurance business.

(vii) Claims risk

Risk of loss or adverse impact arising from the claims management process which is expected to affect client satisfaction and the Company's reputation.

All of the Company's life insurance business is derived from Malaysia and, accordingly, a geographical analysis by country of the gross written premium and insurance contract liabilities is not provided.

(viii) Key assumptions

Material judgment in the choice of assumptions is required to determine the value of life insurance liabilities. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of insurance contract liabilities is particularly sensitive to are as follows:

(a) Mortality and morbidity rates

Mortality and morbidity rates represent the expected claims experience of the Company. The Company bases mortality and morbidity on local established industry tables which reflect historical experiences and reinsurance premium rates, adjusted to reflect the Company's unique risk exposure, product characteristics, target markets and its own claims severity and frequency experience.

(b) Loss ratio

Loss ratio is the losses an insurer incurs due to paid claims as a percentage of premiums earned.

14. Insurance risk (cont'd.)

(ix) Sensitivity analysis

The following sensitivity analysis shows the impact on gross and net insurance contract liabilities, profit before tax and equity for reasonably possible movements in key assumptions with all other assumptions held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions have been changed on an individual basis. It should be noted that movements in these assumptions are non linear.

	Change in assumptions %	Impact on gross insurance contract liabilities RM	Impact on net insurance contract liabilities RM	Impact on profit before taxation RM
		< -------- (Decrease)/Increase		------------- >
2023				
Mortality and morbidity	+25%	1,320	665	654
Loss ratio	+10%	1,149	772	377
Loss ratio	-10%	(1,149)	(772)	(377)
2022				
Mortality and morbidity	+25%	482	258	224
Loss ratio	+10%	340	252	88
Loss ratio	-10%	(340)	(252)	(88)

15. Financial risk

(a) Credit and default risk

Credit and default risk refers to the risk of loss of principal or income arising from the failure of an obligor or counterparty to perform their contractual obligations in accordance with agreed terms. It stems primarily from lending, trading and investment activities from both on and off-balance sheet transactions.

Credit or spread risk and ultimately default risk result from the intrinsic quality of the issuer of debt securities and the impact it has on the value of assets of these instruments. Changes in the level or in the volatility of spreads as a result of changes in the underlying credit quality define the risk of investment default.

Credit risk arises when a counterparty is no longer able to pay its contractual obligations. Key areas of credit risk include counterparty risk, country risk, concentration risk, settlement risk and issuer risk. The company's exposure to credit risk arises mainly from assets (fixed income and equities) and reinsurance.

15. Financial risk (cont'd.)

(a) Credit and default risk (cont'd.)

Credit exposure

The table below shows the maximum exposure to credit risk for the components on the statement of financial position and items such as future commitments. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting or collateral agreements.

	2023 RM	2022 RM
Financial assets at FVTPL		
Unit trust fund	1,674,646	3,520,609
Financial assets at amortised cost		
Other receivables*	1,514	678
Cash at bank	2,096,189	197,859
	3,772,349	**3,719,146**

* Excluding non-financial assets such as prepayments and deposits.

(b) Liquidity risk

Liquidity risk is the risk where the Company is unable to meet its obligations in a timely manner at a reasonable cost at any time. The Company manages this risk by monitoring daily cash inflows and outflows and by ensuring that a reasonable amount of financial assets are kept in liquid instruments at all times.

Maturity profiles

The following table summarises the maturity profile of the financial assets, reinsurance contract assets and insurance contract liabilities of the Company which are caused on remaining undiscounted contractual obligations, including interest payables and receivables.

	Undiscounted Contractual Cash Flow			
	Carrying amount RM	Less than 1 year RM	No maturity date RM	Total RM
31 December 2023				
Financial assets - Investments	1,674,646	-	1,674,646	1,674,646
Reinsurance contract assets	10,788	10,788	-	10,788
Other receivables*	1,514	1,514	-	1,514
Cash at bank	2,096,189	2,096,189	-	2,096,189
Total assets	**3,783,137**	**2,108,491**	**1,674,646**	**3,783,137**

15. Financial risk (cont'd.)

(b) Liquidity risk (cont'd.)

Maturity profiles (cont'd.)

	Undiscounted Contractual Cash Flow (cont'd.)			
	Carrying amount RM	Less than 1 year RM	No maturity date RM	Total RM
31 December 2023 (cont'd.)				
Insurance contract liabilities	40,782	40,782	-	40,782
Other payables	964,905	964,905	-	964,905
Total liabilities	**1,005,687**	**1,005,687**	**-**	**1,005,687**
31 December 2022 (restated)				
Financial assets - Investments	3,520,609	-	3,520,609	3,520,609
Reinsurance contract assets	927	927	-	927
Other receivables*	678	678	-	678
Cash at bank	197,859	197,859	-	197,859
Total assets	**3,720,073**	**199,464**	**3,520,609**	**3,720,073**
Insurance contract liabilities	17,220	17,220	-	17,220
Other payables	1,013,554	1,013,554	-	1,013,554
Total liabilities	**1,030,774**	**1,030,774**	**-**	**1,030,774**

* Excluding non-financial assets such as prepayments and deposits.

(c) Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market price, whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting similar financial instruments traded in the market.

The Company's price risk exposure relates to financial assets which will fluctuate in value as a result of changes in market prices. The Company is exposed to price risks arising from investments of unit trust funds.

The sensitivity analysis below is performed for reasonably possible movements in market price with all other variables held constant, showing the impact on unit trust net assets value ("NAV") to equity of the Company.

15. Financial risk (cont'd.)

(c) Price risk (cont'd.)

	Change in variable %	<---- Impact on equity*----> 2023 RM	2022 RM
Unit Trust NAV	+ 5%	83,732	176,030
Unit Trust NAV	- 5%	(83,732)	(176,030)

* Impact on equity reflects adjustments for tax, where applicable.

The methods used for deriving sensitivity information and significant variables did not change from the previous year.

16. Capital management

The Company's Internal Capital Management Plan is in place to manage and maintain capital adequacy level that commensurate with its risk profile at all times and ensure that adequate capital resources are available to maintain Capital Adequacy Ratio ("CAR") above Individual Target Capital Level ("ITCL") and minimum capital requirement of RM1.5 million at all times as prescribed by BNM. As at 31 December 2023, the CAR of the Company was below ITCL, due to higher concentration risk charge which resulted in higher total capital required, hence temporarily reducing the CAR below the ITCL. The management has immediately taken necessary steps to reduce the concentration risk charge, to restore the CAR position back to level above ITCL in the following month.

17. Commitments

	2023 RM	2022 RM
Approved and contracted for:		
Intangible assets	-	53,550

18. Subsequent event after the financial year

On 13 May 2024, the Company issued 2,000,000 units of ICPS to its shareholders and received cash consideration of RM2 million.

19. Comparatives

Certain comparative amounts have been reclassified to conform to the current year's presentation.

As disclosed in Note 2.12, comparative amounts have been prepared and presented in accordance with the transition provisions of MFRS 17. Refer to Note 2.12(c) for adoption impacts of MFRS 17.