

financial statements

95	Directors' Report
101	Statement by Directors
101	Statutory Declaration
102	Report of the Auditors
103	Balance Sheets
105	Income Statements
106	General Reinsurance Revenue Account
107	Statements of Changes in Equity
109	General Takaful Fund Balance Sheet
110	General Takaful Fund Revenue Account
111	Family Takaful Fund Balance Sheet
112	Family Takaful Fund Revenue Account
113	General Retakaful Fund Balance Sheet
114	General Retakaful Fund Revenue Account
115	Family Retakaful Fund Balance Sheet
116	Family Retakaful Fund Revenue Account
117	Cash Flow Statements
119	Notes to the Financial Statements

directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2008.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries.

The retakaful subsidiary was registered by Bank Negara Malaysia to operate general and family retakaful business on 1 August 2007.

The principal activities of the subsidiaries have been disclosed in Note 8 to the financial statements. Other than as stated above, there have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

RESULTS

	Group RM'000	Company RM'000
Net profit for the year attributable to equity holders of the Company	170,441	113,475

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

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

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM211,866,000 to RM212,523,000 by way of the issuance of 657,000 ordinary shares of RM1.00 each for cash pursuant to the Company's Employees' Share Option Scheme (ESOS) at exercise prices of between RM2.84 and RM2.98 per ordinary share.

The new ordinary shares issued during the financial year ranked *pari passu* in all respects with the existing ordinary shares of the Company.

DIVIDENDS

The amount of dividends paid by the Company since 31 March 2007 were as follows:

	RM'000
In respect of the financial year ended 31 March 2007 as reported in the directors' report of that year:	
Final dividend of 26% less 27% tax, paid on 28 August 2007	40,301
In respect of the financial year ended 31 March 2008:	
Interim dividend of 20% less 27% tax, paid on 27 December 2007	31,012
Second interim dividend of 5% less 26% tax, paid on 28 March 2008	7,863
	<hr/>
	79,176
	<hr/>

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 March 2008, of 15% less 25% tax on 212,523,000 ordinary shares, amounting to a dividend payable of RM23,909,000 (11.25 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2009.

PROVISION FOR OUTSTANDING CLAIMS

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps to ascertain that there was adequate provision for incurred claims, including Incurred But Not Reported (IBNR) claims.

EMPLOYEES' SHARE OPTION SCHEME

The Company's Employees' Share Option Scheme (ESOS) is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting held on 22 May 2003.

The main features of the ESOS are as follows:

- (a) The ESOS would be in force for a period of five years from 25 July 2003, being the date of the confirmation letter by the Adviser to the Securities Commission (SC) stating that the Company has fulfilled the SC's conditions of approval for the Scheme, that the By-Laws do not contravene the guidelines of the ESOS and that relevant approvals had been obtained, together with a copy of the final ESOS By-Laws to the SC.
- (b) Eligible persons are employees of the Group (including the executive director) who have been confirmed in the employment of the Group (eligible employee). The eligibility for participation in the ESOS would be at the discretion of the ESOS Committee appointed by the Board of Directors. In addition, the Audit Committee would review the allocation of the ESOS to ensure compliance with the criteria as stipulated in the ESOS By-Laws.
- (c) The total number of shares to be issued under the ESOS would not exceed in aggregate 10% of the issued and paid-up share capital of the Company at any point of time during the tenure of the ESOS.
- (d) The option price for each share would be the higher of the five day weighted average market price of the underlying shares at the time the option is granted, with a discount of not more than 10%, or the par value of the shares of the Company of RM1.00.
- (e) No option would be granted for less than 1,000 shares or more than 500,000 shares to any eligible employee.
- (f) An option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company commencing from the date of the offer but before the expiry of five years from 25 July 2003.

EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

- (g) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank *pari passu* in all respects with the existing ordinary shares of the Company other than as may be specified in a resolution approving the distribution of dividends prior to their exercise dates.

Offer Date	Exercise price RM	Number of Share Options Under ESOS of RM1.00 each			At 31 March 2008
		At 1 April 2007	Granted	Exercised	
19 August 2003	2.87	860,000	–	338,000	522,000
24 May 2004	2.84	691,000	–	248,000	443,000
24 June 2004	2.98	125,000	–	71,000	54,000

Details of share options exercised during the financial year and the fair value, at exercise date, of ordinary shares issued are as follows:

Exercise Date	Exercise Price RM	Fair Value of Ordinary Shares RM	Number of Share Options '000	Considerations Received RM'000
2008				
April 2007 – March 2008	2.87	4.50 – 4.56	338	956
	2.84	4.50 – 4.56	248	719
	2.98	4.50 – 4.56	71	212
			657	1,886
Less par value of ordinary shares				(657)
Share premium				1,229

The Company has been granted an exemption by the Companies Commission of Malaysia, the information of which has been separately filed, from having to disclose the list of option holders and their holdings, except for eligible employees (inclusive of Executive Directors) with share options allocation of 250,000 and above. The employee who have been granted options of more than 250,000 shares and outstanding as at financial year end is Anuar Mohd Hassan, details of which are disclosed in the section on Directors' Interests below.

DIRECTORS

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

Sharkawi Alis
Anuar Mohd Hassan
P. Raveenderen
Dato' Syed Ariff Fadzillah Syed Awalluddin
Yusoff Yaacob
Datuk Mohd Khalil Dato' Mohd Noor
Megat Dziauddin Megat Mahmud
Paisol Ahmad (appointed on 11 April 2008)
Mohammad Abdullah (resigned on 3 September 2007)
Azhar Abdul Wahab (resigned on 18 February 2008)

In accordance with Article 86 of the Articles of Association of the Company, Sharkawi Alis and Anuar Mohd Hassan retire by rotation and, being eligible, offer themselves for re-election.

In accordance with Article 90 of the Articles of Association of the Company, Paisol Ahmad retires at the forth coming Annual General Meeting and, being eligible, offer himself for re-election.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the ESOS.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Notes 31 and 32 to the financial statements or the fixed salary of and benefits receivable as a full-time employee of the reinsurance subsidiary) by reason of a contract made by the Company with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company during the financial year were as follows:

	Number of Ordinary Shares of RM1.00 Each			
	1 April 2007	Acquired	Sold	31 March 2008
Direct Interest:				
Anuar Mohd Hassan	200,000	-	-	200,000
P. Raveenderen	10,000	-	-	10,000
Datuk Mohd Khalil Dato' Mohd Noor	5,000	-	-	5,000

DIRECTORS' INTERESTS (CONT'D)

In addition to the above, the following director is deemed to have interest in shares of the Company to the extent of the share options granted to him pursuant to the ESOS of the Company which was implemented on 25 July 2003, as follows:

	Exercise price RM	Number of Share Options Under ESOS of RM1.00 Each			At 31 March 2008
		At 1 April 2007	Granted	Exercised	
Anuar Mohd Hassan	2.87	100,000	–	–	100,000

Other than as stated above, none of the directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

SIGNIFICANT AND SUBSEQUENT EVENTS

The significant and subsequent events during and after the financial year are as disclosed in Note 40 to the financial statements.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision 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) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and 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 Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) The contingent liabilities of the Group and of the Company are disclosed in Note 38 to the financial statements. As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or 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 Group or of the Company which has arisen since the end of the financial year.

OTHER STATUTORY INFORMATION (CONT'D)

(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 Group or of the Company to meet their obligations when they fall due. For the purpose of this paragraph, contingent or other liabilities do not include liabilities arising from reinsurance, takaful and retakaful contracts underwritten in the normal course of business of the reinsurance, takaful and retakaful subsidiaries; 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 Group or of the Company for the financial year in which this report is made.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors.

Sharkawi Alis

Kuala Lumpur, Malaysia
30 May 2008

Anuar Mohd Hassan

statement by directors

pursuant to section 169(15) of the Companies Act, 1965

We, **Sharkawi Alis** and **Anuar Mohd Hassan**, being two of the directors of **MNRB Holdings Berhad**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 103 to 190 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2008 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 May 2008.

Sharkawi Alis

Kuala Lumpur, Malaysia
30 May 2008

Anuar Mohd Hassan

statutory declaration

pursuant to section 169(16) of the Companies Act, 1965

I, **Norazman Hashim**, being the officer primarily responsible for the financial management of **MNRB Holdings Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 103 to 190 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 Norazman Hashim)
at Kuala Lumpur in Wilayah Persekutuan)
on 30 May 2008.) **Norazman Hashim**

Before me,

Soh Ah Kau @ Soh Khoon Poh W315
Commissioner for Oaths

report of the auditors

to the members of MNRB Holdings Berhad

We have audited the financial statements set out on pages 103 to 190. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We have conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 March 2008 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' report of the subsidiary of which we have not acted as auditors, as indicated in Note 8 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Ernst & Young
AF : 0039
Chartered Accountants

Kuala Lumpur, Malaysia
30 May 2008

Habibah bte Abdul
No. 1210/05/10(J)
Partner

balance sheets

as at 31 March 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
ASSETS					
Property, plant and equipment	3	111,504	116,049	-	-
Investment properties	4	32,400	32,400	-	-
Prepaid land lease payments	5	5,211	5,306	-	-
Intangible assets	6	13,316	11,022	-	-
Deferred tax assets	7	12,665	10,587	-	-
Investments in subsidiaries	8	-	-	755,000	580,000
Investments in associates	9	116,776	121,867	1,957	1,957
Investments:					
- Deposits and placements with financial institutions	10(a)	663,449	387,870	169,479	100,678
- Other investments	10(b)	850,700	875,068	3,950	1,893
Loans receivable	11	13,825	14,041	856	647
Receivables	12	220,549	126,865	597	324
Due from subsidiaries	13	-	-	181	7,912
Tax recoverable		8,299	198	1,114	186
Cash and bank balances		3,848	1,055	22	4
Total general reinsurance business and shareholders' fund assets		2,052,542	1,702,328	933,156	693,601
General takaful fund assets (page 109)		133,901	76,821	-	-
Family takaful fund assets (page 111)		356,970	183,887	-	-
General retakaful fund assets (page 113)		22,805	-	-	-
Family retakaful fund assets (page 115)		10,029	-	-	-
Total assets		2,576,247	1,963,036	933,156	693,601

balance sheets

as at 31 March 2008 (cont'd)

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
LIABILITIES					
Islamic Medium Term Notes	14	150,000	–	200,000	–
Provision for outstanding claims	15	620,618	596,261	–	–
Payables	16	106,478	52,061	5,286	1,972
Due to subsidiaries	13	–	–	56	–
Provision for taxation		1,450	4,298	–	–
Zakat		30	13	–	–
Total general reinsurance business and shareholders' fund liabilities		878,576	652,633	205,342	1,972
General takaful fund liabilities (page 109)		63,773	42,442	–	–
Family takaful fund liabilities (page 111)		47,399	28,591	–	–
General retakaful fund liabilities (page 113)		17,456	–	–	–
Family retakaful fund liabilities (page 115)		10,004	–	–	–
Total liabilities		1,017,208	723,666	205,342	1,972
INSURANCE RESERVES					
Unearned premium reserves	18	280,047	241,218	–	–
EQUITY					
Share capital	19	212,523	211,866	212,523	211,866
Reserves		681,396	596,611	515,291	479,763
Total equity attributable to equity holders of the Company		893,919	808,477	727,814	691,629
TAKAFUL AND RETAKAFUL FUNDS					
General takaful fund	22	70,128	34,379	–	–
Family takaful fund	25	303,265	149,686	–	–
Investment linked fund		6,306	5,610	–	–
General retakaful fund	23	5,349	–	–	–
Family retakaful fund	26	25	–	–	–
Total takaful and retakaful funds		385,073	189,675	–	–
Total liabilities, insurance reserves, equity, takaful and retakaful funds		2,576,247	1,963,036	933,156	693,601

income statements

for the year ended 31 March 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Operating revenue	27	978,555	834,127	62,966	152,997
Shareholders' fund:					
Wakalah fees arising from operations of:					
General takaful fund		28,852	18,136	-	-
Family takaful fund		94,883	56,849	-	-
General retakaful fund		1,591	-	-	-
Surplus administration charges transferred from takaful funds:					
General takaful fund		-	1,226	-	-
Family takaful fund		1,877	1,444	-	-
Investment income	28	14,793	14,558	61,181	152,256
Management fees		-	-	1,785	741
Net other operating income/(expenses)	30	74,013	(3,787)	75,002	549
Management and commission expenses	31	(126,368)	(76,150)	(7,087)	(3,101)
Finance cost on Islamic Medium Term Notes		(2,183)	-	(2,911)	-
		87,458	12,276	127,970	150,445
Surplus transferred from General Reinsurance Revenue Account (page 106)		94,443	123,160	-	-
Share of profits of associates		12,054	9,208	-	-
Profit before zakat and tax		193,955	144,644	127,970	150,445
Zakat		(16)	(10)	-	-
Tax expense	33	(23,498)	(15,155)	(14,495)	(19,133)
Net profit for the year attributable to equity holders of the Company		170,441	129,479	113,475	131,312
Earnings per share attributable to equity holders of the Company (sen):					
Basic	36	80.3	61.4	53.5	62.3
Diluted	36	80.1	61.3	53.4	62.2

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

general reinsurance revenue account

for the year ended 31 March 2008

Group	Note	Total		Fire		Motor		Marine, Aviation & Transit		Miscellaneous (Misc.)	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Operating revenue	27	838,436	744,584								
Gross premium		784,287	692,485	288,321	244,502	195,283	192,872	116,426	101,605	184,257	153,506
Less: Reinsurance		(113,420)	(99,349)	(48,051)	(33,671)	(2,096)	(3,034)	(48,748)	(48,491)	(14,525)	(14,153)
Net premium (Increase)/decrease in unearned premium reserves	18	(38,829)	(20,551)	(13,854)	(14,668)	(2,588)	1,966	(7,303)	(3,903)	(15,084)	(3,946)
Earned premium		632,038	572,585	226,416	196,163	190,599	191,804	60,375	49,211	154,648	135,407
Net claims incurred	29	(383,524)	(323,500)	(144,097)	(110,700)	(147,701)	(132,857)	(35,225)	(25,557)	(56,501)	(54,386)
Net commission		(176,639)	(153,366)	(75,965)	(63,986)	(33,587)	(34,995)	(18,104)	(12,803)	(48,983)	(41,582)
		(560,163)	(476,866)	(220,062)	(174,686)	(181,288)	(167,852)	(53,329)	(38,360)	(105,484)	(95,968)
Underwriting contribution		71,875	95,719	6,354	21,477	9,311	23,952	7,046	10,851	49,164	39,439
Management expenses	31	(55,788)	(41,264)								
Underwriting surplus		16,087	54,455								
Investment income	28	54,149	52,099								
Net other operating income (Provision for)/write-back of doubtful debts	30	24,687	16,293								
		(480)	313								
Surplus transferred to Income Statement (page 105)		94,443	123,160								

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

statements of changes in equity

for the year ended 31 March 2008

Group	Note	< -----Attributable to Equity Holders of the Company----- >				Total RM'000
		< -----Reserves----- >			Retained profits RM'000 (Note 21)	
		Share capital RM'000 (Note 19)	Share premium RM'000 (Note 20)	Foreign exchange translation reserve RM'000		
At 31 March 2006		208,908	97,293	35,411	406,191	747,803
Exercise of share options		2,958	5,510	-	-	8,468
Profit for the year, representing total recognised income and expenses for the year		-	-	-	129,479	129,479
Dividends	34	-	-	-	(69,838)	(69,838)
Effects of post acquisition foreign exchange translation reserve on investment in associate	9	-	-	(7,435)	-	(7,435)
At 31 March 2007		<u>211,866</u>	<u>102,803</u>	<u>27,976</u>	<u>465,832</u>	<u>808,477</u>
At 31 March 2007		211,866	102,803	27,976	465,832	808,477
Exercise of share options		657	1,229	-	-	1,886
Profit for the year, representing total recognised income and expenses for the year		-	-	-	170,441	170,441
Dividends	34	-	-	-	(79,176)	(79,176)
Effects of post acquisition foreign exchange translation reserve on investment in associate	9	-	-	(7,709)	-	(7,709)
At 31 March 2008		<u>212,523</u>	<u>104,032</u>	<u>20,267</u>	<u>557,097</u>	<u>893,919</u>

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

statements of changes in equity

for the year ended 31 March 2008 (cont'd)

Company	Note	< ----- Reserves ----- >			Total RM'000
		Share capital RM'000 (Note 19)	Share premium RM'000 (Note 20)	Non- distributable Distributable Retained profits RM'000 (Note 21)	
At 31 March 2006		208,908	97,293	315,486	621,687
Exercise of share options		2,958	5,510	-	8,468
Profit for the year, representing total recognised income and expenses for the year		-	-	131,312	131,312
Dividends	34	-	-	(69,838)	(69,838)
At 31 March 2007		<u>211,866</u>	<u>102,803</u>	<u>376,960</u>	<u>691,629</u>
At 31 March 2007		211,866	102,803	376,960	691,629
Exercise of share options		657	1,229	-	1,886
Profit for the year, representing total recognised income and expenses for the year		-	-	113,475	113,475
Dividends	34	-	-	(79,176)	(79,176)
At 31 March 2008		<u>212,523</u>	<u>104,032</u>	<u>411,259</u>	<u>727,814</u>

general takaful fund balance sheet

as at 31 March 2008

	Note	2008 RM'000	2007 RM'000
ASSETS			
Investments:			
– Deposits and placements with financial institutions	10(c)	59,250	32,256
– Other investments	10(c)	46,196	22,977
Receivables	12	23,680	14,540
Deferred tax assets		1,724	–
Cash and bank balances		3,051	7,048
Total general takaful fund assets (page 103)		133,901	76,821
LIABILITIES			
Provision for outstanding claims	15	49,538	32,349
Payables	16	9,360	7,086
Due to shareholders' fund	17	4,875	3,007
Total general takaful fund liabilities (page 104)		63,773	42,442
General takaful fund	22	70,128	34,379
Total liabilities and general takaful fund		133,901	76,821

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

general takaful fund revenue account

for the year ended 31 March 2008

Group	Note	Total		Fire		Motor		Marine, Aviation & Transit		Miscellaneous (Misc.)	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Gross takaful contribution		108,065	67,852	15,446	6,589	76,744	53,983	4,960	606	10,915	6,674
Less: Retakaful		(13,277)	(7,622)	(3,485)	(3,332)	(1,145)	(1,582)	(4,517)	(447)	(4,130)	(2,261)
Net takaful contribution		94,788	60,230	11,961	3,257	75,599	52,401	443	159	6,785	4,413
Increase in unearned contribution reserves	24	(23,537)	(10,101)	(9,380)	(2,253)	(11,075)	(5,401)	(335)	(44)	(2,747)	(2,403)
Earned contribution		71,251	50,129	2,581	1,004	64,524	47,000	108	115	4,038	2,010
Net claims incurred	29	(47,113)	(31,008)	(1,248)	(1,158)	(41,481)	(28,281)	(79)	(44)	(4,305)	(1,525)
Commission on retakaful ceded		1,473	1,047	635	607	(712)	11	758	18	792	411
		(45,640)	(29,961)	(613)	(551)	(42,193)	(28,270)	679	(26)	(3,513)	(1,114)
Underwriting contribution		25,611	20,168	1,968	453	22,331	18,730	787	89	525	896
Wakalah fees		(28,852)	(18,136)								
Underwriting (deficit)/surplus		(3,241)	2,032								
Investment income		2,761	1,898								
Provision for doubtful debts		(3,806)	(314)								
Net other operating expenses	30	(1,737)	(212)								
Taxation	33	1,724	-								
Surplus administration charges transferred to shareholders' fund		-	(1,226)								
(Deficit)/surplus transferred to general takaful fund	22	(4,299)	2,178								

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

family takaful fund balance sheet

as at 31 March 2008

	Note	2008 RM'000	2007 RM'000
ASSETS			
Investments:			
– Deposits and placements with financial institutions	10(d)	176,223	93,652
– Other investments	10(d)	127,005	59,644
Receivables	12	35,018	19,736
Cash and bank balances		12,170	4,908
Investment linked business assets		6,554	5,947
Total family takaful fund assets (page 103)		356,970	183,887
LIABILITIES			
Provision for outstanding claims	15	10,528	5,767
Payables	16	24,408	10,836
Due to shareholders' fund	17	12,214	11,651
Investment linked business liabilities		249	337
Total family takaful fund liabilities (page 104)		47,399	28,591
Family takaful fund	25	303,265	149,686
Investment linked fund		6,306	5,610
Total family takaful fund		309,571	155,296
Total liabilities and family takaful fund		356,970	183,887

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

family takaful fund revenue account

as at 31 March 2008

	Note	2008 RM'000	2007 RM'000
Gross takaful contribution		319,400	156,054
Less: Retakaful		(42,961)	(1,518)
Net takaful contribution		276,439	154,536
Benefits paid and payable:			
Death		(13,980)	(6,748)
Surrender		(2,649)	(780)
Medical		(12,026)	(2,990)
Others		(2,096)	(1,696)
Al Wakalah fees		(94,704)	(56,832)
Underwriting surplus		150,984	85,490
Investment income		8,170	3,490
(Provision for)/write-back of doubtful debts		(660)	107
Net other operating expenses	30	(3,815)	(853)
Surplus before taxation		154,679	88,234
Taxation	33	-	-
Surplus for the year		154,679	88,234
Surplus administration charges transferred to shareholders' fund		(1,877)	(1,444)
Family takaful fund at beginning of year		152,802	86,790
Transfer to Special Fund		777	-
Family takaful fund at end of year	25	303,265	149,686

general retakaful fund **balance sheet**

as at 31 March 2008

	Note	2008 RM'000
ASSETS		
Investments:		
– Deposits and placements with financial institutions	10(e)	8,880
– Other investments	10(e)	1,972
Receivables	12	11,947
Cash and bank balances		6
Total general retakaful fund assets (page 103)		<u>22,805</u>
LIABILITIES		
Provision for outstanding claims	15	5,045
Payables	16	4,849
Due to shareholders' fund	17	7,562
Total general retakaful fund liabilities (page 104)		<u>17,456</u>
General retakaful fund	23	<u>5,349</u>
Total liabilities and general retakaful fund		<u>22,805</u>

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

general retakaful fund revenue account

for the year ended 31 March 2008

< ----- *01.08.2007 to 31.03.2008 ----- >						
Group	Note	Total RM'000	Fire RM'000	Motor RM'000	Marine, Aviation & Transit RM'000	Miscellaneous (Misc.) RM'000
Gross takaful contribution		10,521	5,998	168	339	4,016
Less: Retakaful		(2,647)	(1,550)	-	(369)	(728)
Net takaful contribution		7,874	4,448	168	(30)	3,288
Increase in unearned contribution reserves	24	(5,349)	(2,553)	(83)	(167)	(2,546)
Earned contribution		2,525	1,895	85	(197)	742
Net claims incurred	29	(1,849)	(1,915)	(33)	(28)	127
Al Wakalah fees		(1,591)	(808)	(49)	(30)	(704)
Commission on retakaful ceded		(1,681)	(979)	(10)	(75)	(617)
		(5,121)	(3,702)	(92)	(133)	(1,194)
Underwriting deficit		(2,596)	(1,807)	(7)	(330)	(452)
Investment income		171				
Provision for doubtful debts		(6)				
Net other operating expenses		(10)				
Taxation	33	-				
Deficit transferred to General retakaful fund	23	(2,441)				

* The General retakaful revenue account has been prepared for the period from 1 August 2007 (date of approval of license) to 31 March 2008.

family retakaful fund balance sheet

as at 31 March 2008

	Note	2008 RM'000
ASSETS		
Investments:		
– Deposits and placements with financial institutions	10(f)	8,502
– Other investments	10(f)	1,500
Receivables	12	21
Cash and bank balances		6
Total family retakaful fund assets (page 103)		<u>10,029</u>
LIABILITIES		
Provision for taxation		2
Due to shareholders' fund	17	<u>10,002</u>
Total family retakaful fund liabilities (page 104)		<u>10,004</u>
Family retakaful fund	26	<u>25</u>
Total family retakaful fund		<u>25</u>
Total liabilities and family retakaful fund		<u>10,029</u>

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

family retakaful fund revenue account

as at 31 March 2008

	Note	*01.08.2007 to 31.03.2008 RM'000
Gross takaful contribution		-
Less: Retakaful		-
		<hr/>
Net takaful contribution		-
Benefits paid and payable		-
Al Wakalah fees		-
		<hr/>
Underwriting contribution		-
Investment income		27
		<hr/>
Surplus before taxation		27
Taxation	33	(2)
		<hr/>
Surplus for the year		25
Family retakaful fund at beginning of period		-
		<hr/>
Family retakaful fund at end of period	26	<u>25</u>

* The family retakaful revenue account has been prepared for the period from 1 August 2007 (date of approval of license) to 31 March 2008.

cash flow statements

for the year ended 31 March 2008

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash Flows from Operating Activities				
Profit before zakat and tax	193,955	144,644	127,970	150,445
Adjustments for:				
Write-back of provision for diminution in value of investments	(7,632)	(325)	-	-
Provision for diminution in value of investments	5,776	4,336	399	-
Write-back of provision for bad and doubtful debts	-	(313)	-	-
Provision for bad and doubtful debts	4,952	207	-	-
Depreciation	8,042	4,809	-	-
Amortisation of intangible assets	1,793	843	-	-
Amortisation of prepaid lease payments	95	94	-	-
Gain on fair value adjustments	-	(1,233)	-	-
Property, plant and equipment written off	131	103	-	-
Gain on disposal of property, plant and equipment	(144)	(22)	-	-
Increase in unearned premium reserves	38,829	20,551	-	-
Increase in unearned contribution reserves	28,886	10,101	-	-
(Increase)/decrease in placements with licensed financial institutions	(223,495)	(36,881)	(68,801)	75,766
Decrease in marketable securities	71,835	24,496	-	33,334
Interest income	(41,537)	(37,233)	(3,526)	(4,285)
Investment income from Islamic investment accounts	(15,753)	(7,137)	-	(508)
Dividend income	(9,904)	(13,759)	(57,655)	(147,437)
Rental income	(9,137)	(9,752)	-	-
Gain on disposal of investments	(95,544)	(15,270)	(75,382)	(531)
Net accretion of discounts of investments	(4,044)	-	-	-
Purchase of other investments	(601,605)	(237,970)	(3,370)	(979)
Proceeds from disposal of investments	566,808	331,897	76,296	26,611
Increase in placements in Islamic investment accounts	(161,702)	(149,056)	-	(99,756)
Increase in Islamic papers	-	(56,948)	-	-
Share of profits of associate	(12,054)	(9,208)	-	-
Results of general takaful fund	(4,299)	2,178	-	-
Results of family takaful fund	184,070	86,790	-	-
Results of net investment-linked assets	696	5,610	-	-
Results of general retakaful fund	(2,441)	-	-	-
(Loss)/profit from operations before changes in operating assets and liabilities	(83,423)	61,552	(4,069)	32,660
Decrease in loan to subsidiary	-	-	-	20,000
Decrease in loans receivable	425	672	-	44
Increase in amount due from brokers and ceding companies	(47,431)	(18,101)	-	-
(Increase)/decrease in other receivables, deposits and prepayments	(104,491)	(18,493)	(483)	288
Net change in balances with subsidiaries	-	-	7,788	(1,150)
Increase in provision for outstanding claims	46,307	27,690	-	-
Increase/(decrease) in amount due to brokers and retrocessionaires	35,038	(1,860)	-	-
Increase in other payables and accruals	46,067	6,255	3,314	331
	(107,508)	57,715	6,550	52,173

cash flow statements

for the year ended 31 March 2008 (cont'd)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash Flows from Operating Activities (Cont'd)				
Taxes and zakat paid	(34,305)	(42,840)	(447)	(843)
Interest received	40,255	36,912	3,526	4,546
Investment income received from Islamic investment accounts	16,856	6,037	-	384
Hibah paid to participants	-	(94)	-	-
Dividend received	17,302	16,466	42,679	107,061
Rental received	8,326	7,469	-	-
Net cash (used in)/generated from operating activities (Note 35)	(59,074)	81,665	52,308	163,321
Cash Flows from Investing Activities				
Subscription of shares in subsidiaries	-	-	(175,000)	(100,000)
Investment in associate	-	(1,957)	-	(1,957)
Purchase of property, plant and equipment	(4,065)	(4,063)	-	-
Purchase of intangible assets	(4,087)	(6,102)	-	-
Proceeds from disposal of property, plant and equipment	581	22	-	-
Net cash used in investing activities (Note 35)	(7,571)	(12,100)	(175,000)	(101,957)
Cash Flow from Financing Activities				
Proceeds from issuance of Islamic Medium Term Notes	150,000	-	200,000	-
Proceeds from issuance of share capital	1,886	8,468	1,886	8,468
Dividends paid	(79,176)	(69,838)	(79,176)	(69,838)
Net cash generated from/(used in) financing activities (Note 35)	72,710	(61,370)	122,710	(61,370)
Cash and Bank Balances				
Net increase/(decrease) during the year (Note 35)	6,065	8,195	18	(6)
At beginning of year	13,011	4,816	4	10
At end of year	19,076	13,011	22	4
Cash and cash equivalents comprise:				
Cash and bank balances:				
Shareholders' fund	2,301	230	22	4
General reinsurance business	1,547	825	-	-
General takaful fund	3,052	7,048	-	-
Family takaful fund	12,170	4,908	-	-
Family retakaful fund	6	-	-	-
	19,076	13,011	22	4

Note: There are no usage restrictions placed on the cash and bank balances of the Group and of the Company.

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

notes to the financial statements

– 31 March 2008

1. CORPORATE INFORMATION

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

The principal activities of the Company are investment holding and provision of management services to its subsidiaries.

The retakaful subsidiary was registered by Bank Negara Malaysia (BNM) to operate general and family retakaful business on 1 August 2007.

The principal activities of the subsidiaries have been disclosed in Note 8 to the financial statements. Other than as stated above, there have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

The number of employees in the Group and in the Company at the end of the financial year were 593 and 18 (2007: 530 and 11) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 May 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise stated in the accounting policies. The financial statements comply with the provision of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia.

At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs and amendments to FRS as disclosed in Note 2.22 to the financial statements.

The financial statements of the Group also comply with the Insurance Act and Regulations, 1996, the Takaful Act, 1984 and the Guidelines and Circulars issued by BNM and where applicable, modified to comply with the principles of Shariah.

The general reinsurance business assets and liabilities relate to both the general reinsurance business and shareholders' fund.

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 Accounting Period

For the general reinsurance business, the Group adopts quarterly accounting periods ending on 31 March, 30 June, 30 September and 31 December, insofar as the underwriting income and outgo for Market Cessions business is concerned. This is to correspond with the ceding companies' accounting periods.

Underwriting income and outgo in respect of other business classes and all other income and expenditure are for the 12 months ended 31 March 2008.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

(ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statement.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(iii) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated income statement. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Subsidiaries and Basis of Consolidation (cont'd)

(iii) Associates (cont'd)

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

2.4 General Reinsurance Underwriting Results

The general reinsurance underwriting results are determined for each class of business after taking into account reinsurances, commissions, unearned premium reserves and net claims incurred.

(i) Premium Recognition

Premium is recognised in a financial period in respect of risks assumed during that particular financial period. Inward treaty reinsurance premiums are recognised on the basis of statements received from ceding insurers.

(ii) Unearned Premium Reserves

The Unearned Premium Reserves (UPR) represent the portion of the net premiums of reinsurance policies written that relate to the unexpired periods of the policies at the end of the financial period.

In determining the UPR at balance sheet date, the method that most accurately reflects the actual liability is used, less commissions not exceeding the permitted deductions, as specified by BNM. UPR is computed using the 1/8th method with a deduction of 20% for all classes of business.

(iii) Provision for Outstanding Claims

Liabilities for outstanding claims are recognised as advised by the ceding companies. The amount of outstanding claims is the best estimate of the expenditure required together with related expenses less recoveries to settle the present obligation at the balance sheet date.

Provision is also made for the cost of claims together with related expenses incurred but not reported (IBNR) claims at the balance sheet date, based on an actuarial valuation by a qualified actuary, using a mathematical method of estimation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 General Reinsurance Underwriting Results (cont'd)

(iv) Acquisition Cost

The cost of acquiring and renewing reinsurance business net of income derived from ceding reinsurance premiums is recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

2.5 General Takaful Fund

The general takaful fund is maintained in accordance with the Takaful Act, 1984 and consists of unearned contribution reserves and any surplus/deficit arising during the year. Underwriting deficit will be made good by the shareholder's fund via a benevolent loan or Qardhul Hasan.

Surplus is distributable to the shareholder and participants in accordance with the terms and conditions prescribed by the Shariah Advisory Body of the takaful subsidiary. The general takaful underwriting surplus is determined after deducting retakaful, commissions, unearned contribution reserves, net claims incurred, expenses, taxation and surplus administration charges transferred to the shareholder's fund.

General takaful revenue consists of gross takaful contributions and investment income. Revenue is accounted for on an accrual basis as approved by the takaful subsidiary's Shariah Advisory Body. Unrealised income is deferred and receipts in advance are treated as liabilities in the balance sheet.

(i) Takaful Contribution Income

Takaful contribution is recognised as soon as the amount of contribution can be reliably measured in accordance with the principles of Shariah. Takaful contributions are recognised in respect of risks assumed during that particular financial period. Inward treaty retakaful contributions are recognised on the basis of periodic advices received from ceding takaful operators.

(ii) Unearned Contribution Reserves

The Unearned Contribution Reserves (UCR) represent the portion of net contribution income of takaful certificates written that relate to the unexpired periods of certificates at the end of the financial year. In determining the UCR at the balance sheet date, the method that most accurately reflects the actual unearned contribution is used as follows:

- 1/365th method for all classes of general takaful business within Malaysia, reduced by the corresponding percentage of accounted gross direct business commissions and agency-related expenses not exceeding the limits specified by BNM as follows:

Motor	10%
Fire, aviation and marine hull	15%
Marine cargo	15%
Miscellaneous	20%

- Non-annual certificates are time apportioned over the period of the takaful certificates.

(iii) Provision for Outstanding Claims

Claims and settlement costs that are incurred during the financial year are recognised when a claimable event occurs and/or the takaful subsidiary is notified. The amount of outstanding claims is the best estimate of the expenditure required together with related expenses less recoveries to settle the obligation at the balance sheet date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 General Takaful Fund (cont'd)

(iii) Provision for Outstanding Claims (cont'd)

Provision is also made for the cost of claims and IBNR claims at balance sheet date based on market claims ratios for each class of business.

(iv) Commission Earned

Commission earned net of expense paid from retakaful in the course of ceding/accepting contributions to retakaful operators are recognised to the general takaful revenue account, as incurred and properly allocated to the periods in which it is probable they give rise to income. This is in accordance with the principles of Wakalah as approved by the Shariah Committee and as agreed between the participants and the takaful subsidiary.

2.6 Family Takaful Fund

The family takaful fund is maintained in accordance with the requirements of the Takaful Act, 1984 and includes the amount attributable to participants.

The family takaful fund surplus or deficit is determined by an annual actuarial valuation of the family takaful fund. Any actuarial deficit in the family takaful fund will be made good by the shareholders' fund via a benevolent loan or Qardhul Hasan. Surplus distributable to participants is determined after deducting benefits paid and payable, retakaful, provisions, reserves, commissions, management expenses, taxation and surplus administration charges transferred to the shareholders' fund. The surplus may be distributed to the shareholder and participants in accordance with the terms and conditions prescribed by the Shariah Advisory Body of the takaful subsidiary.

Family takaful revenue consists of gross takaful contributions and investment income. Revenue is accounted for on an accrual basis and as approved by the takaful subsidiary's Shariah Advisory Body. Unrealised income is deferred and receipts in advance are treated as liabilities on the balance sheet.

(i) Takaful Contribution Income

Takaful contribution is recognised as soon as the amount of contribution can be reliably measured in accordance with the principles of Shariah. First takaful contribution is recognised on assumption of risks and subsequent takaful contributions are recognised on due dates. Takaful contributions outstanding at balance sheet date is recognised as income for the period provided they are within the grace period allowed for payment and there are sufficient funds available in the participants' accounts to cover such contributions due.

(ii) Provision for Outstanding Claims

Claims and settlement costs that are incurred during the financial year are recognised when a claimable event occurs and/or the Company is notified.

Claims and provisions for claims arising on family takaful certificates, including settlement costs, are accounted for using the case basis method, and for this purpose, the benefits payable under a takaful certificate are recognised as follows:

- (a) maturity or other certificate benefit payments due on specified dates are treated as claims payable on due dates;
- (b) death, surrender and other benefits without due dates are treated as claims payable on receipt of intimation of death of the certificate holder or occurrence of contingency covered.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Commission expenses of the takaful subsidiary

Commission expenses, which are costs directly incurred in securing contributions on takaful certificates, are recognised as incurred and properly allocated to the periods in which it is probable they give rise to income. Commission expenses are borne by the shareholders' fund in the shareholders' fund income statement at an agreed percentage for each certificate underwritten. This is in accordance with the principles of Wakalah as approved by the Shariah Committee and is as agreed between the participants and the takaful subsidiary.

2.8 General Retakaful Fund

The general retakaful fund is maintained in accordance with the Takaful Act, 1984 and consists of unearned contribution reserves and any surplus / deficit arising during the year. Underwriting deficit will be made good by the shareholders' fund via a benevolent loan or Qardhul Hasan.

The general retakaful underwriting surplus is determined after deducting retrotakaful costs, commissions, unearned contribution reserves, net claims incurred, wakalah fees, expenses and taxation. Surplus distributable to the participants is determined in accordance with the terms and conditions of the respective contracts less recoveries of Qardhul Hasan if any.

General retakaful revenue consists of gross retakaful contributions and investment income. Revenue is accounted for on an accrual basis. Unrealised income is deferred and receipts in advance are treated as liabilities in the balance sheet.

(i) Retakaful Contribution Recognition

Contributions are recognised in respect of risks assumed during that particular financial period. Inward treaty retakaful contributions are recognised on the basis of statements received from ceding companies.

(ii) Unearned Contribution Reserves

The Unearned Contribution Reserves (UCR) represent the portion of the net contribution of retakaful business written that relate to the unexpired periods of the policies at the end of the financial period.

In determining the UCR at balance sheet date, the method that most accurately reflects the actual liability is used, less commissions not exceeding the permitted deductions. UCR is computed using the 1/8th method with a deduction of 20% for all classes of business.

(iii) Provision for Outstanding Claims

Liabilities for outstanding claims are recognised as advised by ceding companies. The amount of outstanding claims is the best estimate of the expenditure required together with related expenses less recoveries to settle the obligation at the balance sheet date.

Provision is also made for the cost of claims and together with related expenses incurred but not reported (IBNR) at balance sheet date based on actual estimation by a qualified actuary.

(iv) Commission Expenses

Commission expenses, which are costs directly incurred in securing contributions on retakaful business, are recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

Commission expenses are borne by the general retakaful fund in the general retakaful revenue account at an agreed percentage of the gross contribution.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Family Retakaful Fund

The family retakaful fund is maintained in accordance with the requirements of the Takaful Act, 1984 and includes the amount attributable to ceding companies.

The family retakaful fund surplus/deficit is determined by an annual actuarial valuation of the family retakaful fund. Any actuarial deficit in the family retakaful fund will be made good by the shareholders' fund via a benevolent loan or Qardhul Hasan. Surplus distributable to ceding companies is determined after deducting benefits paid and payable, retrotakaful, provisions, reserves, commissions, wakalah fee, management expenses, taxation and any surplus administration charges transferred to the shareholders' fund. The surplus may be distributed to the shareholder and ceding companies in accordance with the terms and conditions of the respective contracts.

Family retakaful revenue consists of gross retakaful contributions and investment income. Revenue is accounted for on an accrual basis. Unrealised income is deferred and receipts in advance are treated as liabilities on the balance sheet.

(i) Retakaful Contribution Income

Contributions are recognised in respect of risks assumed during that particular financial period. Inward treaty retakaful contributions are recognised on the basis of statements received from ceding companies.

(ii) Provision for Outstanding Claims

Liabilities for outstanding claims are recognised as advised by ceding companies. The amount of outstanding claims is the best estimate of the expenditure required together with related expenses less recoveries to settle the obligation at the balance sheet date.

Provision is also made for the cost of claims and made on the basis of ultimate loss ratio by a qualified actuary.

2.10 Intangible Assets

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight lines 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 at each balance sheet date.

Amortisation is charged to the income statement and/or general reinsurance revenue account.

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

Software development in progress

Software development in progress are tested for impairment annually and represent development expenditure on software. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future use. During the period of which the assets is not yet in use it is tested for impairment annually.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Intangible Assets (cont'd)

Computer software and licences

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

The acquired computer software and licenses are amortised using the straight line method over their estimated useful lives not exceeding 6 years. Impairment is assessed whenever there is indication of impairment and the amortisation period and method are also reviewed at least at each balance sheet date.

2.11 Property, Plant and Equipment and Depreciation

(i) Recognition and measurement

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Only assets costing above RM300 will be capitalised. Assets costing RM300 and below are charged to the income statement and/or general reinsurance revenue account in the year of purchase.

Assets costing more than RM300 up to a maximum of RM3,000 are written down to RM1 in the year of purchase. The write down is charged to the income statement and/or general reinsurance revenue account as depreciation.

On disposal of property, plant and equipment, the difference between net proceeds and the carrying amount is recognised in the income statement and/or general reinsurance revenue account and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement and/or general reinsurance revenue account as incurred.

(iii) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Leased properties are depreciated over the shorter of the lease term and their useful lives.

Depreciation of other property, plant 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:

Buildings	2%
Computer equipment	20% to 33 $\frac{1}{3}$ %
Office equipment	5% to 15%
Furniture and fittings	3 $\frac{1}{3}$ % to 15%
Motor vehicles	20%
Significant parts of buildings	5% to 20%

The residual values, useful life and depreciation method are reviewed at each financial year-end 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, plant and equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value.

Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains and losses arising from change in the fair values of investment properties are recognised in the income statement and/or general reinsurance revenue account in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement and/or general reinsurance revenue account in the year in which they arise.

2.13 Impairment of Assets

The carrying amount of assets are reviewed at each balance sheet 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. 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 cash-generating unit (CGU) to which the asset belongs to.

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.

An impairment loss is recognised in the income statement and/or general reinsurance revenue account 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 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 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 is recognised in the income statement and/or general reinsurance revenue account, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

2.14 Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instruments. The accounting policies on recognition and measurement of these items are disclosed in their respective accounting policies.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Financial Instruments (cont'd)

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangements. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group and the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Equity Instruments

Ordinary shares are classified as equity and are stated at nominal value. Dividends on ordinary shares are recognised in equity in the period in which they are declared. The transaction costs of any equity transaction are accounted for as a deduction from equity, net of tax.

Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction that would otherwise have been avoided.

(ii) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and at banks, excluding fixed and call deposits with licensed financial institutions, which have an insignificant risk of changes in value. The cash flow statement has been prepared using the indirect method.

(iii) Investments

Quoted investments and short-term commercial papers are stated at the lower of cost and market value determined on an aggregate portfolio basis by category of investments except that if diminution in value of a particular investment is not regarded as temporary, provision is made against the value of that investment.

Government guaranteed bonds and unquoted corporate debt securities that are secured or which carry a minimum rating of "BBB" or "P3" are valued at cost adjusted for the amortisation of premiums or accretion of discounts, calculated on an effective yield basis from the date of purchase to maturity dates. Any other corporate debt security with a lower rating is valued at the lower of cost and market value.

Malaysian Government Securities and other approved investments as specified by BNM are stated at cost adjusted for the amortisation of premiums or accretion of discounts, calculated on a straight-line basis, from the date of purchase to maturity dates. The amortisation of premiums and accretion of discounts of government guaranteed bonds, appropriate unquoted corporate debt securities, Malaysian Government Securities and other approved investments as specified by BNM are recognised in the income statement and/or general reinsurance revenue account.

Golf club memberships are stated at cost less provision for any impairment in value. Such provision is made when there is a decline other than temporary in the value of the golf club memberships and is recognised as an expense in the period in which the decline occurred. On disposal of golf club memberships, the difference between the net disposal proceeds and its carrying amount is recognised in the income statement and/or general reinsurance revenue account.

Unquoted and other investments are stated at cost less provision for any impairment losses.

On disposal of investments, the difference between net proceeds and the carrying amount is recognised in the income statement and/or general reinsurance revenue account.

Investments of the investment linked fund are stated at closing market prices at the balance sheet date. Unrealised gains and losses on these investments are taken into the investment linked fund income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Financial Instruments (cont'd)

(iv) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. Specific provisions are made for any premiums including brokers', reinsurance, agents' and retakaful balances which remain outstanding for more than six months from the date on which they become receivable and for all debts which are considered doubtful.

For the takaful subsidiary, specific provisions are made for any contributions including agents and retakaful balances which remain outstanding for more than thirty days for motor business and six months for all other classes of business respectively, from the date on which they become receivable and for all debts which are considered doubtful.

(v) Balances with Subsidiaries

Balances with subsidiaries are stated at the amounts which are due and expected to be settled.

(vi) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services rendered.

(vii) Islamic Medium Terms Notes (IMTN)

IMTN are recognised at the amount of proceeds received less directly attributable transaction costs. The IMTN are classified as non-current liabilities in the balance sheet and the profits payable are recognised as finance costs in the income statement in the period in which they are incurred.

2.15 Lease

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (Note 2.12); and
- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Finance leases – the Group as lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Lease (cont'd)

(ii) Finance leases – the Group as lessee (cont'd)

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.11(iii).

(iii) Operating Leases – the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(iv) Operating Leases – the Group as lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease (Note 2.21(iv)). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.16 Income Tax

Income tax on the profit or loss 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 balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet 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 profit 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 goodwill or negative goodwill or 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.

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 balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

2.17 Provisions for Liabilities

Provisions for liabilities are recognised when the Group 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. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Employee Benefits

(i) Short-term benefits

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

(ii) Defined contribution plan

As required by law, the Group makes contributions to the national pension scheme, the Employees Provident Fund (EPF). The Group also makes additional contributions to the EPF for eligible employees by reference to their length of service and earnings. Such contributions are recognised as an expense in the income statement and/or general reinsurance revenue account as incurred.

(iii) Employees' terminal benefits

As required by law in Dubai, the Group makes provision for terminal benefits for employees of its Dubai subsidiary, based on the employees' salaries and number of years of service. The terminal benefits are paid to the employees on termination or completion of their terms of employment.

2.19 Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated 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 individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Foreign Currencies (cont'd)

(ii) Foreign Currency Transactions (cont'd)

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in income statement for the period except for the differences arising on the retranslation 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.

(iii) Foreign Operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions;
- All resulting exchange differences are taken to the foreign currency translation reserve within equity; and
- The results of an associate, Labuan Reinsurance (L) Limited are translated at the closing rate prevailing at the balance sheet date with respect to the carrying amount of investments in associate, and at the exchange rate at the date of the transactions with respect to the share of profits or losses. All resulting translation differences are included in the foreign exchange translation reserve in shareholders' equity.

2.20 Other Revenue Recognition

- (i) Interest income on loans are recognised on an accrual basis except where a loan is considered non-performing, i.e. where repayments are in arrears for more than six months, in which case recognition of such interest is suspended. Subsequent to suspension, interest is recognised on receipt basis until all arrears have been paid.
- (ii) Interest income on corporate debt securities is recognised on a time proportion basis that reflects the effective yield on the asset except where an event of default on interest payment has occurred, and the said interest remains outstanding for a period of more than six months. In such a case, the recognition of interest will be suspended. Subsequent to suspension, interest is recognised on receipt basis until all arrears have been paid.
- (iii) Other interest income and investment income on Islamic investments are recognised on a time proportion basis that reflects the effective yield on the asset.
- (iv) Rental income is recognised on an accrual basis except where default in payment of rent has already occurred and rent due remains outstanding for a period of more than six months, in which case recognition of rental income is suspended. Subsequent to suspension, rental income is recognised on receipt basis until all arrears have been paid.
- (v) Dividend income is recognised when the right to receive payment is established.
- (vi) Management fees are recognised when services are rendered.
- (vii) Wakalah fees are recognised as soon as the amount of contribution can be reliably measured in accordance with the principles of Shariah.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Zakat

This represents an obligatory amount payable by the takaful and retakaful subsidiaries to comply with the principles of Shariah and is as approved by the Shariah Advisory Body. The takaful and retakaful subsidiaries adopt the net current assets method of calculating zakat payable.

2.22 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs

On 1 April 2007, the Group and the Company adopted the following FRS and amendments to FRS which have effective dates as follows:

	For financial periods beginning on or after
(i) FRS 124: Related Party Disclosures	1 October 2006
(ii) Amendment to FRS 119 ₂₀₀₄ : Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007

The adoption of the above FRS and amendments to FRS does not result in significant changes in accounting policies of the Group and of the Company.

The MASB has also issued FRS 6: Exploration for and Evaluation of Mineral Resources which will be effective for annual periods beginning on or after 1 January 2007. This FRS is, however, not applicable to the Group or the Company.

As at the date of authorisation of these financial statements, the Group and the Company have not adopted the deferred FRS 139: Financial Instruments: Recognition and Measurement as well as the following new and revised FRSs, amendment to FRS and Interpretations of the Issues Committee (IC) which will be effective for financial periods beginning on or after 1 July 2007:

- (i) Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
- (ii) FRS 107: Cash Flow Statements
- (iii) FRS 111: Construction Contracts
- (iv) FRS 112: Income Taxes
- (v) FRS 118: Revenue
- (vi) FRS 120: Accounting for Government Grants and Disclosure of Government Assistance
- (vii) FRS 134: Interim Financial Reporting
- (viii) FRS 137: Provisions, Contingent Liabilities and Contingent Assets
- (ix) IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities
- (x) IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments
- (xi) IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- (xii) IC Interpretation 6: Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
- (xiii) IC Interpretation 7: Applying the Restatement Approach under FRS 129₂₀₀₄ Financial Reporting in Hyperinflationary Economies
- (xiv) IC Interpretation 8: Scope of FRS 2

The adoption of the above is not expected to have any significant financial impact on the financial statements of the Group and of the Company upon their initial application for financial years commencing 1 April 2008.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (cont'd)

(a) Treatment and presentation of Wakalah fees, management and commission expenses of the takaful subsidiary

In prior years, management and commission expenses were borne by the General and Family takaful funds in their respective revenue accounts at an agreed percentage for each certificate underwritten. Wakalah surplus/deficit was arrived at after deducting commission and management expenses against the Wakalah fees charged. Any surplus/deficit arising was then transferred to/borne by the shareholders' fund as Wakalah surplus/deficit. This treatment of Wakalah fees, management and commission expenses was applied for tax purposes as the tax laws relating to takaful operators carrying on the Wakalah business model had not been formulated.

With the recent announcement of tax laws relating to takaful operators in the Budget 2008, the takaful subsidiary has changed its treatment of Wakalah fees, management and commission expenses to be recognised/borne wholly by the shareholders' fund in its income statement and not based on transfer of wakalah surplus/deficit from the General and Family takaful funds.

This change has no significant impact on the results of the Group.

(b) Restatement of comparatives

(i) Effects on comparative income statement as at 31 March 2007

	Previously Stated RM'000	(Decrease)/ Increase (Note 2.22(a)) RM'000	Restated RM'000
Income statement			
Wakalah fees arising from operations of:			
General takaful fund	–	18,136	18,136
Family takaful fund	–	56,849	56,849
Wakalah (deficit)/surplus arising from operations of:			
General takaful fund	(5,093)	5,093	–
Family takaful fund	8,007	(8,007)	–
Management and commission expenses	(5,558)	81,708	(76,150)

2.23 Changes in Estimates

During the financial year ended 31 March 2008, the Group reviewed the estimated useful lives of its property, plant and equipment. As a result, the expected useful lives of office equipment, computers and furnitures and fittings were extended whilst the useful lives of significant parts of buildings were reduced. The revision in estimated useful lives was accounted for prospectively as a change in accounting estimates. The effect of the change in estimated useful lives of office equipment, computers, furniture and fittings and significant parts of buildings was net increase in depreciation charge for the year of approximately RM2,945,000.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Significant Accounting Estimates and Judgements

(i) Critical Judgment Made in Applying Accounting Policies

The following is the judgement made by the management in the process of applying the Group's accounting policies that have the most significant effect on the amount recognised in the financial statements. Judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(ii) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Depreciation and amortisation

Depreciation and amortisation is based on management's estimates of the future estimated average useful lives and residual values of property, plant and equipment and intangible assets. Estimates may change due to technological developments, expected level of usage, competition, market conditions and other factors, and could impact the estimated average useful lives and the residual values of these assets. This may result in future changes in the estimated useful lives and in the depreciation or amortisation expenses. It is currently estimated that the property, plant and equipment and intangible assets of the Company will not have any residual values.

(b) Impairment

Assets are tested for impairment when indications of potential impairment exist. Indicators of impairment which could trigger an impairment review include evidence of obsolescence or physical damage, significant fall in market values, significant underperformance relative to historical or projected future operating results, significant changes in the use of assets or the strategy of the business, significant adverse industry or economic changes.

Recoverable amounts of assets are based on management's estimates and assumptions of the net realisable value, cash flows arising from the future operating performance and revenue generating capacity of the assets and CGUs, and future market conditions. Changes in circumstances may lead to changes in estimates and assumptions, and result in changes to the recoverable amounts of assets and impairment losses needed.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Significant Accounting Estimates and Judgements (cont'd)

(ii) Key Sources of Estimation Uncertainty (cont'd)

(c) Uncertainty in accounting estimates

(i) General reinsurance, takaful and retakaful businesses

The principal uncertainty in the general reinsurance, takaful and retakaful businesses arises from the technical provisions which include the provisions of premium/contribution and claims liabilities. The premium/contribution liabilities comprise unearned premium reserves while claim liabilities comprise provision for outstanding claims. The estimation bases for unearned premium/contribution reserves is explained in the related accounting policy statement.

Generally, claims liabilities are determined based upon previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Particularly relevant is past experience with similar cases, historical claims development trends, legislative changes, judicial decisions and economic conditions. It is certain that actual future premium/contribution and claims liabilities will not exactly develop as projected and may vary from the projections.

The estimates of premium/contribution and claims liabilities are therefore sensitive to various factors and uncertainties. The establishment of technical provisions is an inherently uncertain process and, as a consequence of this uncertainty, the eventual settlement of premium/contribution and claims liabilities may vary from the initial estimates. There may be significant reporting lags between the occurrence of an insured event and the time it is actually reported. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude of the claim. There are many factors that will determine the level of uncertainty such as inflation, inconsistent judicial interpretations, legislative changes and claims handling procedures.

(ii) Family takaful business

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

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

For those contracts that cover risks related to disability, estimates are made based on recent past experience and emerging trends. However epidemics, as well as wide ranging changes to life style, could result in significant changes to the expected future exposures. All of this will give rise to estimation uncertainties of projected ultimate liability of the family takaful fund.

At each reporting date, these estimates are reassessed for adequacy and changes will be reflected as adjustments to the liability.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Significant Accounting Estimates and Judgements (cont'd)

(ii) Key Sources of Estimation Uncertainty (cont'd)

(d) Deferred tax assets

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the balance sheet date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the balance sheet date, changes in business strategy, future operating performance and other factors could impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the income statement in the period in which actual realisation and settlement occurs.

Deferred tax assets are recognised for all provisions for diminution in value of investments, unearned premium reserves, provision for doubtful debts, net amortisation of premium in investments and other temporary differences to the extent that it is probable that taxable profit will be available against which the benefits can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The total carrying value of recognised temporary differences arising from provisions for diminution in value of investments, unearned premium reserves, provisions for doubtful debts, net amortisation of premium on investments and other items of the Group was RM12,665,000 (2007: RM10,587,000).

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Land RM'000	Buildings RM'000	Significant Parts of Buildings RM'000	Computer Equipment RM'000	Furniture, Fittings and Office Equipment RM'000	Motor Vehicles RM'000	Total RM'000
Cost							
At 1 April 2006	15,886	73,885	20,252	6,152	17,198	1,433	134,806
Additions	–	–	–	1,038	2,754	271	4,063
Disposals	–	–	–	–	(125)	(60)	(185)
Write offs	–	–	–	(4)	(205)	–	(209)
At 31 March 2007	15,886	73,885	20,252	7,186	19,622	1,644	138,475
Additions	–	–	–	1,174	2,368	523	4,065
Disposals	–	–	–	(175)	(1,237)	(324)	(1,736)
Write offs	–	–	–	(7)	(427)	–	(434)
At 31 March 2008	15,886	73,885	20,252	8,178	20,326	1,843	140,370

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (cont'd)	Freehold Land RM'000	Buildings RM'000	Significant Parts of Buildings RM'000	Computer Equipment RM'000	Furniture, Fittings and Office Equipment RM'000	Motor Vehicles RM'000	Total RM'000
Accumulated Depreciation							
At 1 April 2006	–	–	–	4,687	12,568	654	17,909
Charge for the year	–	1,653	450	1,094	1,287	325	4,809
Disposals	–	–	–	–	(126)	(60)	(186)
Write offs	–	–	–	(4)	(102)	–	(106)
At 31 March 2007	–	1,653	450	5,777	13,627	919	22,426
Charge for the year	–	1,673	3,729	892	1,583	165	8,042
Disposals	–	–	–	(175)	(800)	(324)	(1,299)
Write offs	–	–	–	(2)	(301)	–	(303)
At 31 March 2008	–	3,326	4,179	6,492	14,109	760	28,866
Net Carrying Amount							
At 31 March 2008	15,886	70,559	16,073	1,686	6,217	1,083	111,504
At 31 March 2007	15,886	72,232	19,802	1,409	5,995	725	116,049

The net carrying amount of buildings situated on leasehold land at 31 March 2008 amounted to RM12,793,000 (2007: RM13,098,000).

4. INVESTMENT PROPERTIES

	Group	
	2008 RM'000	2007 RM'000
At beginning of year	32,400	31,167
Fair value adjustments	–	1,233
At end of year	32,400	32,400
Analysed as:		
Freehold land	13,950	13,950
Buildings	18,450	18,450
	32,400	32,400

5. PREPAID LAND LEASE PAYMENTS

	Group	
	2008 RM'000	2007 RM'000
At beginning of year	5,306	5,400
Amortisation for the year	(95)	(94)
At end of year	5,211	5,306
Analysed as:		
Long term leasehold land	5,211	5,306

6. INTANGIBLE ASSETS

Group	Software Development Cost in Progress RM'000	Computer Software and Licenses RM'000	Total RM'000
Cost			
At 1 April 2007	7,565	12,396	19,961
Additions	634	3,453	4,087
Write offs	-	(1)	(1)
Transfer	(7,565)	7,565	-
At 31 March 2008	634	23,413	24,047
Accumulated Amortisation			
At 1 April 2007	-	8,939	8,939
Amortisation expenses for the year	-	1,793	1,793
Write offs	-	(1)	(1)
At 31 March 2008	-	10,731	10,731
Net Carrying Amount			
At 31 March 2008	634	12,682	13,316
At 31 March 2007	7,565	3,457	11,022

7. DEFERRED TAX ASSETS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At beginning of year	10,587	8,300	-	-
Recognised in income statement (Note 33)	2,078	2,287	-	-
At end of year	<u>12,665</u>	<u>10,587</u>	<u>-</u>	<u>-</u>

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

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

Group	Provision for diminution in value of investments RM'000	Unearned premium reserves RM'000	Provision for doubtful debts RM'000	Net amortisation of premium on investments RM'000	Others RM'000	Total RM'000
2008						
At 1 April 2007	4,523	2,999	827	1,789	449	10,587
Recognised in income statement	(2,196)	901	213	(229)	3,389	2,078
At 31 March 2008	<u>2,327</u>	<u>3,900</u>	<u>1,040</u>	<u>1,560</u>	<u>3,838</u>	<u>12,665</u>
2007						
At 1 April 2006	3,447	2,090	945	1,369	449	8,300
Recognised in income statement	1,076	909	(118)	420	-	2,287
At 31 March 2007	<u>4,523</u>	<u>2,999</u>	<u>827</u>	<u>1,789</u>	<u>449</u>	<u>10,587</u>

8. INVESTMENT IN SUBSIDIARIES

	Company	
	2008 RM'000	2007 RM'000
Unquoted shares in Malaysia, at cost	<u>755,000</u>	<u>580,000</u>

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Principal Activities	Effective Ownership Interest	
			2008 %	2007 %
Held by the Company:				
Malaysian Reinsurance Berhad ("Malaysian Re")	Malaysia	Underwriting of all classes of general reinsurance business	100	100
Takaful Ikhlas Sdn. Bhd.	Malaysia	Management of family, general and investment-linked takaful business	100	100
MNRB Retakaful Berhad	Malaysia	Management of family and general retakaful business	100	100
MMIP Services Sdn. Bhd.	Malaysia	Managing the Malaysian Motor Insurance Pool to provide motor insurance to vehicle owners who are unable to obtain insurance protections for their vehicles	100	100
Held by Malaysian Re:				
Malaysian Re (Dubai) Ltd.*	Dubai, United Arab Emirates	Marketing and promotional activities and servicing of clients on behalf of Malaysian Re	100	100

* Audited by a firm of chartered accountants other than Ernst & Young.

9. INVESTMENT IN ASSOCIATES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Unquoted shares in Malaysia, at cost	77,615	77,615	1,957	1,957
Share of post acquisition retained profits	18,864	16,276	–	–
Post acquisition foreign exchange translation reserve*	20,297	27,976	–	–
	<u>116,776</u>	<u>121,867</u>	<u>1,957</u>	<u>1,957</u>
Represented by:				
Share of net assets	<u>116,776</u>	<u>121,867</u>	<u>1,957</u>	<u>1,957</u>

9. INVESTMENT IN ASSOCIATES (CONT'D)

Details of the associates which are all incorporated in Malaysia are as follows:

Name of Associates	Principal Activities	Proportion of Ownership Interest and Voting Power	
		2008 %	2007 %
Held by the Company:			
Motordata Research Consortium Sdn. Bhd.	Development and provision of a centralised parts price database for the Malaysian insurance industry	40	40
Held by Malaysian Re:			
Labuan Reinsurance (L) Ltd. (Labuan Re)	Underwriting of all classes of general reinsurance business in the Federal Territory of Labuan	20	20

* This is in respect of retranslation of the cost of the investment in Labuan Re at the rate of exchange prevailing at balance sheet date.

The financial statements of the above associates are not coterminous with those of the Group, which has a financial year end of 31 March. For the purpose of applying the equity method of accounting, the audited financial statements of the associates for the year ended 31 December 2007 and management financial statements to the end of the accounting period of 31 March 2008 have been used.

The summarised financial information of the associates are as follows:

	2008 RM'000	2007 RM'000
Assets and liabilities:		
Current assets	1,373,124	1,443,991
Non-current assets	513,967	54,883
Total assets	<u>1,887,091</u>	<u>1,498,874</u>
Current liabilities	289,207	304,614
Non-current liabilities	540,319	554,415
Total liabilities	<u>829,526</u>	<u>859,029</u>
Results:		
Revenue	649,000	601,226
Profit for the year	<u>59,428</u>	<u>46,642</u>

10. INVESTMENTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
(a) Deposits and placements with financial institutions				
Fixed and call deposits with licensed:				
Commercial banks	234,257	128,426	88,162	362
Investment banks	114,747	114,520	10,500	187
Discount houses	–	15,851	–	373
	<u>349,004</u>	<u>258,797</u>	<u>98,662</u>	<u>922</u>
Islamic investment accounts with licensed:				
Co-operative bank	91,933	–	50,810	–
Building society	15,000	15,000	–	–
Investment banks	5,000	–	–	–
Development bank	69,417	5,000	–	–
Islamic banks	71,810	84,224	20,007	79,756
Commercial banks	49,895	21,350	–	20,000
	<u>303,055</u>	<u>125,574</u>	<u>70,817</u>	<u>99,756</u>
Islamic repo placements	11,390	3,499	–	–
	<u>663,449</u>	<u>387,870</u>	<u>169,479</u>	<u>100,678</u>
(b) Other investments				
<u>Marketable securities:</u>				
Securities purchased under repurchase agreements	–	104,117	–	–
Bankers' acceptance	85,132	47,688	–	–
BNM Monetary Notes	3,499	–	–	–
Treasury bills	–	9,937	–	–
Malaysian Government Securities (Group : add accretion of discounts of RM1,415,156 (2007 : RM2,329,642))	106,723	101,947	–	–
	<u>195,354</u>	<u>263,689</u>	<u>–</u>	<u>–</u>

10. INVESTMENTS (CONT'D)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
(b) Other investments (cont'd)				
<u>Others:</u>				
Unquoted corporate debt securities (Group: less net amortisation of premiums of RM2,094,182 (2007: RM954,012))				
Government guaranteed	25,062	20,079	-	-
Secured	95,320	81,521	-	-
Unsecured	228,780	228,584	-	-
Government investment issues	6,068	8,062	-	-
Islamic private debt securities (Group : add accretion of discounts of RM154,648 (2007: less net amortisation of premiums of RM602,368))	14,871	15,026	-	-
Shariah approved equities	5,138	-	-	-
Short term commercial papers	26,365	26,385	-	-
Quoted shares in Malaysia	152,023	149,777	979	1,893
Quoted shares outside Malaysia	922	922	-	-
Unquoted shares in Malaysia	52,632	51,462	3,370	-
Quoted loan stocks	-	239	-	-
Golf club memberships	110	110	-	-
Institutional trust fund	57,983	45,724	-	-
Units held in investment linked fund	5,000	5,000	-	-
	<u>670,274</u>	<u>632,891</u>	<u>4,349</u>	<u>1,893</u>
	<u>865,628</u>	<u>896,580</u>	<u>4,349</u>	<u>1,893</u>
Less: Provision for diminution in value of investments				
Quoted shares in Malaysia	(3,984)	(11,588)	-	-
Quoted shares outside Malaysia	(370)	(362)	-	-
Quoted loan stocks	-	(35)	-	-
Islamic private debt securities	(5,416)	(4,768)	-	-
Impairment loss on investment in unquoted shares	(5,158)	(4,759)	(399)	-
	<u>(14,928)</u>	<u>(21,512)</u>	<u>(399)</u>	<u>-</u>
	<u>850,700</u>	<u>875,068</u>	<u>3,950</u>	<u>1,893</u>

10. INVESTMENTS (CONT'D)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
(b) Other investments (cont'd)				
<u>Market value of other investments:</u>				
Malaysian Government Securities	106,981	110,399	-	-
BNM Monetary Notes	3,499	-	-	-
Unquoted corporate debt securities	330,434	319,833	-	-
Government investment issues	6,137	8,226	-	-
Islamic private debt securities	10,339	14,987	-	-
Shariah approved equities	4,273	-	-	-
Short term commercial papers	26,364	26,385	-	-
Quoted shares in Malaysia	177,337	180,253	580	66,490
Quoted shares outside Malaysia	553	561	-	-
Quoted loan stocks	-	203	-	-
Institutional trust fund	58,013	45,724	-	-
Government guaranteed bond	25,012	20,102	-	-

The market values of quoted securities are indicative of their fair values as at the financial year end and are determined by reference to market prices quoted on the relevant stock exchanges at the close of business on the balance sheet date. The methods for estimating the market values of other investments have been disclosed in Note 42(g).

The pertinent details and carrying amounts of investments in unquoted shares in Malaysia are as follows:

	Group	
	2008 RM'000	2007 RM'000
(i) 27,500,000 ordinary shares of RM1.00 each of Financial Park (Labuan) Sdn. Bhd. (FPL), issued at RM1.00 per share, representing an equity shareholding of 9%.	28,283	28,283
20,000,000 redeemable preference shares of RM1.00 each of FPL, issued at RM1.00 per share.	20,569	20,569
(ii) Other	410	2,610
	49,262	51,462
Less: Impairment loss	(4,759)	(4,759)
	44,503	46,703

10. INVESTMENTS (CONT'D)

(b) Other investments (cont'd)

The range of weighted average effective interest/profit rates (WAEIR) or (WAEPR) during the year and the earlier of the contractual re-pricing or maturity dates as at the financial year end, for each class of interest/profit bearing deposits and placements with financial institutions and other investments of the Group and of the Company are as follows:

	Group		Company	
	Range of WAEIR/WAEPR (per annum)			
	2008	2007	2008	2007
	%	%	%	%
Deposits and placements with financial institutions:				
Fixed and call deposits with licensed financial institutions	3.15 – 6.00	3.10 – 4.75	3.15 – 3.53	3.10 – 3.50
Other approved deposits	3.10 – 3.60	4.03 – 6.00	3.10 – 3.55	–
Islamic investment accounts with licensed Islamic banks	3.22 – 3.60	–	3.55 – 3.60	–
Other investments:				
Securities purchased under repurchase agreements	–	3.35 – 3.57	–	–
Malaysian Government Securities	3.24 – 6.65	3.70 – 8.60	–	–
Unquoted corporate debt securities	1.00 – 7.81	–	–	–
Short term commercial paper	3.77 – 4.06	–	–	–
Bankers' acceptance	3.55 – 3.65	–	–	–

2008	Interest/profit bearing contractual re-pricing or maturity date (whichever is earlier)			
	1 year or less RM'000	1 year to 5 years RM'000	More than 5 years RM'000	Total RM'000
Group				
Deposits and placements with financial institutions:				
Fixed and call deposits placed with licensed financial institutions	328,512	20,000	–	348,512
Islamic investment accounts with licensed Islamic banks	298,445	16,000	–	314,445
	626,957	36,000	–	662,957

10. INVESTMENTS (CONT'D)

(b) Other investments (cont'd)

	Interest/profit bearing contractual re-pricing or maturity date (whichever is earlier)			Total RM'000
	1 year or less RM'000	1 year to 5 years RM'000	More than 5 years RM'000	
2008 (cont'd)				
Group (cont'd)				
Other investments:				
BNM Monetary Notes	3,499	-	-	3,499
Bankers' acceptance	85,132	-	-	85,132
Malaysian Government Securities	22,366	84,356	-	106,722
Unquoted corporate debt securities	28,053	270,808	50,300	349,161
Government investment issues	-	4,046	2,003	6,049
Units held in investment linked fund	-	5,000	-	5,000
Short term commercial papers	26,365	-	-	26,365
	<u>165,415</u>	<u>364,210</u>	<u>52,303</u>	<u>581,928</u>
Company				
Deposits and placements with financial institutions:				
Fixed and call deposits placed with licensed financial institutions	98,662	-	-	98,662
	<u>98,662</u>	<u>-</u>	<u>-</u>	<u>98,662</u>
Islamic investment accounts with licensed Islamic banks	70,817	-	-	70,817
	<u>70,817</u>	<u>-</u>	<u>-</u>	<u>70,817</u>

10. INVESTMENTS (CONT'D)

(b) Other investments (cont'd)

	Interest/profit bearing contractual re-pricing or maturity date (whichever is earlier)			Total RM'000
	1 year or less RM'000	1 year to 5 years RM'000	More than 5 years RM'000	
2007				
Group				
Deposits and placements with financial institutions:				
Fixed and call deposits placed with licensed financial institutions	238,424	373	–	238,797
Other approved deposits	10,000	10,000	–	20,000
	<u>248,424</u>	<u>10,373</u>	<u>–</u>	<u>258,797</u>
Other investments:				
Securities purchased under repurchase agreements	104,117	–	–	104,117
Bankers' acceptance	47,688	–	–	47,688
Malaysian Government Securities	46,633	35,004	30,247	111,884
Unquoted corporate debt securities	65,207	197,969	67,009	330,185
Short term commercial papers	26,385	–	–	26,385
	<u>290,030</u>	<u>232,973</u>	<u>97,256</u>	<u>620,259</u>
Company				
Deposits and placements with financial institutions:				
Fixed and call deposits placed with licensed financial institutions	549	373	–	922

10. INVESTMENTS (CONT'D)

(c) Group – General takaful fund

	2008 RM'000	2007 RM'000
Deposits and placements with financial institutions:		
Islamic investment accounts with licensed:		
Development bank	14,224	11,635
Islamic banks	26,098	16,127
Commercial banks	14,368	4,094
Islamic repo placements	4,560	400
	59,250	32,256
Other investments:		
Khazanah Nasional Berhad bonds	5,212	5,212
Islamic Cagamas bonds	2,503	2,503
Government investment issues	16,013	6,855
BNM Monetary Notes	4,966	–
Islamic private debt securities	11,374	8,222
Shariah approved equities	6,956	–
Net accretion of discounts	563	518
	47,587	23,310
Provision for diminution in value	(1,391)	(333)
	46,196	22,977
<u>Market value of other investments:</u>		
Khazanah Nasional Berhad bonds	5,891	5,688
Islamic Cagamas bonds	2,523	2,540
Government investment issues	16,070	7,057
BNM Monetary Notes	4,966	–
Islamic private debt securities	11,165	7,735
Shariah approved equities	5,665	–

10. INVESTMENTS (CONT'D)

(c) Group – General takaful fund (cont'd)

The maturity profile of deposits and placements with financial institutions and other investments of the general takaful fund are as follows:

	1 year or less RM'000	1 year to 5 years RM'000	More than 5 years RM'000	Total RM'000
2008				
Deposits and placements with financial institutions:				
Islamic investment accounts with licensed:				
Development bank	14,224	–	–	14,224
Islamic banks	26,098	–	–	26,098
Commercial banks	14,368	–	–	14,368
Islamic repo placements	4,560	–	–	4,560
	<u>59,250</u>	<u>–</u>	<u>–</u>	<u>59,250</u>
Other investments:				
Khazanah Nasional Berhad bonds	4,938	951	–	5,889
Islamic Cagamas bonds	–	2,501	–	2,501
Government investment issues	–	11,008	5,004	16,012
BNM Monetary Notes	4,966	–	–	4,966
Islamic private debt securities	3,510	2,520	5,135	11,165
Shariah approved equities	6,956	–	–	6,956
	<u>20,370</u>	<u>16,980</u>	<u>10,139</u>	<u>47,489</u>
2007				
Deposits and placements with financial institutions:				
Islamic investment accounts with licensed:				
Development bank	11,635	–	–	11,635
Islamic banks	16,127	–	–	16,127
Commercial banks	4,094	–	–	4,094
Islamic repo placements	400	–	–	400
	<u>32,256</u>	<u>–</u>	<u>–</u>	<u>32,256</u>
Other investments:				
Khazanah Nasional Berhad bonds	–	5,673	–	5,673
Islamic Cagamas bonds	–	2,501	–	2,501
Government investment issues	1,986	4,974	–	6,960
Islamic private debt securities	–	7,843	–	7,843
	<u>1,986</u>	<u>20,991</u>	<u>–</u>	<u>22,977</u>

10. INVESTMENTS (CONT'D)

(d) Group – Family takaful fund

	2008 RM'000	2007 RM'000
Deposits and placements with financial institutions:		
Islamic investment accounts with licensed:		
Development bank	40,136	20,948
Islamic banks	67,007	41,905
Commercial banks	44,517	15,000
Islamic repo placements	22,457	13,772
Islamic Unit Trust	2,106	2,027
	<hr/> 176,223	<hr/> 93,652
Other investments:		
Khazanah Nasional Berhad bonds	11,374	7,821
Islamic Cagamas bonds	2,503	2,503
Government investment issues	48,118	19,699
BNM Monetary Notes	4,965	–
Islamic private debt securities	50,635	17,181
Shariah approved equities	10,987	–
Islamic Commercial papers	–	11,821
Net accretion of discounts	825	952
	<hr/> 129,407	<hr/> 59,977
Provision for diminution in value	(2,402)	(333)
	<hr/> 127,005	<hr/> 59,644
Market value of other investments:		
Khazanah Nasional Berhad bonds	12,261	8,439
Islamic Cagamas bonds	2,523	2,540
Government investment issues	48,264	20,178
BNM Monetary Notes	4,965	–
Islamic private debt securities	50,606	16,759
Shariah approved equities	8,585	–
Islamic Commercial papers	–	11,965
Islamic unit trust	2,105	2,027
	<hr/> 210,304	<hr/> 100,808

10. INVESTMENTS (CONT'D)

(d) Group – Family takaful fund (cont'd)

The maturity profile of deposits and placements with financial institutions and other investments of the family takaful fund are as follows:

2008	1 year or less RM'000	1 year to 5 years RM'000	More than 5 years RM'000	Total RM'000
Deposits and placements with financial institutions:				
Islamic investment accounts with licensed:				
Development bank	40,136	–	–	40,136
Islamic banks	60,007	7,000	–	67,007
Commercial banks	44,517	–	–	44,517
Islamic repo placements	22,547	–	–	22,547
Islamic Unit Trust	2,106	–	–	2,106
	<u>169,313</u>	<u>7,000</u>	<u>–</u>	<u>176,313</u>
Other investments:				
Khazanah Nasional Berhad bonds	4,938	3,804	3,661	12,403
Islamic Cagamas bonds	–	2,501	–	2,501
Government investment issue	–	40,080	8,007	48,087
BNM Monetary Notes	4,966	–	–	4,966
Islamic private debt securities	6,520	15,878	28,065	50,463
	<u>16,424</u>	<u>62,263</u>	<u>39,733</u>	<u>118,420</u>

10. INVESTMENTS (CONT'D)

(d) Group – Family takaful fund (cont'd)

2007	1 year or less RM'000	1 year to 5 years RM'000	More than 5 years RM'000	Total RM'000
Deposits and placements with financial institutions:				
Islamic investment accounts with licensed:				
Development bank	19,948	1,000	–	20,948
Islamic banks	37,905	4,000	–	41,905
Commercial banks	14,500	500	–	15,000
Islamic repo placements	13,772	–	–	13,772
Islamic Unit Trust	–	2,027	–	2,027
	<u>86,125</u>	<u>7,527</u>	<u>–</u>	<u>93,652</u>
Other investments:				
Khazanah Nasional Berhad bonds	–	8,430	–	8,430
Islamic Cagamas bonds	–	2,501	–	2,501
Government investment issues	6,849	13,094	–	19,943
Islamic private debt securities	–	16,805	–	16,805
Islamic Commercial papers	11,965	–	–	11,965
	<u>18,814</u>	<u>40,830</u>	<u>–</u>	<u>59,644</u>

The methods for estimating the market values of Khazanah Nasional Berhad bonds, Islamic Cagamas bonds, Government Islamic issue and Islamic private debt securities of the general and family takaful funds are disclosed in Note 42(g).

10. INVESTMENTS (CONT'D)

(d) Group – Family takaful fund (cont'd)

The WAEPR of the deposits and placements with financial institutions and other investments of the general and family takaful funds are as follows:

General	Family takaful fund % per annum	takaful fund % per annum
2008		
Deposits and placements with financial institutions:		
Islamic investment accounts with licensed:		
Development bank	3.55	–
Islamic banks	3.75	3.74
Commercial banks	3.53	3.50
Islamic repo placements	3.43	3.33
	<hr/>	<hr/>
Other investments:		
Islamic Cagamas bonds	4.20	4.20
Government investment issues	3.66	3.64
BNM Monetary Notes	3.43	3.43
Islamic private debt securities	4.74	4.90
	<hr/>	<hr/>
2007		
Deposits and placements with financial institutions:		
Islamic investment accounts with licensed:		
Development bank	3.71	3.69
Islamic banks	3.73	3.86
Commercial banks	3.56	3.69
Islamic repo placements	2.80	3.35
	<hr/>	<hr/>
Other investments:		
Islamic Cagamas bonds	4.20	4.20
Government investment issues	3.75	3.69
Islamic private debt securities	3.49	4.23
	<hr/>	<hr/>

10. INVESTMENTS (CONT'D)

(e) Group – General retakaful fund

	2008 RM'000
Deposits and placements with financial institutions:	
Islamic investment accounts with licensed:	
Development bank	4,040
Islamic banks	4,840
	<u>8,880</u>
Other investments:	
BNM Monetary Notes	1,972
	<u>1,972</u>
<u>Market value of other investments:</u>	
BNM Monetary Notes	<u>1,972</u>

The maturity profile of deposits and placements with financial institutions and other investments of the general retakaful fund are as follows:

2008	1 year or less RM'000	1 year to 5 years RM'000	More than 5 years RM'000	Total RM'000
Deposits and placements with financial institutions:				
Islamic investment accounts with licensed:				
Development bank	4,040	–	–	4,040
Islamic banks	4,840	–	–	4,840
	<u>8,880</u>	<u>–</u>	<u>–</u>	<u>8,880</u>
Other investments:				
BNM Monetary Notes	1,972	–	–	1,972
	<u>1,972</u>	<u>–</u>	<u>–</u>	<u>1,972</u>

10. INVESTMENTS (CONT'D)

(f) Group – Family retakaful fund

	2008 RM'000
Deposits and placements with financial institutions:	
Islamic investment accounts with licensed:	
Development bank	7,500
Islamic banks	1,002
	<u>8,502</u>
Other investments:	
BNM Monetary Notes	1,500
	<u>1,500</u>
<u>Market value of other investments:</u>	
BNM Monetary Notes	<u>1,500</u>

The maturity profile of deposits and placements with financial institutions and other investments of the family retakaful fund are as follows:

2008	1 year or less RM'000	1 year to 5 years RM'000	More than 5 years RM'000	Total RM'000
Deposits and placements with financial institutions:				
Islamic investment accounts with licensed:				
Development bank	7,500	–	–	7,500
Islamic banks	1,002	–	–	1,002
	<u>8,502</u>	<u>–</u>	<u>–</u>	<u>8,502</u>
Other investments:				
BNM Monetary Notes	1,500	–	–	1,500
	<u>1,500</u>	<u>–</u>	<u>–</u>	<u>1,500</u>

10. INVESTMENTS (CONT'D)

(f) Group – Family retakaful fund (cont'd)

The methods for estimating the market values of BNM Monetary Notes of the general and family retakaful funds are disclosed in Note 42(g).

The range of WAEPR of the deposits and placements with financial institutions and other investments of the general and family retakaful funds are as follows:

2008	General retakaful fund % per annum	Family retakaful fund % per annum
Deposits and placements with financial institutions:		
Islamic investment accounts with licensed:		
Development bank	2.86 – 4.46	3.28 – 3.53
Islamic banks	2.86 – 4.46	3.28 – 3.53
Other investments:		
BNM Monetary Notes		
	3.44	3.45

11. LOANS RECEIVABLE

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Secured staff loans:				
Receivable within 12 months	4,216	1,586	856	647
Receivable after 12 months	9,609	12,455	–	–
	13,825	14,041	856	647

The WAEIR for interest-bearing staff loans of the Group and of the Company as at 31 March 2008 was 2.86% (2007: 2.76%) per annum respectively.

11. LOANS RECEIVABLE (CONT'D)

Included in the staff loans of the Group as at the financial year end are loans provided to staff of the takaful subsidiary which are not subject to any profit elements or finance charges as follows:

	2008 RM'000	2007 RM'000
Staff loans receivable within 12 months	2,553	496
Staff loans receivable after 12 months	271	714
	<u>2,824</u>	<u>1,210</u>

Also included in staff loans of the Group is the outstanding portion of a housing loan given to the former President & Chief Executive Officer of the general reinsurance subsidiary amounting to RM61,518 (2007: RM151,520), based on the terms of the existing housing loan scheme applicable to the executive personnel of the said subsidiary. Subsequent to the year end, the former President & Chief Executive Officer was redesignated as the President & Chief Executive Officer of the Company. The loan bears interest at 3% per annum and is secured by way of a first legal charge over the subject property.

12. RECEIVABLES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade receivables:				
Amount due from brokers and ceding companies*	136,532	89,101	-	-
Provision for doubtful debts	(3,542)	(3,063)	-	-
	<u>132,990</u>	<u>86,038</u>	<u>-</u>	<u>-</u>
Other receivables:				
Qardhul Hasan: **				
General takaful fund (Note 17)	18,043	3,043	-	-
General retakaful fund (Note 17)	2,441	-	-	-
Due from: ***				
General takaful fund	4,875	3,007	-	-
Family takaful fund	12,214	11,651	-	-
Investment linked fund	39	7	-	-
General retakaful fund	9,152	-	-	-
Family retakaful fund	10,002	-	-	-
Income due and accrued	10,475	8,663	497	126
Other receivables, deposits and prepayments	20,318	14,456	100	198
	<u>87,559</u>	<u>40,827</u>	<u>597</u>	<u>324</u>
	<u>220,549</u>	<u>126,865</u>	<u>597</u>	<u>324</u>

* Included in trade receivables is an amount of RM338,000 due from an associate, Labuan Reinsurance (L) Ltd (Note 39). The amount receivable is subject to settlement terms stipulated in the reinsurance contracts.

** Qardhul Hasan represents a loan to the general and family takaful and general retakaful funds to make good any underwriting deficit experienced during a financial period. The amount is unsecured, not subject to any profit elements and has no fixed terms of repayment.

*** The amounts due from general and family takaful and retakaful funds are unsecured, not subject to any profit elements and have no fixed repayment terms.

Included in amounts due to shareholders' fund in the general takaful and general retakaful funds are Qardhul Hasan loans amounting to RM18,043,000 (2007: RM3,043,000) and RM2,441,000 respectively, to make good the deficits in the general takaful and retakaful funds.

12. RECEIVABLES (CONT'D)

Group	General takaful fund		Family takaful fund	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade receivables:				
Contributions receivable	23,834	13,169	31,432	17,733
Due from agents, retakaful operators and brokers	4,285	1,947	–	–
Provision for doubtful debts	(5,239)	(1,433)	(946)	(285)
	<u>22,880</u>	<u>13,683</u>	<u>30,486</u>	<u>17,448</u>
Other receivables:				
Investment income receivable	800	719	3,244	1,174
Others	–	138	1,288	1,114
	<u>800</u>	<u>857</u>	<u>4,532</u>	<u>2,288</u>
	<u>23,680</u>	<u>14,540</u>	<u>35,018</u>	<u>19,736</u>
Group			General retakaful fund 2008 RM'000	Family retakaful fund 2008 RM'000
Trade receivables:				
Contributions receivable			2,425	–
Due from agents, retakaful operators and brokers			9,518	–
Provision for doubtful debts			(6)	–
			<u>11,937</u>	<u>–</u>
Other receivables:				
Investment income receivable			10	21
			<u>10</u>	<u>21</u>
			<u>11,947</u>	<u>21</u>

13. DUE FROM/(TO) SUBSIDIARIES

The amounts due from/(to) subsidiaries are non-trade in nature, unsecured, not subject to any profit/interest elements and have no fixed terms of repayment.

14. ISLAMIC MEDIUM TERM NOTES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
RM200.0 million IMTN due in 2012	150,000	–	200,000	–
IMTN held by the reinsurance subsidiary, Malaysian Reinsurance Berhad	50,000	–	–	–

Upon obtaining the approval of the Securities Commission on 21 September 2007, the Company issued RM200.0 million in nominal value of Islamic Medium Term Notes (IMTN) under an IMTN Programme on 10 December 2007.

The IMTN Programme was issued under the Islamic financing principle of Musyarakah and has a tenure of 5 years from the date of first issuance. The tenure of the IMTN is for a period of more than 1 year up to 5 years as the Company may elect, provided that the IMTN mature prior to the expiry of the IMTN Programme.

The IMTN are unsecured and carry a profit rate of 4.75% per annum. Profit is payable semi-annually in arrears from the date of issue of the IMTN with the last profit payment on the maturity date of the IMTN.

At 31 March 2008, the reinsurance subsidiary, Malaysian Reinsurance Berhad has invested in a total of RM50.0 million nominal value of the Company's IMTN.

As of date of this report, RM180.0 million proceeds from the above issuance have been utilised for equity injections into the takaful and retakaful subsidiaries, recoupment of monies spent on equity injections into subsidiaries and to finance the expenses in relation to the IMTN Programme.

The balance of RM20.0 million proceeds is expected to be utilised for equity injection into the takaful subsidiary by June 2008.

15. PROVISION FOR OUTSTANDING CLAIMS

Group	General reinsurance business		General takaful fund		Family takaful fund	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Gross provision for outstanding claims	719,928	691,588	52,399	33,130	10,528	5,767
Less: Claims recoverable from reinsurers and ceding companies	(99,310)	(95,327)	(2,861)	(781)	–	–
Net provision for outstanding claims	620,618	596,261	49,538	32,349	10,528	5,767
Group	General reinsurance business		General retakaful fund		Family retakaful fund	
Gross provision for outstanding claims	5,045	–	–	–	–	–
Less: Recoverable from retakaful	–	–	–	–	–	–
Net provision for outstanding claims	5,045	–	–	–	–	–

16. PAYABLES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade payables:				
Due to brokers and retrocessionaires	62,122	27,084	-	-
Due to agents, retakaful operators and brokers	7,444	5,192	-	-
	<u>69,566</u>	<u>32,276</u>	<u>-</u>	<u>-</u>
Other payables:				
Sundry payables and accruals	36,912	19,785	5,286	1,972
	<u>106,478</u>	<u>52,061</u>	<u>5,286</u>	<u>1,972</u>

Included in trade payables is an amount of RM306,000 due to an associate, Labuan Reinsurance (L) Ltd (Note 39). The amount payable is subject to settlement terms stipulated in the reinsurance contracts.

Included in other payables of the Group is provision for short term accumulating compensated absences amounting to RM283,000 (2007: RM16,000).

Group	General takaful fund		Family takaful fund	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade payables:				
Due to agents, retakaful operators and co-insurers	4,063	2,133	8,253	1,310
Other payables:				
Deposit contributions	4,316	1,352	14,841	6,571
Other accruals and payables	981	3,601	1,314	2,955
	<u>5,297</u>	<u>4,953</u>	<u>16,155</u>	<u>9,526</u>
	<u>9,360</u>	<u>7,086</u>	<u>24,408</u>	<u>10,836</u>

Group	General retakaful fund		Family retakaful fund	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade payables:				
Due to agents, retakaful operators and co-insurers			3,258	-
Other payables:				
Wakalah fees due to the shareholders' fund			1,591	-
			<u>1,591</u>	<u>-</u>
			<u>4,849</u>	<u>-</u>

17. DUE TO SHAREHOLDERS' FUNDS

General and family takaful and retakaful funds:

The amounts due to shareholders' fund in the general and family takaful and retakaful funds are unsecured, not subject to any profit elements and have no fixed terms of repayment.

The balances in the general and family takaful funds represent Wakalah fees payable to the shareholders' fund whilst the balances in the general and family retakaful funds represent the balance of the principal loan provided by the shareholders' fund to the retakaful funds of RM10,002,000 each, in order provide the initial funding required by both the general and family retakaful funds to commence operations. As at 31 March 2008, RM2,441,000 of the loan provided to the general retakaful fund has been transferred to the general takaful fund as Qardhul Hasan.

18. UNEARNED PREMIUM RESERVES

Group	Fire RM'000	Motor RM'000	Marine, Aviation & Transit RM'000	Misc. RM'000	Total RM'000
2008					
At 1 April 2007	85,460	75,578	24,489	55,691	241,218
Increase in unearned premium reserves	13,854	2,588	7,303	15,084	38,829
At 31 March 2008	99,314	78,166	31,792	70,775	280,047
2007					
At 1 April 2006	70,792	77,544	20,586	51,745	220,667
Increase/(decrease) in unearned premium reserves	14,668	(1,966)	3,903	3,946	20,551
At 31 March 2007	85,460	75,578	24,489	55,691	241,218

19. SHARE CAPITAL

	Number of Ordinary Shares of RM1.00 Each		Amount	
	2008 '000	2007 '000	2008 RM'000	2007 RM'000
Authorised	500,000	500,000	500,000	500,000
Issued and fully paid:				
At beginning of year	211,866	208,908	211,866	208,908
Issued during the year (Note 20)	657	2,958	657	2,958
At end of year	212,523	211,866	212,523	211,866

During the financial year, the Company increased its issued and paid-up share capital from RM211,866,000 to RM212,523,000 (2007: from RM208,908,000 to RM211,866,000) by way of issuance of 657,000 (2007: 2,958,000) ordinary shares of RM1.00 each under the ESOS at an average exercise price of RM2.87 (2007: RM2.87) each. The share premium arising amounted to RM1,229,000 (2007: RM5,510,000) and this has been credited to the share premium account as disclosed in Note 20. The new ordinary shares rank pari passu in all respects with existing ordinary shares.

20. SHARE PREMIUM

	2008 RM'000	2007 RM'000
At beginning of year	102,803	97,293
Issue of 2,958,000 (2007: 6,028,000) ordinary shares at an average premium of approximately RM1.87 (2007: RM1.87) per share under the ESOS	1,229	5,510
At end of year	<u>104,032</u>	<u>102,803</u>

21. RETAINED PROFITS

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividends paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances.

Companies also have an irrevocable option to disregard their accumulated tax credits under Section 108 of the Income Tax Act, 1967 ("Section 108 balance") and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credits in the Section 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act 2007. As at 31 March 2008, the Company has sufficient tax credits in the Section 108 balance to pay franked dividends out of its entire retained earnings.

22. GENERAL TAKAFUL FUND

Group	2008 RM'000	2007 RM'000
At 1 April 2007/2006	34,379	22,194
Underwriting (deficit)/surplus during the year	(4,299)	2,178
Increase in unearned contribution reserves (Note 24)	23,537	10,101
Increase in Qardhul Hasan (Note 17)	15,000	-
Transfer to special fund	1,512	-
Hibah (profit) paid to participants during the year	(1)	(94)
At 31 March 2008/2007	<u>70,128</u>	<u>34,379</u>

23. GENERAL RETAKAFUL FUND

Group

	2008 RM'000
At 1 April 2007	
Underwriting deficit transferred from General retakaful revenue account	(2,441)
Increase in unearned contribution reserves during the period (Note 24)	5,349
Increase in Qardhul Hasan during the period (Note 17)	2,441
	<hr/>
At 31 March 2008	<u>5,349</u>

Qardhul Hasan is a benevolent loan provided by the Shareholders' fund to make good the current year underwriting deficit experienced by the General retakaful fund.

24. UNEARNED CONTRIBUTIONS RESERVES

Group – General takaful fund

	Fire RM'000	Motor RM'000	Marine, Aviation & Transit RM'000	Misc. RM'000	Total RM'000
2008					
At 1 April 2007	3,178	26,078	210	2,828	32,294
Increase during the year (Note 22)	9,380	11,075	335	2,747	23,537
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2008	<u>12,558</u>	<u>37,153</u>	<u>545</u>	<u>5,575</u>	<u>55,831</u>
2007					
At 1 April 2006	925	20,677	166	425	22,193
Increase during the year (Note 22)	2,253	5,401	44	2,403	10,101
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2007	<u>3,178</u>	<u>26,078</u>	<u>210</u>	<u>2,828</u>	<u>32,294</u>

Group – General retakaful fund – 1.08.2007 to 31.03.2008

	Fire RM'000	Motor RM'000	Marine, Aviation & Transit RM'000	Misc. RM'000	Total RM'000
At 1 April 2007	–	–	–	–	–
Increase during the year (Note 23)	2,554	83	166	2,546	5,349
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2008	<u>2,554</u>	<u>83</u>	<u>166</u>	<u>2,546</u>	<u>5,349</u>

25. FAMILY TAKAFUL FUND

Based on the actuarial valuation of the family takaful fund made up to 31 March 2008, the appointed actuary was satisfied that the assets available in the family takaful fund are sufficient to meet its long term liabilities to the participants.

	Group	
	2008 RM	2007 RM
Participants' Account (PA):		
At beginning of the year	139,678	59,386
Add: Increase in PA	141,996	80,292
	281,674	139,678
Participants' Special Account (PSA)		
At beginning of the year	10,008	3,510
Add: Increase in PSA	22,741	15,597
Add: Transfer to Special Fund	777	-
	11,935	9,099
Profit allocated to participants: from normal surplus	11,935	9,099
At end of the year	21,591	10,008
Liabilities at end of the year	303,265	149,686
Unallocated surplus:		
At beginning of the year	1,388	1,540
Add:		
Surplus for the year	152,802	86,790
Transfer to Special Fund	777	-
Less: Profit allocated to participants from normal surplus	(154,048)	(86,942)
	919	1,388
Surplus arising during the year	919	1,388
Increase in Qardhul Hasan	-	-
Unallocated surplus carried forward	919	1,388
Family takaful fund at end of the year:		
Liabilities	302,346	148,298
Unallocated surplus carried forward	919	1,388
	303,265	149,686

26. FAMILY RETAKAFUL FUND

There is no actuarial valuation of the Family retakaful fund made up to 31 March 2008 as there was no business underwritten at the end of the period. Surplus arising from the fund for the period from 1 August 2007 to 31 March 2008 relate to the profit earned on investment in Islamic investment accounts.

27. OPERATING REVENUE

2008	Shareholders' fund RM'000	General reinsurance business RM'000	Total RM'000
Group			
Gross premium	–	784,287	784,287
Al Wakalah fees:			
General takaful fund	28,852	–	28,852
Family takaful fund	94,883	–	94,883
General retakaful fund	1,591	–	1,591
Investment income (Note 28)	14,793	54,149	68,942
	<u>140,119</u>	<u>838,436</u>	<u>978,555</u>
Company			
Investment income (Note 28)	61,181	–	61,181
Management fees	1,785	–	1,785
	<u>62,966</u>	<u>–</u>	<u>62,966</u>
2007			
Group			
Gross premium	–	692,485	692,485
Al Wakalah fees:			
General takaful fund	18,136	–	18,136
Family takaful fund	56,832	–	56,832
Investment linked fund Al Wakalah fees	17	–	17
Investment income (Note 28)	14,558	52,099	66,657
	<u>89,543</u>	<u>744,584</u>	<u>834,127</u>
Company			
Investment income (Note 28)	152,256	–	152,256
Management fees	741	–	741
	<u>152,997</u>	<u>–</u>	<u>152,997</u>

28. INVESTMENT INCOME

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Shareholders' fund				
Gross dividends:				
Quoted shares in Malaysia	55	4,917	55	4,917
Reinsurance subsidiary	–	–	57,600	142,520
Investment income from Islamic investments	5,568	2,981	–	508
Interest income:				
Fixed and call deposits with licensed financial institutions	8,303	3,454	3,526	1,632
Other approved deposits	124	801	–	376
Unquoted corporate debt securities	–	1,548	–	1,548
Short term commercial papers	–	729	–	729
Net accretion of discounts	744	128	–	26
Investment expenses	(1)	–	–	–
	<u>14,793</u>	<u>14,558</u>	<u>61,181</u>	<u>152,256</u>
General reinsurance business				
Gross dividends:				
Quoted shares in Malaysia	9,726	8,699	–	–
Unquoted shares in Malaysia	123	143	–	–
Interest income:				
Malaysian Government Securities	5,101	5,863	–	–
Malaysian Government guaranteed bonds	922	760	–	–
Capital guaranteed investment	–	293	–	–
Fixed and call deposits with licensed financial institutions	6,385	6,295	–	–
Other approved deposits	334	805	–	–
Unquoted corporate debt securities	15,984	14,495	–	–
Institutional trust fund	2,624	2,179	–	–
Other investments	–	11	–	–
Profit from placement in Islamic Investment Accounts	1,032	–	–	–
Rental income	9,137	9,752	–	–
Net accretion of discounts	2,933	2,957	–	–
Investment expenses	(152)	(153)	–	–
	<u>54,149</u>	<u>52,099</u>	<u>–</u>	<u>–</u>

29. NET CLAIMS INCURRED

	<----- General reinsurance business ----->				
	Fire RM'000	Motor RM'000	Marine, Aviation & Transit RM'000	Misc. RM'000	Total RM'000
2008					
Group					
Gross claims paid	145,873	144,008	58,154	69,743	417,778
Reinsurance recoveries	(17,523)	(11,537)	(25,055)	(4,497)	(58,612)
Net claims paid (a)	128,350	132,471	33,099	65,246	359,166
Net outstanding claims:					
At end of year (b)	143,523	276,495	57,216	143,385	620,619
At beginning of year (c)	127,776	261,265	55,090	152,130	596,261
Net claims incurred (a+b-c)	144,097	147,701	35,225	56,501	383,524
2007					
Gross claims paid	99,767	149,498	32,777	68,354	350,396
Reinsurance recoveries	(7,645)	(15,330)	(14,423)	(6,535)	(43,933)
Net claims paid (a)	92,122	134,168	18,354	61,819	306,463
Net outstanding claims:					
At end of year (b)	127,776	261,265	55,090	152,130	596,261
At beginning of year (c)	109,198	262,576	47,887	159,563	579,224
Net claims incurred (a+b-c)	110,700	132,857	25,557	54,386	323,500

29. NET CLAIMS INCURRED (CONT'D)

Group – General takaful fund

	Fire RM'000	Motor RM'000	Marine, Aviation & Transit RM'000	Misc. RM'000	Total RM'000
2008					
Net claims paid (a)	394	27,492	9	2,028	29,923
Net outstanding claims:					
At end of year (b)	2,076	43,059	201	4,201	49,537
At beginning of year (c)	1,222	29,070	131	1,924	32,347
Net claims incurred (a+b-c)	<u>1,248</u>	<u>41,481</u>	<u>79</u>	<u>4,305</u>	<u>47,113</u>
2007					
Net claims paid (a)	1,099	20,672	53	713	22,537
Net outstanding claims:					
At end of year (b)	1,222	29,070	131	1,924	32,347
At beginning of year (c)	1,163	21,461	140	1,112	23,876
Net claims incurred (a+b-c)	<u>1,158</u>	<u>28,281</u>	<u>44</u>	<u>1,525</u>	<u>31,008</u>
Group - General retakaful fund					
- 1.08.2007 to 31.03.2008					
Net claims paid (a)	(2,352)	-	-	(845)	(3,197)
Net outstanding claims:					
At end of year (b)	4,267	33	28	718	5,046
At beginning of year (c)	-	-	-	-	-
Net claims incurred (a+b-c)	<u>1,915</u>	<u>33</u>	<u>28</u>	<u>(127)</u>	<u>1,849</u>

30. NET OTHER OPERATING INCOME/(EXPENSES)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Shareholders' fund				
Gain on disposal of investments	75,947	531	75,382	531
Provision for diminution in value of investments	(2,083)	(4,336)	(399)	-
Gain on disposal of property, plant and equipment	132	-	-	-
Sundry income	17	18	19	18
	<u>74,013</u>	<u>(3,787)</u>	<u>75,002</u>	<u>549</u>
General reinsurance business				
Gain on disposal of investments	19,459	14,739	-	-
Writeback of provision for diminution in value of investments	7,632	325	-	-
Gain on disposal of property, plant and equipment	12	22	-	-
Other interest income	753	684	-	-
Gain on fair value adjustments	-	1,233	-	-
Loss on foreign exchange	(4,318)	(1,961)	-	-
Sundry income	1,149	1,251	-	-
	<u>24,687</u>	<u>16,293</u>	<u>-</u>	<u>-</u>
Group				
	General takaful fund		Family takaful fund	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Gain on disposal of investments	114	-	24	-
Provision for diminution in value of investments	(1,291)	-	(2,402)	-
Bank charges	-	(212)	(490)	(213)
Participants medical fees	-	-	(335)	(321)
Stamp duty	-	-	(217)	(319)
Miscellaneous expenses	(560)	-	(395)	-
	<u>(1,737)</u>	<u>(212)</u>	<u>(3,815)</u>	<u>(853)</u>

31. MANAGEMENT AND COMMISSION EXPENSES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Shareholders' fund				
Staff costs:				
Salaries, bonus and other related costs	25,566	14,989	2,562	893
Directors' remuneration (Note 32)	2,520	1,891	830	830
Pension costs – EPF	3,071	2,447	399	130
Retirement benefits	18	26	18	26
Short term accumulating compensated absences	266	(38)	–	–
	31,441	19,315	3,809	1,879
Depreciation	1,976	1,687	–	–
Amortisation of intangible assets	732	483	–	–
Property, plant and equipment written off	131	103	–	–
Auditors' remuneration				
– statutory audit	118	51	5	5
– other services	13	11	–	3
Management fees paid	–	32	–	–
Share of acquisition costs on quota share reinsurance	8,572	–	–	–
Office rental	554	527	78	47
Other expenses	19,442	12,431	3,195	1,167
	62,979	34,640	7,087	3,101
Commission paid to agents	63,389	41,510	–	–
	126,368	76,150	7,087	3,101
Breakdown of shareholders' fund management expenses:				
Company	7,087	3,101	7,087	3,101
Subsidiaries	119,281	73,049	–	–
	126,368	76,150	7,087	3,101
General reinsurance business				
Staff costs:				
Salaries, bonus and other related costs	22,790	15,781	–	–
Directors' remuneration (Note 32)	5,055	3,796	–	–
Pension costs – EPF	4,169	2,579	–	–
Retirement benefits	2,179	1,968	–	–
Short term accumulating compensated absences	125	434	–	–
	34,318	24,558	–	–
Auditors' remuneration				
– statutory audit	100	100	–	–
– other services	11	8	–	–
Insurance levy	1,346	1,226	–	–
Depreciation	6,067	3,122	–	–
Amortisation of intangible assets	1,060	359	–	–
Amortisation of prepaid lease payments	95	95	–	–
Office rental	4,787	5,002	–	–
Other expenses	8,004	6,794	–	–
	55,788	41,264	–	–

32. DIRECTORS' REMUNERATION

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Shareholders' fund				
Non-executive directors:				
Fees	1,085	905	740	740
Allowances and other emoluments	163	140	90	90
	<u>1,248</u>	<u>1,045</u>	<u>830</u>	<u>830</u>
Executive directors:				
Salaries and bonus	1,058	687	-	-
Pension costs – EPF	179	118	-	-
Short term accumulating compensated absences	2	41	-	-
Retirement benefits	33	-	-	-
Benefits-in-kind	62	41	-	-
	<u>1,334</u>	<u>887</u>	<u>-</u>	<u>-</u>
Total directors' remuneration	<u>2,582</u>	<u>1,932</u>	<u>830</u>	<u>830</u>
Total directors' remuneration excluding benefits-in-kind	<u>2,520</u>	<u>1,891</u>	<u>830</u>	<u>830</u>
General reinsurance business				
Non-executive directors:				
Fees	666	-	-	-
	<u>666</u>	<u>-</u>	<u>-</u>	<u>-</u>
Executive director:				
Salaries and bonus	1,566	1,200	-	-
Pension costs – EPF	313	240	-	-
Retirement benefits	100	404	-	-
Benefits-in-kind	55	38	-	-
	<u>2,034</u>	<u>1,882</u>	<u>-</u>	<u>-</u>
Directors of the other subsidiaries: *				
Salaries and bonus	1,883	1,442	-	-
Pension costs – EPF	309	249	-	-
Retirement benefits	-	-	-	-
Benefits-in-kind	24	31	-	-
Allowances	218	261	-	-
	<u>2,434</u>	<u>1,983</u>	<u>-</u>	<u>-</u>
Total directors' remuneration	<u>5,134</u>	<u>3,865</u>	<u>-</u>	<u>-</u>
Total directors' remuneration excluding benefits-in-kind	<u>5,055</u>	<u>3,796</u>	<u>-</u>	<u>-</u>

* The directors of the other subsidiaries refers to management personnel, who are currently employed by the reinsurance subsidiary.

33. TAXATION

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Income tax:				
Malaysian income tax	26,883	39,717	14,069	40,671
(Over)/under provision in prior year	(1,307)	(22,275)	426	(21,538)
	<u>25,576</u>	<u>17,442</u>	<u>14,495</u>	<u>19,133</u>
Deferred tax:				
Relating to origination and reversal of temporary differences (Note 7)	(2,078)	(2,287)	-	-
	<u>23,498</u>	<u>15,155</u>	<u>14,495</u>	<u>19,133</u>

Domestic income tax for general business and shareholders' fund is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 25% from the current year's rate of 26%, effective year of assessment 2009. The computation of deferred tax as at 31 March 2008 has reflected these changes.

A reconciliation of income tax expenses applicable to profit before zakat and tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Profit before zakat and tax	<u>193,955</u>	<u>144,644</u>	<u>127,970</u>	<u>150,445</u>
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	50,428	39,054	33,272	40,620
Effects of different tax rate in respect of offshore insurance	(761)	(64)	-	-
Income not subject to tax	(23,166)	(525)	(19,599)	-
Expenses not deductible for tax purposes	1,966	398	396	51
Effect of changes in tax rates on opening balance of deferred tax assets	48	-	-	-
Transfer of deferred tax	(1,200)	(1,000)	-	-
Utilisation of previously unrecognised deferred tax assets	(2,080)	(549)	-	-
Utilisation of current year losses of the general takaful fund	(430)	-	-	-
(Over)/under provision of tax expense in prior years	(1,307)	(22,275)	426	(21,538)
Underprovision of deferred tax expense in prior years	-	116	-	-
Tax expense for the year	<u>23,498</u>	<u>15,155</u>	<u>14,495</u>	<u>19,133</u>

As at 31 March 2008, the Company has tax exempt profits amounting to approximately RM60,196,000 (2007: RM59,000,000) which are available for distribution as tax exempt dividends.

33. TAXATION (CONT'D)

Group	General Takaful fund		Family Takaful fund	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Income tax:				
Malaysian income tax	-	-	-	-
Over provision in prior years	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,724)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	(1,724)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Domestic income tax of the general takaful fund is calculated at the Malaysian statutory tax rate of 26% (2007: 27%), except for family takaful business which is taxed at the preferential tax rate of 8% of taxable investment income for the year.

A reconciliation of income tax expense applicable to (deficit)/surplus before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the funds are as follows:

	General Takaful fund		Family Takaful fund	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
(Deficit)/surplus before taxation	(6,023)	3,404	154,679	88,234
	<hr/>	<hr/>	<hr/>	<hr/>
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	(1,566)	919	12,374	7,059
Income not subject to tax	(336)	-	(12,130)	(6,839)
Expenses not deductible for tax purposes	207	86	360	60
Effect of changes in tax rates on opening balance of deferred tax assets	18	-	-	-
Utilisation of tax losses from general takaful fund	430	-	-	-
Utilisation of previously unrecognised deferred tax assets	-	(1,005)	(604)	(280)
Over provision of deferred tax expense in prior years	(477)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Tax expense for the year	(1,724)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Deferred tax asset was not recognised in respect of the unutilised business losses of the General takaful fund of approximately RM18,088,000 in the previous financial year as the tax laws relating to takaful operators carrying on the Wakalah business model had not been formulated then.

33. TAXATION (CONT'D)

Group	1.08.2007 to 31.03.2008	
	General retakaful fund RM'000	Family retakaful fund RM'000
Income tax:		
Malaysian income tax	-	2
Over provision in prior years	-	-
	<hr/>	<hr/>
	-	2
	<hr/>	<hr/>

Domestic income tax of the general retakaful fund is calculated at the Malaysian statutory tax rate of 26% (2007: 27%), except for family retakaful business which is taxed at the preferential tax rate of 8% of taxable investment income for the year.

A reconciliation of income tax expense applicable to (deficit)/surplus before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the funds are as follows:

	1.08.2007 to 31.03.2008	
	General retakaful fund RM'000	Family retakaful fund RM'000
Surplus before taxation	155	27
	<hr/>	<hr/>
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	40	2
Income not subject to tax	(8)	-
Expenses not deductible for tax purposes	(32)	-
	<hr/>	<hr/>
Tax expense for the year	-	2
	<hr/>	<hr/>

Deferred tax asset has not been recognised in respect of the accelerated capital allowance and reserve of unexpired risk of the General retakaful fund of approximately RM56,000 as at the end of the current financial year.

34. DIVIDENDS

Group and Company	Amount		Net dividend per share	
	2008 RM'000	2007 RM'000	2008 Sen	2007 Sen
Dividend recognised as distribution to ordinary equity holders of the Company:				
Dividend paid in respect of the financial year ended 31 March 2006:				
Final dividend of 20% less 28% tax	–	30,375	–	14.4
Dividend paid in respect of the financial year ended 31 March 2007:				
First interim dividend of 15% tax exempt	–	31,730	–	15.0
Second interim dividend of 5% less 27% tax	–	7,733	–	3.7
Final dividend of 26% less 27% tax	40,301	–	19.0	–
Dividend paid in respect of the financial year ended 31 March 2008:				
First interim dividend of 20% less 27% tax	31,012	–	14.6	–
Second interim dividend of 5% less 26% tax	7,863	–	3.7	–
	<u>79,176</u>	<u>69,838</u>	<u>37.3</u>	<u>33.1</u>

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 31 March 2008 of 15% less 25% tax based on the issued and paid-up share capital of 212,523,000 ordinary shares at the date of this report, amounting to a total dividend of RM23,909,000 (11.25 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' equity as an appropriation of retained profits in the next financial year ending 31 March 2009.

35. SEGMENT INFORMATION ON CASH FLOW

	General reinsurance business RM'000	Shareholders' fund RM'000	Total RM'000
2008			
Group			
Net cash flow generated from/(used in):			
Operating activities	3,863	(62,937)	(59,074)
Investing activities	(3,141)	(4,430)	(7,571)
Financing activities	-	72,710	72,710
	<u>722</u>	<u>5,343</u>	<u>6,065</u>
Net increase in cash and bank balances:			
At beginning of year	825	12,186	13,011
At end of year	1,547	17,529	19,076
	<u>722</u>	<u>5,343</u>	<u>6,065</u>
Company			
Net cash flow generated from/(used in):			
Operating activities	-	52,308	52,308
Investing activities	-	(175,000)	(175,000)
Financing activities	-	122,710	122,710
	<u>-</u>	<u>18</u>	<u>18</u>
Net increase in cash and bank balances:			
At beginning of year	-	4	4
At end of year	-	22	22
	<u>-</u>	<u>18</u>	<u>18</u>
2007			
Group			
Net cash flow generated from/(used in):			
Operating activities	5,202	76,463	81,665
Investing activities	(5,582)	(6,518)	(12,100)
Financing activities	-	(61,370)	(61,370)
	<u>(380)</u>	<u>8,575</u>	<u>8,195</u>
Net increase/(decrease) in cash and bank balances			
At beginning of year	1,205	3,611	4,816
At end of year	825	12,186	13,011
	<u>(380)</u>	<u>8,575</u>	<u>8,195</u>

35. SEGMENT INFORMATION ON CASH FLOW (CONT'D)

2007 (cont'd)	General reinsurance business RM'000	Shareholders' fund RM'000	Total RM'000
Company			
Net cash flow generated from/(used in):			
Operating activities	-	163,321	163,321
Investing activities	-	(101,957)	(101,957)
Financing activities	-	(61,370)	(61,370)
	-	(6)	(6)
Net decrease in cash and bank balances:			
At beginning of year	-	10	10
At end of year	-	4	4
	-	(6)	(6)

36. EARNINGS PER SHARE

Basic earnings per share (Basic EPS)

The basic EPS is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the year.

	Group		Company	
	2008	2007	2008	2007
Net profit for the year (RM'000)	170,441	129,479	113,475	131,312
Weighted average number of ordinary shares in issue ('000)	212,276	210,729	212,276	210,729
Basic EPS (sen)	80.3	61.4	53.5	62.3

Fully diluted earnings per share (Diluted EPS)

In a diluted EPS calculation, the share options are assumed to have been exercised into ordinary shares. A calculation is done to determine the number of shares that could have been acquired at market price (determined as the average annual share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. This calculation serves to determine the "unpurchased" shares to be added to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to net profit for the year.

36. EARNINGS PER SHARE (CONT'D)

For computation of the diluted EPS in this financial year, the weighted average number of ordinary shares in issue was adjusted to assume conversion of the Company's ESOS, as follows:

	Group		Company	
	2008	2007	2008	2007
Net profit for the year (RM'000)	170,441	129,479	113,475	131,312
Weighted average number of ordinary shares in issue ('000)	212,276	210,729	212,276	210,729
Assumed exercise of share options ('000)	420	539	420	539
Weighted average number of ordinary shares for diluted earnings per share ('000)	212,696	211,268	212,696	211,268
Diluted EPS (sen)	80.1	61.3	53.4	62.2

37. OPERATING LEASE ARRANGEMENTS

(a) The Group as lessee

The Group has entered into non-cancellable operating lease agreement for the use of office premise. This lease is for the period of 5 years and subject to review every 2 years. There are no restrictions placed upon the Group by entering into this lease.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities, are as follows:

	Group	
	2008 RM'000	2007 RM'000
Future minimum rental payments:		
Not later than 1 year	205	-
Later than 1 year and not later than 5 years	659	-
	864	-

37. OPERATING LEASE ARRANGEMENTS (CONT'D)

(b) The Group as lessor

The Group has entered into non-cancellable operating lease agreements on its investment property portfolio. These leases have remaining non-cancellable lease terms of between 5 and 10 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions and certain contracts include contingent rental arrangements computed based on sales achieved by tenants.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as receivables, are as follows:

	Group	
	2008 RM'000	2007 RM'000
Future minimum rental receipts:		
Not later than 1 year	8,420	11,411
Later than 1 year and not later than 5 years	3,825	8,419
	12,245	19,830

Investment property rental income, including contingent rent, recognised in the income statement and/or general reinsurance revenue account during the financial year is disclosed in Note 28.

38. COMMITMENTS AND CONTINGENCIES

The commitments and contingencies of the Group and of the Company as at the financial year-end are as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Commitments:				
Authorised and contracted for:				
– software development costs	928	8,073	–	–
– subscription of additional preference shares in Inflexion PEF (Note 10)				
– Due within 1 year	–	2,631	–	–
– Due after 1 year	6,630	4,464	6,630	–
	7,558	15,168	6,630	–
Payable within 12 months	928	9,776	–	–
Payable after 12 months	6,630	5,392	6,630	–
	7,558	15,168	6,630	–
Contingencies:				
Contingent liabilities arising from interest in associate:				
Share of contingent liabilities in relation to the letter of credit issued by a bank on behalf of the associate (Secured on fixed deposits)	30,388	21,151	–	–

39. RELATED PARTY DISCLOSURE

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

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel include all the Directors of the Group and the Company, and certain members of senior management of the Group and the Company.

(a) The significant transactions with related parties are as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Transactions with subsidiaries:				
Management fees received	-	-	1,785	741
Net dividend received	-	-	42,624	103,008
Rental paid	-	-	(78)	(47)
Profit on IMTN payable	-	-	(728)	-
Transactions with takaful funds of a subsidiary:				
Takaful contributions paid	(872)	(457)	(32)	(12)
Net reinsurance inwards	1,613	-	-	-
Transactions with retakaful funds of a subsidiary:				
Net reinsurance inwards	272	-	-	-
Net reinsurance outwards	(4,506)	-	-	-
Transactions with an associate, Labuan Reinsurance (L) Ltd.:				
Net reinsurance inwards	1,552	-	-	-
Net reinsurance outwards	(1,624)	(1,358)	-	-
Net retakaful outwards	-	(30)	-	-
Net dividend received	9,466	7,691	-	-
Rental received	710	683	-	-
Transactions with an associate, Motordata Research Consortium Sdn. Bhd.:				
Net dividend received	-	230	-	230

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

Outstanding balances arising from the transactions above as at 31 March have been disclosed in Notes 12 and 16 of the financial statements as well as in the face of balance sheet.

39. RELATED PARTY DISCLOSURE (CONT'D)

(b) The key management personnel compensations are as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Shareholders' fund:				
Directors' Fees	1,085	905	740	740
Directors' Allowances	163	140	90	90
Directors' Remuneration:				
Salary and bonus	1,058	687	-	-
Pension costs – EPF	179	118	-	-
Short term accumulating compensated absences	2	41	-	-
Retirement benefits	33	-	-	-
Benefits-in-kind	62	41	-	-
Other Key Management Personnel's Remuneration:				
Salary and bonus	2,881	1,611	636	-
Pension costs – EPF	421	239	95	-
Benefits-in-kind	168	134	-	-
Allowances	231	27	-	-
	<u>6,283</u>	<u>3,943</u>	<u>1,561</u>	<u>830</u>
General reinsurance business:				
Directors' Fees	666	-	-	-
Directors' Remuneration:				
Salary and bonus	1,566	1,200	-	-
Pension costs – EPF	313	240	-	-
Retirement benefits	100	404	-	-
Benefits-in-kind	55	38	-	-
Other Key Management Personnel's Remuneration:				
Salary and bonus	3,909	4,896	-	-
Pension costs – EPF	668	822	-	-
Retirement benefits	2	2	-	-
Benefits-in-kind	52	82	-	-
Allowances	651	741	-	-
	<u>7,982</u>	<u>8,425</u>	<u>-</u>	<u>-</u>

40. SIGNIFICANT AND SUBSEQUENT EVENTS

(a) Subscription of additional shares in Takaful Ikhlas Sdn. Bhd.

During the year, the Company subscribed for an additional 75,000,000 new ordinary shares in its wholly-owned subsidiary, Takaful Ikhlas Sdn. Bhd. as follows:

- (i) 15,000,000 new ordinary shares of RM1.00 each for cash of RM15,000,000 on 26 June 2007; and
- (ii) 60,000,000 new ordinary shares RM1.00 each for cash of RM60,000,000 on 12 December 2007.

(b) Subscription of additional shares in Malaysian Re (Dubai) Ltd.

During the year, Malaysian Reinsurance Berhad subscribed for an additional 210,000 new ordinary shares in its wholly-owned subsidiary, Malaysian Re (Dubai) Ltd. as follows:

- (i) 50,000 new ordinary shares of USD1.00 each for cash of USD50,000 on 20 August 2007;
- (ii) 90,000 new ordinary shares of USD1.00 each for cash of USD90,000 on 31 December 2007; and
- (iii) 70,000 new ordinary shares of USD1.00 each for cash of USD70,000 on 30 March 2008.

(c) Incorporation and subscription of additional shares in MNRB Retakaful Berhad

MNRB Retakaful Berhad (MNRB Retakaful) was registered by BNM to operate general and family retakaful business on 1 August 2007.

Accordingly, on 6 August 2007, the Company subscribed for an additional 99,999,998 new ordinary shares of RM1.00 each in MNRB Retakaful at an issue price of RM1.00 per share, for cash. This was to enable MNRB Retakaful to meet the minimum statutory capital requirement of RM100.0 million stipulated under the Takaful Act, 1984.

(d) Proposed investment of 9.99% equity interest in British Islamic Insurance Holdings Limited

On 9 April 2008, MNRB entered into a Subscription Agreement with British Islamic Insurance Holdings Limited (BIIH), a company incorporated under the law of England and Wales, to subscribe for up to 71,676,000 new "A" shares representing 9.99% of the Issued Share Capital of BIIH for a total cash consideration of up to £8,959,500 (equivalent to approximately RM57.8 million).

This subscription is pursuant to a Private Placement exercise undertaken by BIIH in which a total of up to 480,000,000 new 'A' Shares would be issued at £0.125 per share.

On 23 April 2008, Financial Services Authority (FSA), United Kingdom has given its authorisation to the wholly-owned subsidiaries of BIIH, namely Principal Insurance Co. Ltd. and Principal Marketing Services Ltd. to commence business.

41. SEGMENT INFORMATION

Group	Investment Holding RM'000	Reinsurance Business RM'000	Takaful Operator RM'000	Retakaful Operator RM'000	Elimination RM'000	Consolidated RM'000
2008						
Revenue						
External	3,581	843,915	127,407	3,652	–	978,555
Inter-segment	59,385	13,265	–	–	(72,650)	–
	62,966	857,180	127,407	3,652	(72,650)	978,555
Results						
Segment results	1,785	73,377	125,611	1,591	(3,287)	199,077
Management and commission expenses	(7,087)	(58,824)	(118,092)	(1,779)	3,624	(182,158)
Investment income	61,181	71,389	3,673	2,061	(69,360)	68,944
Net other operating income/(expenses)	75,002	24,206	(987)	–	–	98,221
Finance cost	(2,911)	–	–	–	728	(2,183)
Profit from operations	127,970	110,148	10,205	1,873	(68,295)	181,901
Share of results of associates	336	11,718	–	–	–	12,054
Profit before zakat and tax	128,306	121,866	10,205	1,873	(68,295)	193,955
Zakat	–	–	(7)	(9)	–	(16)
Taxation	(14,495)	(25,140)	1,161	–	14,976	(23,498)
Net profit for the year	113,811	96,726	11,359	1,864	(53,319)	170,441
Assets						
Segment Assets						
Investments	173,429	1,186,093	125,551	79,076	(50,000)	1,514,149
Other assets	757,770	345,629	544,062	55,673	(757,812)	945,322
Investment in associates	2,108	114,668	–	–	–	116,776
	933,307	1,646,390	669,613	134,749	(807,812)	2,576,247

41. SEGMENT INFORMATION (CONT'D)

Group	Investment Holding RM'000	Reinsurance Business RM'000	Takaful Operator RM'000	Retakaful Operator RM'000	Elimination RM'000	Consolidated RM'000
2008						
Liabilities						
Segment Liabilities						
Borrowings	200,000	–	–	–	(50,000)	150,000
Provision for outstanding claims	–	620,618	60,066	5,045	–	685,729
Unearned premium reserves	–	280,047	55,831	5,452	–	341,330
Other liabilities	5,342	82,459	15,991	17,180	(776)	120,196
	<u>205,342</u>	<u>983,124</u>	<u>131,888</u>	<u>27,677</u>	<u>(50,776)</u>	<u>1,297,255</u>
Equities						
Segment Equities						
General reinsurance and shareholders' fund	727,965	663,266	158,026	101,698	(757,036)	893,919
Takaful fund	–	–	379,699	–	–	379,699
Retakaful fund	–	–	–	5,374	–	5,374
	<u>727,965</u>	<u>663,266</u>	<u>537,725</u>	<u>107,072</u>	<u>(757,036)</u>	<u>1,278,992</u>
	<u>933,307</u>	<u>1,646,390</u>	<u>669,613</u>	<u>134,749</u>	<u>(807,812)</u>	<u>2,576,247</u>
Other Information						
Capital expenditure	–	4,457	3,365	330	–	8,152
Depreciation	–	4,978	1,765	162	1,137	8,042
Amortisation of intangible assets	–	1,069	722	2	–	1,793
Amortisation of prepaid lease payments	–	–	–	–	95	95
Net amortisation of premiums/(accretion of discounts) in value of investments	–	(2,933)	(967)	(144)	–	(4,044)
Non-cash expenses other than depreciation and amortisation	–	–	–	–	–	–

41. SEGMENT INFORMATION (CONT'D)

Group	Investment Holding RM'000	Reinsurance Business RM'000	Takaful Operator RM'000	Retakaful Operator RM'000	Elimination RM'000	Consolidated RM'000
2007						
Revenue						
External	9,736	746,887	77,504	-	-	834,127
Inter-segment	143,261	6,885	-	-	(150,146)	-
	152,997	753,772	77,504	-	(150,146)	834,127
Results						
Segment results	741	95,732	77,655	-	(754)	173,374
Management and commission expenses	(3,102)	(41,462)	(74,346)	(166)	2,127	(116,949)
Investment income	152,256	61,275	2,519	-	(149,392)	66,658
Net other operating income/(expenses)	549	16,141	(4,337)	-	-	12,353
Finance cost	-	-	-	-	-	-
Profit from operations	150,444	131,686	1,491	(166)	(148,019)	135,436
Share of results of associates	45	9,163	-	-	-	9,208
Profit before zakat and tax	150,489	140,849	1,491	(166)	(148,019)	144,644
Zakat	-	-	(10)	-	-	(10)
Taxation	(19,133)	(34,858)	(446)	-	39,282	(15,155)
Net profit for the year	131,356	105,991	1,035	(166)	(108,737)	129,479
Assets						
Segment Assets						
Investments	102,571	1,106,664	53,703	-	-	1,262,938
Other assets	589,074	286,806	290,586	-	(588,235)	578,231
Investment in associates	1,771	120,096	-	-	-	121,867
	693,416	1,513,566	344,289	-	(588,235)	1,963,036

41. SEGMENT INFORMATION (CONT'D)

Group	Investment Holding RM'000	Reinsurance Business RM'000	Takaful Operator RM'000	Retakaful Operator RM'000	Elimination RM'000	Consolidated RM'000
2007						
Liabilities						
Segment Liabilities						
Borrowings	-	-	-	-	-	-
Provision for outstanding claims	-	596,261	38,116	-	-	634,377
Unearned premium reserves	-	241,218	32,294	-	-	273,512
Other liabilities	1,973	50,448	12,538	165	(8,129)	56,995
	<u>1,973</u>	<u>887,927</u>	<u>82,948</u>	<u>165</u>	<u>(8,129)</u>	<u>964,884</u>
Equities						
Segment Equities						
General reinsurance and shareholders' fund	691,443	625,639	71,666	(165)	(580,106)	808,477
Takaful fund	-	-	189,675	-	-	189,675
Retakaful fund	-	-	-	-	-	-
	<u>691,443</u>	<u>625,639</u>	<u>261,341</u>	<u>(165)</u>	<u>(580,106)</u>	<u>998,152</u>
	<u>693,416</u>	<u>1,513,566</u>	<u>344,289</u>	<u>-</u>	<u>(588,235)</u>	<u>1,963,036</u>
Other Information						
Capital expenditure	-	5,604	4,561	-	-	10,165
Depreciation	-	2,681	1,687	-	441	4,809
Amortisation of intangible assets	-	360	483	-	-	843
Amortisation of prepaid lease payments	-	-	-	-	94	94
Net amortisation of premiums/(accretion of discounts) in value of investments	27	4,099	(1,279)	-	-	2,820
Non-cash expenses other than depreciation and amortisation	-	(313)	4,544	-	-	4,231

42. FINANCIAL INSTRUMENTS

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the Group's business activities whilst managing the Group's exposure to risks in the normal course of business. In this respect, the Group is exposed to underwriting risk and treasury risks such as interest/profit rate, liquidity, market and credit risks. The Group operates within guidelines that are approved by the Board of Directors and the Group's policy is not to engage in speculative transactions.

(a) Underwriting Risk

Underwriting risk includes the risk of incurring claims costs that are higher than expected, owing to the random nature of claims, their frequency, severity and risk of exposure to changes in legal and economic conditions. The Group seeks to minimize underwriting risks by having a balanced mix and spread of business and by observing underwriting guidelines and limits, having conservative estimations made for claims provisions, and applying prudent standards in terms of the assessment of security of its key reinsurers.

In this respect, the Group complies with the guidelines imposed by BNM in managing and mitigating the overall underwriting risks.

42. FINANCIAL INSTRUMENTS (CONT'D)

(b) Credit Risk

Credit risk represents the loss that must be recognized, should counterparties to reinsurance and investment transactions fail to perform as contracted. In this respect, the Group's credit policy on the various aspect of risk exposures are as follows:

(i) Underwriting

The Group mitigates the credit risk on underwriting by the careful selection and evaluation of cedants, reinsurers and intermediaries who possess good security ratings as well as good payment records. Additionally, the Group further limits its exposure by imposing a limit on each counterparty. The credit risk of each cedant, reinsurer and intermediary is then monitored on an ongoing basis.

(ii) Investment

The Group has a credit policy in place and credit risk exposures are monitored on an ongoing basis. It also includes the careful selection and evaluation of issuers of financial instruments and financial institutions.

The Group does not have any significant concentrations of credit risk that may arise from exposures to a single counterparty or financial instrument. The maximum exposures to credit risks for the Group are represented by the carrying value of its financial assets.

The Group invests mainly in low risks assets such as government securities and treasury bills, fixed and call deposits with licensed financial institutions, corporate debt securities and marketable securities. In this respect, the Group mitigates its credit risk of its debt securities portfolio by investing mainly in corporate debt securities with good ratings obtained from reputable rating agencies. The credit ratings of the Group's corporate debt securities portfolio based on their market values are as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Rating of corporate debt securities on market value basis:				
A	45,001	44,903	-	-
AA	218,377	114,156	-	-
AAA/P1	140,432	178,351	-	-
Not rated, secured*	8,146	8,576	-	-
	<u>411,956</u>	<u>345,986</u>	<u>-</u>	<u>-</u>

* The investment relates to private debt securities of a State Government Corporation ("Corp.") held by Malaysian Re. The original investment was at RM10 million of the Corp's 2% Unsecured Bonds (rated AA3) which had defaulted in 2001. The Corp. was subsequently was placed under the Corporate Debt Restructuring Committee ("CDRC") of BNM pursuant to the company's restructuring exercise undertaken in 2002. Following the restructuring scheme, the outstanding Corp's private debts securities were restructured and Malaysian Re's holdings in the said private debt securities have been restructured to various bonds which are partly guaranteed by the State Government and partly secured by assets.

42. FINANCIAL INSTRUMENTS (CONT'D)

(c) Interest/Profit Rate Risk

The Group's earnings are affected by fluctuations in market interest/profit rates due to the impact such changes have on the interest/profit income from fixed and call deposits with licensed financial institutions as well as other interest-bearing/profit-bearing investments. Towards this end, strict investment guidelines are used to monitor the Group's risks thereof. The Group's policy includes the assessment of the differences in maturities of assets and liabilities and the consequent reinvestment of interest-bearing/profit-bearing assets to meet medium to long term working capital requirements. As a result, the maintenance of a prudent mix of short and longer term interest-bearing/profit-bearing assets as well as continuous reviews of the portfolio mix are key factors in ensuring that returns generated from these assets are commensurate with the risk profiles of the instruments involved.

(d) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions that are denominated in a currency other than Ringgit Malaysia.

In this regard, exposures to foreign currency risks are monitored on an ongoing basis and sufficient relevant foreign assets are maintained as an effective hedge against foreign liabilities for the foreign business portfolio.

(e) Liquidity Risk

A significant portion of investible funds of the Group are placed in fixed and call deposits with licensed financial institutions as well as other cash convertible money market instruments. The Group continuously endeavours to manage the maturity profiles of these instruments in order to ensure that sufficient funds are available at all times, to meet day to day working capital requirements.

(f) Market Risk

The Group's investments in quoted securities and unit trust funds are subject to fluctuations in market prices. The Group occasionally engages in derivative financial instruments purely for hedging purposes, as and when the need arises.

The quoted securities portfolio of the Group consist of shares, warrants, TSRs and bonds issued by fundamentally sound corporations, and which have proven dividend payment track record. The Group has clear investment guidelines and trade authority limits to ensure that the funds invested are not exposed to significant risks.

(g) Fair Values

Generally, the fair values of the financial assets and financial liabilities of the Group and of the Company approximate their fair values owing to their relative short term maturities, except for the following:

- (i) Investments in Malaysian Government Securities, Cagamas Bonds, unquoted corporate debt securities, short term commercial papers and institutional trust funds.

The market value of the above instruments are indicative of their fair values as at the balance sheet date and are determined as follows:

- Malaysian Government Securities and Cagamas Bonds – determined by reference to indicative market price as provided by BNM.
- Unquoted corporate debt securities and short term commercial papers – determined by reference to indicative market bid prices as provided by brokers.
- Institutional trust funds – determined by reference to the Net Assets Value of the funds as at the balance sheet date.

Information relating to market values of the instruments mentioned above is disclosed in Note 10 to the financial statements.

42. FINANCIAL INSTRUMENTS (CONT'D)

(g) Fair Values (cont'd)

- (ii) Investments in subsidiaries, associates and unquoted shares.

It is not practical to estimate the fair values of the above investments because of the lack of quoted market prices and the inability to estimate fair values without incurring excessive costs.

Information relating to the above investments are disclosed in Notes 8, 9 and 10 to the financial statements, respectively.

Financial assets and liabilities as at the balance sheet date that relate to rights and obligations arising from insurance contracts are not considered as they do not fall within the scope of Financial Reporting Standards No. 132 (FRS 132) on Financial Instruments: Disclosure and Presentation.

43. COMPARATIVES

No comparatives have been provided in respect of the General and Family retakaful funds' revenue accounts, balance sheets and related notes thereon of the retakaful subsidiary, as the funds were established beginning from 1 August 2007, upon the retakaful subsidiary being registered as a retakaful operator by BNM.

analysis of shareholdings

as at 30 June 2008

SHARE CAPITAL

Authorised capital	:	500,000,000 ordinary shares
Issued and fully paid-up	:	212,624,500 ordinary shares of RM1.00 each
No. of shareholders	:	4,134
Class of shares	:	RM1.00 ordinary shares
Voting right	:	1 vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS as at 30 June 2008

Size of Shareholdings	No. of Holders Shareholders	Percentage of Shareholders (%)	No. of Shares	Percentage of Share Capital (%)
less than 100	30	0.72	513	0.00
100 to 1,000	1,918	46.40	1,819,093	0.85
1,001 to 10,000	1,673	40.47	6,869,100	3.23
10,001 to 100,000	423	10.23	12,761,100	6.00
100,001 to less than 5% of issued shares	88	2.13	61,949,594	29.14
5% and above of issued shares	2	0.05	129,225,100	60.78
TOTAL	4,134	100.00	212,624,500	100.00

LIST OF SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE) as at 30 June 2008

Names	Shareholdings	(%)
1. PERMODALAN NASIONAL BERHAD	99,906,300	46.99
2. AMANAH RAYA NOMINEES (TEMPATAN) SDN. BHD. < SKIM AMANAH SAHAM BUMIPUTERA >	29,318,800	13.79

LIST OF THIRTY (30) LARGEST SHAREHOLDERS as at 30 June 2008

Nos.	Names	Shareholdings	Percentage (%)
1.	PERMODALAN NASIONAL BERHAD	99,906,300	46.99
2.	AMANAH RAYA NOMINEES (TEMPATAN) SDN. BHD. < SKIM AMANAH SAHAM BUMIPUTERA >	29,318,800	13.79
3.	AMANAH RAYA NOMINEES (TEMPATAN) SDN. BHD. < AMANAH SAHAM WAWASAN 2020 >	9,938,900	4.67
4.	AMANAH RAYA NOMINEES (TEMPATAN) SDN. BHD. < AMANAH SAHAM MALAYSIA >	7,550,500	3.55
5.	MCIS ZURICH INSURANCE BERHAD	4,545,949	2.14
6.	MAYBAN NOMINEES (TEMPATAN) SDN. BHD. < MAYBAN GENERAL ASSURANCE BERHAD (INSURANCE FUND) >	3,627,151	1.71

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

Nos.	Names	Shareholdings	Percentage (%)
7.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. < PHEIM ASSET MANAGEMENT SDN. BHD. FOR EMPLOYEES PROVIDENT FUND >	2,572,300	1.21
8.	MALAYSIAN ASSURANCE ALLIANCE BERHAD	2,367,600	1.11
9.	JOHAN ENTERPRISE SDN. BHD.	2,230,000	1.05
10.	EMPLOYEES PROVIDENT FUND BOARD	2,041,550	0.96
11.	HONG LEONG ASSURANCE BERHAD < AS BENEFICIAL OWNER (GENERAL NPAR) >	1,942,149	0.91
12.	MALAYSIAN ASSURANCE ALLIANCE BERHAD	1,761,500	0.83
13.	JERNEH INSURANCE BHD.	1,350,177	0.64
14.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD < AMB UNIT TRUST FUND >	1,321,700	0.62
15.	AMANAH RAYA NOMINEES (TEMPATAN) SDN. BHD. < SEKIM AMANAH SAHAM NASIONAL >	1,249,600	0.59
16.	CITIGROUP NOMINEES (ASING) SDN. BHD. < CBNY FOR DFA EMERGING MARKETS FUND >	1,150,800	0.54
17.	MAYBAN NOMINEES (TEMPATAN) SDN. BHD. < ETIQA INSURANCE BERHAD (GENERAL FUND) >	1,000,000	0.47
18.	AMANAH RAYA NOMINEES (TEMPATAN) SDN. BHD. < AMANAH SAHAM NASIONAL 2 >	752,500	0.35
19.	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. < PETRONAS FOR PETROLIAM RESEARCH FUND >	664,700	0.31
20.	SBB NOMINEES (TEMPATAN) SDN. BHD. < PERTUBUHAN KESELAMATAN SOSIAL >	617,200	0.29
21.	ORIENTAL CAPITAL ASSURANCE BERHAD	609,453	0.29
22.	MAYBAN NOMINEES (TEMPATAN) SDN. BHD. < ETIQA INSURANCE BERHAD (SHAREHLDR'S FD) >	550,094	0.26
23.	HONG LEONG ASSURANCE BERHAD < AS BENEFICIAL OWNER (LIFE PAR) >	550,000	0.26
24.	JERNEH INSURANCE BHD.	503,900	0.24
25.	HLG NOMINEE (TEMPATAN) SDN. BHD. < HONG LEONG FUND MANAGEMENT SDN. BHD. FOR HONG LEONG ASSURANCE BHD. (LIFE) >	500,000	0.24
26.	QUARRY LANE SDN. BHD.	500,000	0.24
27.	HLG NOMINEE (TEMPATAN) SDN. BHD. < HONG LEONG FUND MANAGEMENT SDN. BHD. FOR HONG LEONG FOUNDATION >	500,000	0.24
28.	CITIGROUP NOMINEES (ASING) SDN. BHD. < CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES >	497,100	0.23
29.	CARTABAN NOMINEES (ASING) SDN .BHD. < SSBT FUND ZVY5 FOR ACTIVE SMALL CAP EMERGING MARKETS SECURITIES LENDING COMMON TRUST FUND >	393,000	0.18
30.	YEO KHEE HUAT	390,000	0.18
	TOTAL	180,902,923	85.09

INFORMATION ON DIRECTORS' SHAREHOLDINGS
as at 30 June 2008

Nos.	Names of Directors	Shareholdings	(%)
1.	SHARKAWI ALIAS	0	0.00
2.	ANUAR MOHD HASSAN	200,000	0.09
3.	RAVEENDEREN PADMANATHAN	10,000	0.00
4.	DATO' SYED ARIFF FADZILLAH SYED AWALLUDDIN	0	0.00
5.	YUSOFF YAACOB	0	0.00
6.	DATUK MOHD KHALIL DATO' MOHD NOOR	5,000	0.00
7.	MEGAT DZIAUDDIN MEGAT MAHMUD	0	0.00
8.	PAISOL AHMAD	0	0.00

CATGORY OF SHAREHOLDERS
as at 30 June 2008

Type of Ownership	Shareholders	(%)	Shareholdings	(%)
Government Agencies	1	0.02	10	0.00
Individual	3,602	87.13	21,095,996	9.92
Companies	132	3.20	124,524,621	58.57
Nominees Company	399	9.65	67,003,873	31.51
GRAND TOTAL	4,134	100.00	212,624,500	100.00

material contracts

There were no material contracts between the Company and its directors or substantial shareholders that are still subsisting at the end of the financial year or entered into since the end of the previous financial year.

list of properties

Address	Date of Acquisition	Description of Properties	Tenure/ Existing Use/ Age of Buildings	Land Area (sq. ft.)/ Built-up Area (sq. ft.)	Net Book Value as at 31/3/2008 (RM)
INVESTMENT PROPERTIES					
No. 15, Jalan Sri Hartamas Taman Sri Hartamas 50480 Kuala Lumpur	14 July 1984	1 unit of 4 storey shophouse	Freehold/ rented out/ 22 years	1,600/ 6,400	1,900,000
No 17, Jalan Sri Hartamas Taman Sri Hartamas 50480 Kuala Lumpur	14 July 1984	1 unit of 4 storey shophouse	Freehold/ rented out/ 22 years	1,600/ 6,400	2,000,000
No. 45, Block A Medan Setia Satu Plaza Damansara Bukit Damansara 50490 Kuala Lumpur	30 April 2003	5 storey purpose build office/with commercial 2 storey basement car park	Freehold/ rented out as office premises/ 11 years	33,540/ 97,179	28,500,000
Total Investment Properties					32,400,000
SELF OCCUPIED PROPERTIES					
No. 14, Jalan 19/1 46300 Petaling Jaya Selangor	23 June 2000	1 unit of 6 storey factory/office building with 2 storey basement car park	Leasehold expiring in September 2063/ rented out as office premises/ 12 years	173,193	12,793,215
No. D130 Tanjung Biru Condominium Port Dickson Negeri Sembilan	26 August 1982	1 unit of apartment	Freehold/ staff & guest holiday accommodation/ 20 years	Not applicable/ 820	112,858
No. C420 Tanjung Biru Condominium Port Dickson Negeri Sembilan	4 April 1984	1 unit of apartment	Freehold/ staff & guest holiday accommodation/ 20 years	Not applicable/ 820	87,310
No. 30, Ground Floor Jalan SS6/8, Kelana Jaya 47301 Petaling Jaya Selangor	2 June 1984	1 unit of 4 storey shophouse	Freehold/store/ 22 years	2,000/ 6,240	433,679

Address	Date of Acquisition	Description of Properties	Tenure/ Existing Use/ Age of Buildings	Land Area (sq. ft.)/ Built-up Area (sq. ft.)	Net Book Value as at 31/3/2008 (RM)
SELF OCCUPIED PROPERTIES (CONT'D)					
No. 17, Lorong Dungun Damansara Heights 50490 Kuala Lumpur	17 February 1995	1 unit of 12 storey building with 2 storey basement car park	Freehold/Office premises/ rented out/ 11 years	72,997/ 358,676	72,682,466
No. F41 & F45 Fraser's Pine Resort Fraser's Hill Pahang Darul Makmur	18 June 1984	2 unit of apartments	Leasehold expiring in May 2082/ staff & guest holiday accommodation/ 20 years	Not applicable/ 3,585	334,955
Total Self Occupied Properties					86,444,483
PREPAID LAND LEASE PAYMENT					
No. 14, Jalan 19/1 46300 Petaling Jaya Selangor	23 June 2000	Leasehold land	Leasehold expiring in September 2063/12 years	44,812	5,210,800
Total Prepaid Land Lease Payment					5,210,800

proxy form



No. of Shares Held

I/We _____
of _____
being a member/members of **MNRB HOLDINGS BERHAD** hereby appoint _____
of _____
or failing him _____
of _____

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at the Auditorium, 3rd Floor, Bangunan Malaysian Re, No. 17, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur on Monday, 25 August 2008 at 3.00 p.m. and at any adjournments thereof, on the following resolution referred to in the notice of Annual General Meeting.

No.	Resolution	For	Against
1.	Adoption of Report of Directors and Financial Statements		
2.	Declaration of dividend.		
3.	Re-election of Director – Sharkawi Alis		
4.	Re-election of Director – Anuar Mohd Hassan		
5.	Re-election of Director – Paisol Ahmad		
6.	Approval of Directors' remuneration		
7.	Re-appointment of Messrs Ernst & Young as Auditors		
8.	Proposed Amendments to the Articles of Association of the Company		

(Please indicate with a cross (X) in the spaces provided whether you wish your votes to be casted for or against the items above. In the absence of specific instructions, your proxy will vote or abstain as he thinks fit.)

Dated _____ day of _____ 2008.

Signed

NOTE

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. An instrument appointing a proxy shall be in writing, and in the case of an individual shall be signed by the appointor or by his attorney, and in the case of a Corporation shall be either given under its common seal or signed on its behalf by its attorney or an officer of the Corporation so authorized. All proxies must be deposited at the office of the Share Registrar of the Company, Symphony Share Registrars Sdn. Bhd., Level 26, Menara Multipurpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur not less than 48 hours before the time set for the Annual General Meeting or any adjournment thereof.

1st fold

Please affix
Stamp

Symphony Share Registrars Sdn. Bhd.
Level 26, Menara Multipurpose
Capital Square, No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur

1st fold



BURSA MALAYSIA SECURITIES BERHAD

Complaint Against Public Listed Company

This form is intended to facilitate the lodgement of complaints with the Bursa Malaysia Securities Berhad ("Bursa Malaysia"), by investors against Public Listed Companies (PLCs) in Malaysia. Investors are encouraged, in the first instance, to amicably settle any differences directly with the PLC concerned.

Q : When can you make a complaint?

A : At anytime, preferably as soon as the problem occurs.

Below are some instances when a complaint may be lodged against a PLC:

- Misleading/inaccurate/insufficient disclosure of information;
- Failure to disclose material information in financial statements or annual reports;
- Actions/lack of actions detrimental to the interest of shareholders;
- Directors of PLCs;
- Management of PLCs;
- Share Registrars of PLCs; and
- Others (to specify)

Q : What are the procedures to make a complaint?

A : Procedures is very simple. For clarity, it is best to be in written form and directed to the Bursa Malaysia. You can use any of the following methods to submit your complaints:

- Mail the attached Complaint Form to Bursa Malaysia; or
- Fax the Complaint Form to 03-2732 5258

Q : How will Bursa Malaysia handle the complaint?

A : Bursa Malaysia will handle the matter promptly and in any event, will contact the complainant not later than 14 days from receipt of the complaint.

Details of Complainant

Name : NIRC No:

CDS No :

Address :

Tel No : Home : Business : H/Phone :

Details of Public Listed Company

Name :

Address :

Details of Complaints

Have you tried to resolve this complaint with the relevant Public Company?

Yes

No

If yes, kindly indicate the name of the person contacted and his/her department.

.....
.....

Type of Complaint

- Misleading/inaccurate/insufficient disclosure of information;
- Failure to disclose material information in financial statements or annual reports;
- Action/lack of actions detrimental to the interest of shareholders;
- Directors of PLCs;
- Managements of PLCs;
- Share Registrars of PLCs;
- Others (to specify):

If others, please specify:

.....
.....

My Complaint Is As Follows

(Please provide a detailed account of the complaint in chronological order). You may type additional notes in a separate piece of paper.

.....
.....
.....
.....

Signature :

Date :

For Bursa Malaysia's use:

Ref. No :

Date Received :

Officer in charge :

Date of first contact with complaint :

Status after 14 days:

- Resolved
- Pending

Details :

.....

Contact details:

Complaint Bureau
Infrastructure Development
Projects & Services
Bursa Malaysia Securities Berhad
10th Floor Exchange Square
Bukit Kewangan
50200 Kuala Lumpur
Tel : (603) 2732 0067
Fax : (603) 2732 5258