



## **Bursa Announcement**

Second Quarter Ended 30 September 2018



**MNRB HOLDINGS BERHAD** (13487-A)  
**INTERIM FINANCIAL STATEMENTS**  
*(The figures have not been audited)*

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

	GROUP			
	Individual period		Cumulative year	
	3 months ended 30 September 2018	3 months ended 30 September 2017	6 months ended 30 September 2018	6 months ended 30 September 2017
	RM'000	RM'000	RM'000	RM'000
Gross earned premiums/contributions	484,431	594,677	957,190	1,132,074
Premiums/contributions ceded to reinsurers and retakaful operators	(80,971)	(78,245)	(136,134)	(148,844)
<b>Net earned premiums/contributions</b>	<b>403,460</b>	<b>516,432</b>	<b>821,056</b>	<b>983,230</b>
Investment income	65,338	61,708	130,482	122,409
Realised gains	2,530	2,249	3,614	2,141
Fair value gains/(losses)	42,159	798	(12,295)	14,016
Fee and commission income	10,558	17,608	16,702	36,605
Other operating revenue	12,525	19,382	27,226	22,619
<b>Other revenue</b>	<b>133,110</b>	<b>101,745</b>	<b>165,729</b>	<b>197,790</b>
Gross claims and benefits paid	(348,450)	(264,561)	(638,542)	(554,194)
Claims ceded to reinsurers/retakaful operators	31,473	23,200	47,549	51,109
Gross change in contract liabilities	(183,386)	(65,299)	(131,362)	(147,310)
Change in contract liabilities ceded to reinsurers/retakaful operators	118,554	(63,191)	113,349	(49,451)
<b>Net claims and benefits</b>	<b>(381,809)</b>	<b>(369,851)</b>	<b>(609,006)</b>	<b>(699,846)</b>
Fee and commission expense	(95,421)	(97,655)	(188,418)	(210,807)
Management expenses	(52,497)	(71,414)	(103,260)	(134,928)
Finance cost	(4,014)	(3,511)	(8,123)	(7,405)
Other operating expenses	(4,373)	(3,887)	(7,415)	(10,630)
Change in expenses liabilities	1,588	7,587	4,393	1,321
Tax borne by participants	(7,670)	(4,199)	(5,921)	(5,156)
<b>Other expenses</b>	<b>(162,387)</b>	<b>(173,079)</b>	<b>(308,744)</b>	<b>(367,605)</b>
Share of results of associates	1,309	526	(2,938)	6,209
<b>Operating (loss)/profit before deficit/(surplus) attributable to takaful participants, zakat and taxation</b>	<b>(6,317)</b>	<b>75,773</b>	<b>66,097</b>	<b>119,778</b>
Deficit/(surplus) attributable to takaful participants	30,252	(48,205)	880	(25,368)
<b>Operating profit before zakat and taxation</b>	<b>23,935</b>	<b>27,568</b>	<b>66,977</b>	<b>94,410</b>
Zakat	-	-	(213)	-
Taxation	(4,237)	(6,849)	(18,788)	(23,252)
<b>Net profit for the period attributable to equity holders of the Company</b>	<b>19,698</b>	<b>20,719</b>	<b>47,976</b>	<b>71,158</b>
Basic and diluted earnings per share attributable to equity holders of the Company (sen):	6.2	6.5	15.0	22.3

*The Condensed Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2018*



**MNRB HOLDINGS BERHAD** (13487-A)  
**INTERIM FINANCIAL STATEMENTS**  
*(The figures have not been audited)*

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

	GROUP			
	Individual period		Cumulative year	
	3 months ended 30 September 2018	3 months ended 30 September 2017	6 months ended 30 September 2018	6 months ended 30 September 2017
	RM'000	RM'000	RM'000	RM'000
<b>Net profit for the period</b>	19,698	20,719	47,976	71,158
<b><u>Other comprehensive income/(losses):</u></b>				
<b>Other comprehensive income/(losses) to be reclassified to income statement in subsequent years:</b>				
Effects of post acquisition foreign exchange translation reserve on investment in associate	(9,460)	(2,274)	10,645	(8,156)
Effects of foreign exchange translation reserve on investment in subsidiary	271	(215)	744	(530)
Net gain/(loss) on financial assets at FVOCI:				
Net gain/ (loss) on fair value changes	56,171	-	44,296	-
Realised loss transferred to income statement	(306)	-	(448)	-
Deferred tax relating to net (gain)/loss on financial assets at FVOCI	(380)	-	(289)	-
Other comprehensive losses/(income) attributable to participants	1,654	-	(669)	-
Net gain/(loss) on AFS financial assets:				
Net gain/ (loss) on fair value changes	-	(2,379)	-	3,190
Realised (loss)/gain transferred to income statement	-	(2,249)	-	(2,141)
Deferred tax relating to net (gain)/loss on AFS financial assets	-	726	-	684
Other comprehensive losses/(income) attributable to participants	-	2,931	-	(430)
<b>Other comprehensive income not to be reclassified to income statement in subsequent years:</b>				
Revaluation of land and buildings	706	675	1,381	1,349
Deferred tax relating to revaluation of land and buildings	233	(54)	179	(108)
Other comprehensive income attributable to participants	(649)	(621)	(1,270)	(1,241)
<b>Total comprehensive income for the period</b>	<b>67,938</b>	<b>17,259</b>	<b>102,545</b>	<b>63,776</b>

*The Condensed Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2018*



**MNRB HOLDINGS BERHAD (13487-A)**  
**INTERIM FINANCIAL STATEMENTS**  
*(The figures have not been audited)*

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018**

	<b>GROUP</b>	
	Unaudited 30 September 2018 RM'000	Audited 31 March 2018 RM'000
<b>Assets</b>		
Property, plant and equipment	240,665	240,744
Intangible assets	35,032	32,131
Deferred tax assets	(2,269)	18,343
Investment in associates	150,795	139,009
Financial assets:		
Financial assets at fair value through profit or loss ("FVTPL")	2,679,888	116,127
Financial assets at fair value through other comprehensive income ("FVOCI")	2,127,080	-
Financial assets at amortised costs ("AC")	1,825,308	-
Held-to-maturity ("HTM") investments	-	644,254
Available-for-sale ("AFS") financial assets	-	3,741,196
Loans and receivables ("LAR")	-	1,937,263
Reinsurance/retakaful assets	588,333	478,253
Insurance/takaful receivables	421,343	418,304
Tax recoverable	34,322	27,277
Cash and bank balances	99,331	142,099
<b>Total assets</b>	<b>8,199,828</b>	<b>7,935,000</b>
<b>Liabilities and Participants' funds</b>		
Participants' funds	255,478	247,862
Borrowings	320,000	320,000
Insurance/takaful contract liabilities	5,498,554	5,319,945
Insurance/takaful payables	254,233	270,444
Other payables	219,974	225,745
Deferred tax liabilities	-	10,684
Provision for taxation	6,522	1,709
Provision for zakat	805	610
<b>Total liabilities and participants' funds</b>	<b>6,555,566</b>	<b>6,396,999</b>
<b>Equity</b>		
Share capital	319,605	319,605
Reserves	1,324,657	1,218,396
<b>Total equity attributable to equity holders of the Company</b>	<b>1,644,262</b>	<b>1,538,001</b>
<b>Total liabilities, participants' funds and equity</b>	<b>8,199,828</b>	<b>7,935,000</b>
Net assets per share (RM)	5.14	4.81

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**MNRB HOLDINGS BERHAD** (13487-A)  
**INTERIM FINANCIAL STATEMENTS**  
*(The figures have not been audited)*

**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

	<b>GROUP</b>							
	Attributable to Equity Holders of the Company							
	Share capital RM'000	Reserves				Retained profits brought forward RM'000	Net profit RM'000	Total RM'000
		Non-distributable		Distributable				
Foreign exchange translation reserve RM'000		Fair value reserve RM'000	Revaluation reserve RM'000					
At 1 April 2018, as previously stated	319,605	34,898	1,205	43,652	1,138,641	-	1,538,001	
Impact of adopting MFRS 9	-	-	(3,981)	-	-	7,697	3,716	
At 1 April 2018, as restated	319,605	34,898	(2,776)	43,652	1,138,641	7,697	1,541,717	
Total comprehensive income for the year	-	11,389	42,891	290	-	47,975	102,545	
At 30 September 2018	319,605	46,287	40,115	43,942	1,138,641	55,672	1,644,262	

**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

	<b>GROUP</b>							
	Attributable to Equity Holders of the Company							
	Share capital RM'000	Reserves				Retained profits brought forward RM'000	Net profit RM'000	Total RM'000
		Non-distributable		Distributable				
Foreign exchange translation reserve RM'000		AFS reserve RM'000	Revaluation reserve RM'000					
At 1 April 2017	319,605	55,696	3,659	42,730	997,776	-	1,419,466	
Total comprehensive (loss)/income for the year	-	(8,686)	1,303	-	-	71,158	63,776	
At 30 September 2017	319,605	47,010	4,962	42,730	997,776	71,158	1,483,242	

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**MNRB HOLDINGS BERHAD** (13487-A)  
**INTERIM FINANCIAL STATEMENTS**  
*(The figures have not been audited)*

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

	<b>GROUP</b>	
	6 months ended 30 September 2018	6 months ended 30 September 2017
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before surplus transfer, zakat and tax	66,977	94,410
Adjustments for:		
Net fair value losses on financial assets at FVTPL	12,383	152
Reversal of impairment losses on AFS financial assets	-	(14,169)
Impairment losses/(reversal of impairment losses) on other receivables	5,866	(18,004)
Depreciation of property, plant and equipment	3,423	3,775
Amortisation of intangible assets	2,399	1,399
Revaluation deficits on properties	290	
Fair value gains on investment property	(26)	-
Increase/(decrease) in gross premium and contribution liabilities	7,649	(3,914)
(Decrease)/increase in reinsurance and retakaful assets	(110,081)	57,529
Interest/profit income	(40,656)	(115,813)
Dividend income	(1,910)	(6,642)
Rental income	(1,968)	(2,635)
Finance cost	8,123	7,405
Net gains on disposal of investments	(2,902)	(2,141)
Net amortisation of premiums on investments	2,794	2,582
Share of results of associates	2,938	(6,209)
Loss from operations before changes in operating assets and liabilities	(44,701)	(2,273)
Decrease/(increase) in placements with licensed financial institutions, Islamic investment accounts and marketable securities	110,712	(107,830)
Net purchase of investments	(434,721)	(120,514)
Decrease in staff loans	867	1,773
Increase in insurance/takaful receivables	(3,617)	(91,011)
Decrease/(increase) in other receivables	72,360	(33,259)
Increase in gross claim liabilities, actuarial liabilities and unallocated surplus	212,571	153,467
Decrease in expense liabilities	(4,393)	(1,480)
(Decrease)/increase in participants' funds	(90,174)	20,390
Increase in insurance/takaful payables	37,818	16,570
Increase in other payables	108,166	64,704
Taxes and zakat paid	(36,565)	(15,587)
Interest/profit received	40,081	107,567
Dividend received	3,136	6,832
Rental received	1,859	2,539
Net cash (used in)/generated from operating activities	(26,601)	1,887



**MNRB HOLDINGS BERHAD** (13487-A)  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018 (CONT'D.)**

	<b>GROUP</b>	
	6 months ended 30 September 2018	6 months ended 30 September 2017
	RM'000	RM'000
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,542)	(582)
Purchase of intangible assets	(5,299)	(3,087)
Net cash (used in)/generated from investing activities	<b>(7,841)</b>	<b>(3,668)</b>
<b>Cash flows from financing activities</b>		
Finance cost paid	(8,326)	(7,525)
Net cash (used in)/generated from financing activities	<b>(8,326)</b>	<b>(7,525)</b>
<b>Cash and bank balances</b>		
Net decrease during the period	(42,768)	(9,306)
At the beginning of the year	142,099	99,905
<b>At the end of the period</b>	<b>99,331</b>	<b>90,599</b>

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the Annual Financial Statements for the year ended 31 March 2018*



**MNRB HOLDINGS BERHAD (13487-A)**  
**INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**  
*(The figures have not been audited)*

**PART A – NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**A1. Basis of preparation**

The interim financial statement report should be read in conjunction with the Group's most recent audited financial statements for the financial year ended 31 March 2018.

The significant accounting policies and methods of computation adopted in the unaudited condensed interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 March 2018 except for the adoption of the following accounting standards, IC Interpretations and amendments/improvements to Malaysian Financial Reporting Standards ("MFRSs") issued by the Malaysian Accounting Standards Board ("MASB") that are effective for the Group's financial year beginning 1 April 2018:

- Amendment to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)
- MFRS 2 *Share-based Payment - Classification and Measurement of Share-based Payment Transactions* (Amendments to MFRS 2)
- MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)
- Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts* (Amendments to MFRS 4)
- Amendment to MFRS 128 *Investments in Associates and Joint Ventures* (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)
- Transfer to Investment Property (Amendments to MFRS 140)
- IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*
- MFRS 15 *Revenue from Contracts with Customers*

The adoption of the above accounting standards and amendments/improvements to MFRSs does not have any material impact on the financial statements of the Group except as discussed below:

**MFRS 9 Financial Instruments**

The International Accounting Standards Board ("IASB") issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but restatement of comparative information is not compulsory.

MFRS 9 was issued by the MASB in respect of its application in Malaysia. It is equivalent to IFRS 9 as issued by IASB, including the effective and issuance dates.

The adoption of this standard resulted in changes in accounting policies and adjustments to the financial statements. In accordance with the transition provisions in the standard, comparatives are not restated and the financial impact of the adoption of the standard is recognised in retained profits and fair value reserves at 1 April 2018.

The areas with significant impact from application of MFRS 9 are summarised below:

**(i) Classification and measurement**

The classification and measurement of financial assets is determined on the basis of the contractual cash flow characteristics and the objective of the business model associated with holding the asset. Key changes include the following:

- The held-to-maturity ("HTM") and available-for-sale ("AFS") asset categories were removed;
- Financial assets will be measured at amortised cost ("AC") if the assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows which represent solely payments of principal and interest;
- A new asset category measured at fair value through other comprehensive income ("FVOCI") was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principle and interest and held in a model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- A new asset category for non-traded equity investments measured at FVOCI was introduced. Equity instruments where an election has not been made to measure those assets at FVOCI, will be measured at Fair value to profit or loss ("FVTPL");
- Financial assets will be measured at FVTPL if the assets are held for trading or financial assets do not qualify to be measured at AC or at FVOCI; and
- Classification of financial liabilities will remain largely unchanged, other than the fair value gains and losses attributable to changes in 'own credit risk' for financial liabilities designated and measured at FVTPL to be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.

Loans and receivables ("LAR") are held to collect contractual cash flows and are representing solely payments of principal and interest. Thus, the Group will continue to measure these at amortised cost under MFRS 9.

**(ii) Impairment**

The MFRS 9 impairment requirements are based on an Expected Credit Loss ("ECL") model that replaces the Incurred Loss model under the previous MFRS 139. The Group recognise either a 12-month (Stage 1) or lifetime ECL (Stage 2 and 3), depending on whether there has been a significant increase in credit risk since initial recognition. The ECL model applies to financial assets measured at amortised cost or at FVOCI, irrevocable loan commitments and financial guarantee contracts, which include loans, advances and financing and debt instruments held by the Group. The ECL model also applies to contract assets under MFRS 15 *Revenue from Contracts with Customers* and lease receivables under MFRS 117 *Leases*. Appropriate impairment methodology were adopted for calculating allowances for impairment losses.





**MNRB HOLDINGS BERHAD (13487-A)**  
**INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**  
*(The figures have not been audited)*

**PART A – NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**A1. Basis of preparation (cont'd.)**

**MFRS 9 Financial Instruments (cont'd.)**

**(ii) Impairment (cont'd.)**

The measurement of expected loss will involve increased complexity and judgement that include:

- Determining a significant increase in credit risk ("SICR") since initial recognition.

The Group recognised either a 12-month (Stage 1) or lifetime ECL (Stage 2 and 3), depending on whether there has been an SICR since initial recognition. When making the assessment of a SICR, the Group uses the change in the risk of default occurring over the expected life of the financial instrument instead of the change in amount of expected credit losses. To make the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

- Mapping of external credit rating models

The Group utilises its existing external credit rating models to assign credit ratings to the individual instruments in its investment portfolio. Based on the Group's review and testing, the following key features of the models that are consistent with and therefore comply with MFRS 9 requirements for the assessment of credit risk are as follows:

- (a) The ratings represent individual assessment of the credit risk of the financial instrument in question (as opposed to collective assessment);
- (b) The models cover fixed income instruments regardless of whether or not they are externally rated;
- (c) A wide range of current and historical information is considered, including published financial statements, qualitative information about an obligor's industry characteristics, competitive positioning, management, financial policy and financial flexibility; and
- (d) In addition, forward-looking information is incorporated into the credit rating process.

- Derivation of probability of default

The Group's current definition of default for debt instruments is when the borrower is unlikely to fulfil its credit obligations to the Group on the scheduled payment dates. The Group assessed the definition of default by considering the MFRS 9 definition of "credit impaired" which includes:

- (a) Significant financial difficulty of the issuer or the borrower;
- (b) A breach of contract, such as a default or a past due event;
- (c) The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- (e) The disappearance of an active market for the financial asset because of financial difficulties; or
- (f) The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

- ECL measurement

MFRS 9 does not distinguish between individual assessment and collective assessment. Therefore, the Group decided to continue measuring the impairment on an individual transaction basis for financial assets that are deemed to be individually significant.

There are three main components to measure ECL which are probability of default ("PD"), loss given default model ("LGD") and the exposure at default ("EAD").

The Group relies on professional services provided by a credit rating agency to provide the default rate for all its debts instruments which incorporates all the requirements above.

**Impairment of insurance/takaful receivables**

The approach for impairment model for insurance/takaful receivables are more simplified as compared to the impairment model for financial assets. MFRS 9 includes the requirement or policy choice to apply the simplified approach that does not require entities to track changes in credit risk and the practical expedient to calculate ECLs on insurance/takaful receivables using a provision matrix with the usage of forward-looking information in determining expected credit losses, including the use of macroeconomic information.

**(iii) Hedge accounting**

The requirements for general hedge accounting have been simplified for hedge effectiveness testing and may result in more designations of hedged items for accounting purposes.

The Group does not have any significant impact to the financial statements on applying the hedge accounting.



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**PART A – NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**A1. Basis of preparation (cont'd.)**

**MFRS 9 Financial Instruments (cont'd.)**

The day-one financial impact of the adoption of MFRS 9 on the statement of financial position of the Group were as follows:

	Classifications			1 April 2018 RM '000
	31 March 2018 RM '000	and measurement RM '000	Expected credit losses RM '000	
<b>Assets</b>				
Property, plant and equipment	240,744	-	-	240,744
Intangible assets	32,131	-	-	32,131
Deferred tax assets	18,343	21	-	18,364
Investments in associates	139,009	-	-	139,009
Financial assets at fair value through profit or loss ("FVTPL")	116,127	2,497,950	-	2,614,077
Financial assets at fair value through other comprehensive income ("FVOCI")	-	1,933,198	(41)	1,933,157
Financial assets at amortised costs ("AC")	-	1,937,263	-	1,937,263
Held-to-maturity ("HTM") investments	644,254	(644,254)	-	-
Available-for-sale ("AFS") financial assets	3,741,196	(3,741,196)	-	-
Loans and receivables ("LAR")	1,937,263	(1,937,263)	-	-
Reinsurance/retakaful assets	478,253	-	-	478,253
Insurance/takaful receivables	418,304	-	(4,964)	413,340
Tax recoverable	27,277	-	-	27,277
Cash and bank balances	142,099	-	-	142,099
<b>Total assets</b>	<b>7,935,000</b>	<b>45,719</b>	<b>(5,005)</b>	<b>7,975,714</b>
<b>Liabilities and Participants' funds</b>				
Participants' funds	247,862	(1,136)	(2,848)	243,878
Borrowings	320,000	-	-	320,000
Insurance/takaful contract liabilities	5,319,945	-	-	5,319,945
Insurance/takaful payables	270,444	-	-	270,444
Other payables	225,745	-	-	225,745
Deferred tax liabilities	10,684	-	-	10,684
Provision for taxation	1,709	-	-	1,709
Provision for zakat	610	-	-	610
<b>Total liabilities and participants' funds</b>	<b>6,396,999</b>	<b>(1,136)</b>	<b>(2,848)</b>	<b>6,393,015</b>
<b>Equity</b>				
Share capital	319,605	-	-	319,605
Reserves	1,218,396	46,855	(2,157)	1,263,094
<b>Total equity attributable to equity holders of the Holding Company</b>	<b>1,538,001</b>	<b>46,855</b>	<b>(2,157)</b>	<b>1,582,699</b>
<b>Total liabilities, participants' funds and equity</b>	<b>7,935,000</b>	<b>45,719</b>	<b>(5,005)</b>	<b>7,975,714</b>



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**INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**  
*(The figures have not been audited)*

**PART A – NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**A2. Auditors' Report on preceding annual financial statements**

The auditors' report on the audited financial statements for the financial year ended 31 March 2018 was not subject to any qualification.

**A3. Seasonal or cyclical factors**

During the financial period ended 30 September 2018, the operations of the Group were not materially affected by any seasonal factors. With regard to cyclical factors, the performance of the Group is directly correlated with the industry cycle and the economic performance of the countries in which the Group has business dealings with.

**A4. Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the financial period ended 30 September 2018.

**A5. Changes in estimates**

There were no material changes in estimates used in the preparation of this interim financial report.

**A6. Issuances, cancellations, repurchase, resale and repayments of debt and equity securities**

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities during the current financial period under review other than the extension of the repayment date of the Company's existing borrowing as disclosed in note B8.

**A7. Dividend paid**

No dividend was paid during the second quarter ended 30 September 2018.

**A8. Segmental reporting**

Financial period ended 30 September 2018

	Investment Holding RM'000	Reinsurance Business RM'000	Takaful Business RM'000	Retakaful Business RM'000	Others RM'000	Intra-Group Adjustments RM'000	Consolidated RM'000
<b>Revenue</b>							
External	792	624,448	453,743	21,485	5,656	-	1,106,124
Inter-segment	19,956	841	-	-	-	(20,797)	-
	20,748	625,289	453,743	21,485	5,656	(20,797)	1,106,124
<b>Results</b>							
<b>Segment results</b>	(3,442)	48,957	20,804	1,525	15	1,176	69,035
Share of results of associates	164	(3,102)	-	-	-	-	(2,938)
<b>Operating profit/(loss) before surplus/(deficits) attributable to takaful participants, zakat and taxation</b>	(3,278)	45,855	20,804	1,525	15	1,176	66,097
Deficit attributable to takaful participants	-	-	880	-	-	-	880
<b>Operating (loss)/profit before zakat and taxation</b>	(3,278)	45,855	21,684	1,525	15	1,176	66,977
Zakat and taxation	(1,170)	(12,201)	(5,249)	(381)	-	-	(19,001)
<b>Net (loss)/profit for the period attributable to equity holders of the Company</b>	<b>(4,448)</b>	<b>33,654</b>	<b>16,435</b>	<b>1,144</b>	<b>15</b>	<b>1,176</b>	<b>47,976</b>

Financial period ended 30 September 2017

	Investment Holding RM'000	Reinsurance Business RM'000	Takaful Business RM'000	Retakaful Business RM'000	Others RM'000	Intra-Group Adjustments RM'000	Consolidated RM'000
<b>Revenue</b>							
External	1,708	719,310	512,767	22,485	4,914	-	1,261,184
Inter-segment	16,793	647	723	15	-	(17,456)	722
	18,501	719,957	513,490	22,500	4,914	(17,456)	1,261,906
<b>Results</b>							
<b>Segment results</b>	(6,114)	67,513	51,915	(277)	532	532	114,101
Share of results of associates	408	5,801	-	-	-	-	6,209
<b>Operating profit/(loss) before surplus/(deficits) attributable to takaful participants, zakat and taxation</b>	(5,706)	73,314	51,915	(277)	532	532	120,310
Surplus attributable to takaful participants	-	-	(25,368)	-	-	-	(25,368)
<b>Operating (loss)/profit before zakat and taxation</b>	(5,706)	73,314	26,547	(277)	532	532	94,942
Zakat and taxation	(1,116)	(17,890)	(4,363)	144	-	(27)	(23,252)
<b>Net (loss)/profit for the period attributable to equity holders of the Company</b>	<b>(6,822)</b>	<b>55,424</b>	<b>22,184</b>	<b>(133)</b>	<b>532</b>	<b>505</b>	<b>71,690</b>



**MNRB HOLDINGS BERHAD (13487-A)**  
**INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**  
*(The figures have not been audited)*

**PART A – NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**A9. Carrying amount of revalued properties**

The valuation of property, plant and equipment and investment properties have been brought forward, without any change, from the financial statements for the financial year ended 31 March 2018.

**A10. Significant events**

There were no significant events during the financial period ended 30 September 2018.

**A11. Subsequent events**

There were no significant subsequent events from 30 September 2018 to the date of this report.

**A12. Changes in the composition of the Group**

There were no significant changes in the composition of the Group during the financial period ended 30 September 2018.

**A13. Capital Commitments**

The amount of capital commitments of the Group as at 30 September 2018 is as follows:

	<b>RM'000</b>
Authorised and contracted for:	
- Tangible assets	-
- Intangible assets*	2,146
	<u>2,146</u>
Authorised but not contracted for:	
- Property, plant and equipment	53
- Intangible assets*	10,646
	<u>10,699</u>

\* Relating to purchases and enhancement of computer systems.

**A14. Condensed Consolidated Statement of Financial Position by Reinsurance, Takaful and Retakaful Funds**

(i) Unaudited as at 30 September 2018

	General reinsurance and shareholders' fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	General retakaful fund RM'000	Family retakaful fund RM'000	Elimination and adjustment RM'000	Consolidated RM'000
<b>Assets</b>							
Property, plant and equipment	124,847	-	-	-	-	115,818	240,665
Investment properties	-	-	115,818	-	-	(115,818)	-
Intangible assets	35,032	-	-	-	-	-	35,032
Deferred tax assets	7,298	3,133	-	-	-	(12,700)	(2,269)
Investment in subsidiaries	904,477	-	-	-	-	(904,477)	-
Investment in associates	133,009	-	-	-	-	17,786	150,795
Financial assets:							
Financial assets at fair value through profit or loss ("FVTPL")	84,435	8,132	2,600,875	-	-	(13,554)	2,679,888
Financial assets at fair value through other comprehensive income ("FVOCI")	1,817,734	257,872	-	35,386	16,088	-	2,127,080
Amortised costs ("AC")	1,466,234	161,929	318,169	39,535	(2,973)	(157,586)	1,825,308
Reinsurance/retakaful assets	275,914	187,056	108,811	8,830	7,722	-	588,333
Insurance/takaful receivables	356,488	15,398	27,266	20,212	4,349	(2,370)	421,343
Tax recoverable	35,274	-	-	(1,304)	352	-	34,322
Cash and bank balances	76,488	5,129	17,274	211	229	-	99,331
<b>Total assets</b>	<b>5,317,230</b>	<b>638,649</b>	<b>3,188,213</b>	<b>102,870</b>	<b>25,767</b>	<b>(1,072,901)</b>	<b>8,199,828</b>
<b>Liabilities and Participants' funds</b>							
Participants' funds	-	116,976	150,064	3,700	(1,247)	(14,015)	255,478
Borrowings	321,000	-	-	-	-	(1,000)	320,000
Insurance/takaful contract liabilities	2,064,220	474,472	2,876,185	78,393	15,284	(10,000)	5,498,554
Insurance/takaful payables	237,348	-	-	13,460	5,795	(2,370)	254,233
Other payables	140,789	45,790	155,001	6,638	5,581	(133,825)	219,974
Deferred tax liabilities	9,035	-	1,852	679	354	(11,920)	-
Provision for taxation	-	1,411	5,111	-	-	-	6,522
Provision for zakat	805	-	-	-	-	-	805
<b>Total liabilities and participants' funds</b>	<b>2,773,197</b>	<b>638,649</b>	<b>3,188,213</b>	<b>102,870</b>	<b>25,767</b>	<b>(173,130)</b>	<b>6,555,566</b>
<b>Equity</b>							
Share capital	1,224,211	-	-	-	-	(904,606)	319,605
Reserves	1,319,822	-	-	-	-	4,835	1,324,657
<b>Total equity attributable to equity holders of the Parent</b>	<b>2,544,033</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(899,771)</b>	<b>1,644,262</b>
<b>Total liabilities, participants' funds and equity</b>	<b>5,317,230</b>	<b>638,649</b>	<b>3,188,213</b>	<b>102,870</b>	<b>25,767</b>	<b>(1,072,901)</b>	<b>8,199,828</b>

A14. Condensed Consolidated Statement of Financial Position by Reinsurance, Takaful and Retakaful Funds (Cont'd.)

(ii) As at 31 March 2018

	General reinsurance and shareholders' fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	General retakaful fund RM'000	Family retakaful fund RM'000	Elimination and adjustment RM'000	Consolidated RM'000
<b>Assets</b>							
Property, plant and equipment	124,926	-	-	-	-	115,818	240,744
Investment properties	-	-	115,818	-	-	(115,818)	-
Intangible assets	32,131	-	-	-	-	-	32,131
Deferred tax assets	20,822	2,426	-	66	-	(4,971)	18,343
Investment in subsidiaries	904,477	-	-	-	-	(904,477)	-
Investment in associates	131,833	-	-	-	-	7,176	139,009
Financial assets:							
Financial assets at fair value through profit or loss ("FVTPL")	-	-	116,127	-	-	-	116,127
Held-to-maturity ("HTM") investments	240,757	57,342	316,283	19,108	11,764	(1,000)	644,254
Available-for-sale ("AFS") financial assets	1,539,454	209,299	1,986,079	15,779	4,174	(13,589)	3,741,196
Loans and receivables ("LAR")	1,599,316	154,905	350,281	43,610	(1,550)	(209,299)	1,937,263
Reinsurance/retakaful assets	257,559	149,625	43,127	19,906	8,036	-	478,253
Insurance/takaful receivables	331,267	30,407	44,206	13,995	2,080	(3,651)	418,304
Tax recoverable	27,291	-	-	(21)	7	-	27,277
Cash and bank balances	43,132	27,589	70,175	203	1,000	-	142,099
<b>Total assets</b>	<b>5,252,965</b>	<b>631,593</b>	<b>3,042,096</b>	<b>112,646</b>	<b>25,511</b>	<b>(1,129,811)</b>	<b>7,935,000</b>
<b>Liabilities and Participants' funds</b>							
Participants' funds	-	120,253	129,131	-	-	(1,522)	247,862
Borrowings	321,000	-	-	-	-	(1,000)	320,000
Insurance/takaful contract liabilities	2,096,878	403,666	2,730,440	95,828	15,919	(22,786)	5,319,945
Insurance/takaful payables	207,529	18,105	33,287	10,971	4,203	(3,651)	270,444
Other payables	164,961	89,138	146,947	5,847	5,389	(186,537)	225,745
Deferred tax liabilities	13,981	-	1,013	-	-	(4,310)	10,684
Provision for taxation	-	431	1,278	-	-	-	1,709
Provision for zakat	610	-	-	-	-	-	610
<b>Total liabilities and participants' funds</b>	<b>2,804,959</b>	<b>631,593</b>	<b>3,042,096</b>	<b>112,646</b>	<b>25,511</b>	<b>(219,806)</b>	<b>6,396,999</b>
<b>Equity</b>							
Share capital	1,224,211	-	-	-	-	(904,606)	319,605
Retained profit	1,223,795	-	-	-	-	(5,399)	1,218,396
<b>Total equity attributable to equity holders of the Parent</b>	<b>2,448,006</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(910,005)</b>	<b>1,538,001</b>
<b>Total liabilities, participants' funds and equity</b>	<b>5,252,965</b>	<b>631,593</b>	<b>3,042,096</b>	<b>112,646</b>	<b>25,511</b>	<b>(1,129,811)</b>	<b>7,935,000</b>

**A15. Unaudited Condensed Consolidated Income Statement by Reinsurance, Takaful and Retakaful Funds**

(i) **6 months ended 30 September 2018**

	General reinsurance and shareholders' fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	General retakaful fund RM'000	Family retakaful fund RM'000	Elimination and adjustment RM'000	Consolidated RM'000
Gross earned premiums/contributions	555,038	128,382	257,471	11,972	4,856	(529)	957,190
Premiums/contributions ceded to reinsurers and retakaful operators	(56,242)	(48,760)	(25,560)	(2,182)	(3,461)	71	(136,134)
<b>Net earned premiums/contributions</b>	<b>498,796</b>	<b>79,622</b>	<b>231,911</b>	<b>9,790</b>	<b>1,395</b>	<b>(458)</b>	<b>821,056</b>
Investment income	62,613	8,184	61,330	1,219	386	(3,250)	130,482
Realised gains/(losses)	2,966	446	202	-	-	-	3,614
Fair value (losses)/gains	(11,837)	(1,043)	7,654	-	(152)	(6,917)	(12,295)
Fee and commission income	166,815	10,044	2	3	-	(160,162)	16,702
Other operating revenue	17,011	-	-	2,637	5	7,573	27,226
<b>Other revenue</b>	<b>237,568</b>	<b>17,631</b>	<b>69,188</b>	<b>3,859</b>	<b>239</b>	<b>(162,756)</b>	<b>165,729</b>
Gross claims and benefit paid	(407,713)	(66,817)	(147,571)	(12,169)	(6,043)	1,771	(638,542)
Claims ceded to reinsurers/retakaful operators	7,880	25,760	8,548	4,190	2,942	(1,771)	47,549
Gross change in contract liabilities	37,120	(58,269)	(122,396)	16,449	577	(4,843)	(131,362)
Change in contract liabilities ceded to reinsurers/retakaful operators	17,131	39,663	65,684	(8,815)	(314)	-	113,349
<b>Net claims and benefits</b>	<b>(345,582)</b>	<b>(59,663)</b>	<b>(195,735)</b>	<b>(345)</b>	<b>(2,838)</b>	<b>(4,843)</b>	<b>(609,006)</b>
Fee and commission expenses	(188,426)	(39,679)	(93,712)	(4,940)	(201)	138,540	(188,418)
Management expenses	(126,889)	-	(296)	-	-	23,925	(103,260)
Finance cost	(8,148)	-	-	-	-	25	(8,123)
Other operating expenses	(2,973)	(3,092)	(1,835)	(37)	3	519	(7,415)
Changes in expenses liabilities	4,393	-	-	-	-	-	4,393
Tax borne by participants	-	955	(4,794)	(2,082)	-	-	(5,921)
<b>Other expenses</b>	<b>(322,043)</b>	<b>(41,816)</b>	<b>(100,637)</b>	<b>(7,059)</b>	<b>(198)</b>	<b>163,009</b>	<b>(308,744)</b>
Share of results of associates	-	-	-	-	-	(2,938)	(2,938)
<b>Operating profit/(loss) before surplus (deficits) attributable to takaful/retakaful participants, zakat and taxation</b>	<b>68,739</b>	<b>(4,226)</b>	<b>4,727</b>	<b>6,245</b>	<b>(1,402)</b>	<b>(7,986)</b>	<b>66,097</b>
Surplus/(deficits) attributable to takaful/ retakaful participants	-	4,226	(4,727)	(6,245)	1,402	6,224	880
<b>Operating profit/(loss) before zakat and taxation</b>	<b>68,739</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,762)</b>	<b>66,977</b>
Zakat	(213)	-	-	-	-	-	(213)
Taxation	(18,788)	-	-	-	-	-	(18,788)
<b>Net profit/(loss) for the period attributable to equity holders of the Parent</b>	<b>49,738</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,762)</b>	<b>47,976</b>

A15. Unaudited Condensed Consolidated Income Statement by Reinsurance, Takaful and Retakaful Funds (Cont'd.)

(ii) 6 months ended 30 September 2017

	General reinsurance and shareholders' fund RM'000	General takaful fund RM'000	Family takaful fund RM'000	General retakaful fund RM'000	Family retakaful fund RM'000	Elimination and adjustment RM'000	Consolidated RM'000
Gross earned premiums/contributions	664,900	131,532	318,816	12,231	5,022	(427)	1,132,074
Premiums/contributions ceded to reinsurers and retakaful operators	(39,747)	(60,389)	(42,988)	(1,537)	(4,210)	27	(148,844)
<b>Net earned premiums/contributions</b>	<b>625,153</b>	<b>71,143</b>	<b>275,828</b>	<b>10,694</b>	<b>812</b>	<b>(400)</b>	<b>983,230</b>
Investment income	59,750	8,054	55,870	1,397	485	(3,147)	122,409
Realised (losses)/gains	(1,245)	114	3,272	-	-	-	2,141
Fair value gains/(losses)	16,736	635	2,265	-	-	(5,620)	14,016
Fee and commission income	175,640	12,268	-	3	-	(151,306)	36,605
Other operating revenue	4,782	-	24,628	59	1	(6,851)	22,619
<b>Other revenue</b>	<b>255,663</b>	<b>21,071</b>	<b>86,035</b>	<b>1,459</b>	<b>486</b>	<b>(166,924)</b>	<b>197,790</b>
Gross claims and benefit paid	(345,284)	(74,912)	(124,261)	(6,235)	(4,828)	1,326	(554,194)
Claims ceded to reinsurers/retakaful operators	16,183	31,702	1,607	721	2,222	(1,326)	51,109
Gross change in contract liabilities	(39,193)	(24,876)	(83,074)	(5,903)	(817)	6,553	(147,310)
Change in contract liabilities ceded to reinsurers/retakaful	(58,326)	15,063	(6,912)	325	399	-	(49,451)
<b>Net claims and benefits</b>	<b>(426,620)</b>	<b>(53,023)</b>	<b>(212,640)</b>	<b>(11,092)</b>	<b>(3,024)</b>	<b>6,553</b>	<b>(699,846)</b>
Fee and commission expense	(206,796)	(41,935)	(107,754)	(5,460)	(168)	151,306	(210,807)
Management expenses	(137,088)	(13)	-	-	-	2,173	(134,928)
Finance cost	(7,430)	-	-	-	-	25	(7,405)
Other operating expenses	(16,655)	(6,851)	-	(127)	-	13,003	(10,630)
Changes in expenses liabilities	1,441	-	-	(120)	-	-	1,321
Tax borne by participants	-	1,222	(6,366)	(12)	-	-	(5,156)
<b>Other expenses</b>	<b>(366,528)</b>	<b>(47,577)</b>	<b>(114,120)</b>	<b>(5,719)</b>	<b>(168)</b>	<b>166,507</b>	<b>(367,605)</b>
Share of results of associates	-	-	-	-	-	6,209	6,209
<b>Operating profit/(loss) before surplus (deficits) attributable to takaful/retakaful participants, zakat and taxation</b>	<b>87,668</b>	<b>(8,386)</b>	<b>35,103</b>	<b>(4,658)</b>	<b>(1,894)</b>	<b>11,945</b>	<b>119,778</b>
Surplus/(deficits) attributable to takaful/ retakaful participants	-	8,386	(35,103)	4,658	1,895	(5,204)	(25,368)
<b>Operating profit before zakat and taxation</b>	<b>87,668</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>6,741</b>	<b>94,410</b>
Zakat	-	-	-	-	-	-	-
Taxation	(23,225)	-	-	-	-	(27)	(23,252)
<b>Net profit for the period attributable to equity holders of the Parent</b>	<b>64,443</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>6,714</b>	<b>71,158</b>



## A17. Fair values of assets

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

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

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

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

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

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

### Description of significant unobservable inputs:

	Valuation technique	Significant unobservable inputs	Range
<b>30 September 2018/31 March 2018</b>			
<u>Property, plant and equipment</u>			
Office building	Income approach	Yield Rental per square foot	6.0% to 6.25% RM4.30 to RM4.96
	Comparison approach	Sales price per square feet for similar properties	RM512 to RM1,175

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

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

## A17. Fair values of assets (cont'd.)

As at the reporting date, the Group and the Company held the following assets that are measured at fair value and/or for which fair values are disclosed under Levels 1, 2 and 3 of the fair value hierarchy:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial period ended 30 September 2018				
<b>Assets measured at fair value:</b>				
<b>(a) Property, plant and equipment</b>				
Freehold land	-	-	36,800	36,800
Buildings	-	-	197,681	197,681
	<u>-</u>	<u>-</u>	<u>234,481</u>	<u>234,481</u>
<b>(b) Financial assets at FVTPL</b>				
Quoted shares in Malaysia	152,152	-	-	152,152
Shariah approved unit trust funds	121,748	-	-	121,748
Unquoted Islamic private debt securities	-	1,112,332	-	1,112,332
Government investment issues	-	1,287,119	-	1,287,119
Unquoted corporate debt securities	-	-	-	-
Property trust funds	6,537	-	-	6,537
	<u>280,437</u>	<u>2,399,451</u>	<u>-</u>	<u>2,679,888</u>
<b>(c) Financial assets at FVOCI</b>				
Malaysian government securities	-	570,495	-	570,495
Unquoted Islamic private debt securities	-	709,672	-	709,672
Quoted shares in Malaysia	106,591	-	-	106,591
Government investment issues	-	505,202	-	505,202
	<u>106,591</u>	<u>1,785,369</u>	<u>-</u>	<u>1,891,960</u>
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial year ended 31 March 2018				
<b>Assets measured at fair value:</b>				
<b>(a) Property, plant and equipment</b>				
Freehold land	-	-	36,800	36,800
Buildings	-	-	199,277	199,277
	<u>-</u>	<u>-</u>	<u>236,077</u>	<u>236,077</u>
<b>(b) Financial assets at FVTPL</b>				
Shariah approved unit trust funds	116,127	-	-	116,127
	<u>116,127</u>	<u>-</u>	<u>-</u>	<u>116,127</u>
<b>(c) AFS financial assets</b>				
Malaysian government securities	-	131,162	-	131,162
Unquoted corporate debt securities	-	2,292,540	-	2,292,540
Quoted shares in Malaysia	126,228	-	-	126,228
Warrants	273	-	-	273
Real estate investment trusts	13,227	-	-	13,227
Government investment issues	-	1,132,970	-	1,132,970
	<u>139,728</u>	<u>3,556,672</u>	<u>-</u>	<u>3,696,400</u>
<b>Assets for which fair values are disclosed:</b>				
<b>HTM investments</b>				
Malaysian government securities	-	77,404	-	77,404
Unquoted corporate debt securities	-	25,723	-	25,723
Government investment issues	-	539,508	-	539,508
	<u>-</u>	<u>642,635</u>	<u>-</u>	<u>642,635</u>



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**PART B – ADDITIONAL INFORMATION REQUIRED BY THE  
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**B1. Review of performance**

For the financial period ended 30 September 2018, the Group recorded a revenue of RM1,106.1 million as compared to RM1,261.9 million reported in the previous financial period. The RM155.1 million reduction was due to lower gross premiums/contributions from both the reinsurance and takaful subsidiaries.

The Group's net profit for the financial period ended 30 September 2018 was RM48.0 million, lower by RM23.2 million as compared to RM71.2 million reported in the previous financial period for the reasons stated below.

Investment holding

Revenue for the financial period was RM20.7 million which was higher by RM2.2 million compared to RM18.5 million reported in the corresponding period last year. The higher revenue was due to higher shared services fee received from the shared services function provided to the subsidiaries.

Net loss reported for the financial period ended 30 September 2018 was RM4.4 million as compared to a net loss of RM6.8 million for the same period last year. The lower net loss was due to the higher shared services fee as mentioned above and lower management expenses.

Reinsurance business

Revenue for reinsurance business for the financial period ended 30 September 2018 was RM625.3 million as compared to RM720.0 million in the previous financial year. The decrease was mainly due to the lower gross premiums from international business as a result of its business rationalisation exercise.

Net profit for the financial period ended 30 September 2018 decreased by 39.3% from RM55.4 million last year to RM33.7 million. The lower profit was due to higher net claims incurred during the period due to several large losses.

Takaful business

Revenue for takaful business for the financial period ended 30 September 2018 decreased by 11.6% from RM513.5 million to RM453.7 million. This was mainly due to lower gross contributions received from the general business due to increased competition in the market, as well as conscious decision made not to renew some unprofitable business.

It recorded a lower net profit of RM16.4 million in the financial period ended 30 September 2018 as compared to a net profit of RM22.2 million for the same period last year. This was mainly due to lower wakalah fee received from takaful funds, as a result of lower revenue as mentioned above.

Retakaful business

Revenue for retakaful business for the financial period ended 30 September 2018 was lower by 4.5% from RM22.5 million to RM21.5 million, mainly due to termination and cancellation of some unprofitable portfolios.

The retakaful business recorded a net profit of RM1.1 million in the financial period ended 30 September 2018 as compared to a net loss of RM0.1 million for previous financial period. This is due to higher investment income.

**B2. Review of current quarter profitability against immediate preceding quarter**

The Group recorded a net profit of RM19.7 million in the current quarter as compared to RM28.3 million in the preceding quarter as a result of lower wakalah fees from the Group's takaful subsidiary and higher claims incurred by the reinsurance subsidiary.

**B3. Current year prospects**

Barring any unforeseen circumstances, the Group is expected to achieve satisfactory results for the current financial year ending 31 March 2019.

**B4. Explanatory note for variance from profit forecast**

There was no profit forecast issued by the Group during the financial period ended 30 September 2018.



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**B5. Investment income**

	GROUP			
	Individual period		Cumulative year	
	3 months ended 30 September 2018 RM'000	3 months ended 30 September 2017 RM'000	6 months ended 30 September 2018 RM'000	6 months ended 30 September 2017 RM'000
<b>Financial assets at FVTPL</b>				
Profit income	35,640	-	54,056	-
Dividend income:				
- quoted shares in Malaysia	147	-	1,218	15
- unit trust funds	320	1,518	692	3,200
<b>HTM investments</b>				
Interest/profit income	-	4,869	-	11,235
<b>Financial assets at FVOCI</b>				
Interest/profit income	14,930	-	44,396	-
Dividend income:				
- unquoted shares in Malaysia	103	-	103	-
<b>AFS financial assets</b>				
Interest/profit income	-	38,728	-	74,296
Dividend income:				
- quoted shares in Malaysia	-	1,355	-	3,427
- unquoted shares in Malaysia	-	103	-	103
<b>Financial assets at AC</b>				
Interest/profit income	15,359	-	31,049	-
<b>Loans and receivables</b>				
Interest/profit income	-	15,548	-	30,292
Rental income	335	952	1,968	2,635
Net amortisation of premiums	(1,405)	(1,326)	(2,794)	(2,582)
Investment expenses	(90)	(39)	(206)	(212)
	65,338	61,708	130,482	122,409



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**PART B – ADDITIONAL INFORMATION REQUIRED BY THE  
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**B6. Taxation**

	GROUP			
	Individual period		Cumulative year	
	3 months ended 30 September 2018 RM'000	3 months ended 30 September 2017 RM'000	6 months ended 30 September 2018 RM'000	6 months ended 30 September 2017 RM'000
Operating profit before zakat and tax	23,935	27,568	66,977	94,410
Current tax	(1,981)	(4,599)	(13,176)	(17,106)
Deferred tax	767	(2,250)	(2,036)	(6,146)
Zakat	(1,214)	(6,849)	(15,212)	(23,252)
	(213)	-	(213)	-
	(1,427)	(6,849)	(15,425)	(23,252)

The effective tax rate for the cumulative period was higher than the statutory tax rate mainly due to some of the management expenses of the Company's takaful subsidiary that are not claimable as tax deduction and also due to the effect of deferred tax on the forex loss and fair value loss on financial assets classified as FVTPL under MFRS 9.

**B7. Status of corporate proposal**

On 18 July 2018, the Company via AmInvestment Bank Berhad had announced the Company's proposal to undertake a renounceable rights issue exercise to raise gross proceeds of approximately RM400 million ('Proposed Rights Issue').

The Proposed Rights Issue was completed on 31 October 2018 following the listing of and quotation for 447,445,870 Rights Shares on the Main Market of Bursa Securities on the same date. The Company had raised RM402,701,283 from the Rights Issue.

**B8. Borrowings and debt securities**

The Group borrowings as at 30 September 2018 were as follows:

	GROUP 30 September 2018 RM'000
Unsecured borrowings:	
RM 320.0 million Revolving Credit Facility due in March 2019	320,000

On 21 September 2018, the Company had entered into a Supplemental Agreement with AmBank (M) Berhad to extend the Facility from 22 September 2018 to 22 March 2019 without any change in all other terms and conditions.

**B9. Off balance sheet financial instruments**

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

**B10. Material litigation**

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



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**PART B – ADDITIONAL INFORMATION REQUIRED BY THE  
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**B11. Earnings per share**

The basic earnings per share is calculated by dividing the net profit for the period by the number of ordinary shares in issue during the period.

	GROUP			
	Individual period		Cumulative year	
	3 months ended 30 September 2018	3 months ended 30 September 2017	6 months ended 30 September 2018	6 months ended 30 September 2017
Net profit for the period (RM'000)	19,698	20,719	47,976	71,158
Number of ordinary shares in issue ('000)	319,605	319,605	319,605	319,605
Basic earnings per share (sen)	6.2	6.5	15.0	22.3

The Group has no dilution in its earnings per share in the current and previous financial period as there are no potential dilution to its ordinary shares.

**B12. Additional disclosures for the income statement**

	GROUP			
	Individual period		Cumulative year	
	3 months ended 30 September 2018 RM'000	3 months ended 30 September 2017 RM'000	6 months ended 30 September 2018 RM'000	6 months ended 30 September 2017 RM'000
Finance cost	(4,014)	(3,511)	(8,123)	(7,405)
Net gain on disposal of investments	3,461	2,249	3,588	2,141
Depreciation and amortisation	(3,510)	(8,894)	(5,808)	(16,768)
Writeback of impairment loss on insurance/takaful receivables	7,669	149	7,909	2,523
Writeback of/(Allowance for) impairment loss on investments	-	849	-	14,169

Other than the above, there was no gain or loss on derivatives and exceptional items reported during the financial period ended 30 September 2018.

**By Order of the Board**

**LENA BINTI ABD LATIF (LS 8766)**  
**Company Secretary**

**Kuala Lumpur**  
**Dated: 29 November 2018**