



## **Bursa Announcement**

Fourth Quarter Ended 31 March 2014



**MNRB HOLDINGS BERHAD** (13487-A)  
**INTERIM FINANCIAL REPORT**  
**FOR THE PERIOD ENDED 31 MARCH 2014**  
*(The figures have not been audited)*

**CONDENSED CONSOLIDATED INCOME STATEMENT**

	<b>GROUP</b>			
	<b>Individual Period</b>		<b>Cumulative Period</b>	
	3 months ended 31 Mar 2014	3 months ended 31 Mar 2013	12 months ended 31 Mar 2014	12 months ended 31 Mar 2013
	RM'000	RM'000	RM'000	RM'000
Gross earned premiums/contributions	565,196	539,177	2,183,095	2,090,350
Premiums/contributions ceded to reinsurers and retakaful operators	(44,108)	(31,106)	(199,523)	(251,477)
<b>Net earned premiums/contributions</b>	<b>521,087</b>	<b>508,071</b>	<b>1,983,572</b>	<b>1,838,873</b>
Investment income	46,382	37,674	173,327	151,922
Realised gains and losses	1,213	3,194	22,414	30,458
Fair value gains and losses	(4,490)	(3,256)	(7)	4,514
Fee and commission income	3,496	5,301	22,947	25,076
Other operating revenue	190	3,987	5,392	5,968
<b>Other revenue</b>	<b>46,791</b>	<b>46,900</b>	<b>224,073</b>	<b>217,938</b>
Gross claims and benefits paid	(317,111)	(320,997)	(1,089,643)	(1,088,643)
Claims ceded to reinsurers/retakaful operators	48,756	51,530	152,879	243,339
Gross change in contract liabilities	(20,258)	10,705	(350,919)	(244,293)
Change in contract liabilities ceded to reinsurers/retakaful operators	(25,847)	(67,541)	7,658	(67,536)
<b>Net claims and benefits</b>	<b>(314,459)</b>	<b>(326,303)</b>	<b>(1,280,025)</b>	<b>(1,157,133)</b>
Fee and commission expense	(112,488)	(95,938)	(452,656)	(445,853)
Management expenses	(54,867)	(52,372)	(194,912)	(172,813)
Finance cost	(4,381)	(2,724)	(17,916)	(14,422)
Other operating expenses	10,991	(12,192)	6,598	(21,282)
Change in expenses liabilities	(10,677)	170	(18,353)	(3,709)
Tax borne by participants	(5,617)	(2,130)	(14,644)	(12,162)
<b>Other expenses</b>	<b>(177,038)</b>	<b>(165,186)</b>	<b>(691,882)</b>	<b>(670,241)</b>
Share of results of associates	(923)	(64)	3,229	1,308
<b>Operating profit before surplus transfer, zakat and tax</b>	<b>75,457</b>	<b>63,418</b>	<b>238,967</b>	<b>230,745</b>
Surplus attributable to takaful participants	18,517	(3,572)	(23,461)	(71,496)
<b>Operating profit before zakat and tax</b>	<b>93,974</b>	<b>59,846</b>	<b>215,506</b>	<b>159,249</b>
Zakat	(100)	176	(400)	(400)
Tax expenses	(20,212)	(14,722)	(60,186)	(46,184)
<b>Net profit for the period attributable to equity holders of the Parent</b>	<b>73,662</b>	<b>45,300</b>	<b>154,919</b>	<b>112,665</b>
Earnings per share (sen) - Basic	34.6	21.3	72.7	52.9

*The Condensed Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2013*



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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>GROUP</b>			
	<b>Individual Period</b>		<b>Cumulative Period</b>	
	3 months ended 31 Mar 2014	3 months ended 31 Mar 2013	12 months ended 31 Mar 2014	12 months ended 31 Mar 2013
	RM'000	RM'000	RM'000	RM'000
<b>Net profit for the period</b>	73,662	45,300	154,919	112,665
<b><u>Other comprehensive (loss)/income:</u></b>				
<b>Other comprehensive income to be reclassified to income statement in subsequent periods:</b>				
Effects of post acquisition foreign exchange translation reserve on investment in associate	(300)	1,056	5,160	765
Effects of foreign exchange translation reserve on investment in subsidiary	(5)	(446)	369	(463)
Net (loss)/gain on AFS financial assets:				
Net (loss)/gain on fair value changes	(15,132)	(5,027)	(55,615)	(3,082)
Realised (gain)/loss transferred to income statement	(7,249)	(7,370)	(9,415)	(19,699)
Deferred tax relating to net loss/(gain) on AFS financial assets	18,758	11,842	13,715	2,919
Other comprehensive income attributable to participants	(301)	(2,970)	29,917	2,656
<b>Other comprehensive income not to be reclassified to income statement in subsequent periods:</b>				
Revaluation of land and buildings	2,507	5,284	2,507	5,284
Deferred tax relating to revaluation of land and buildings	38	(423)	38	(423)
<b>Total comprehensive income for the period</b>	<b>71,977</b>	<b>47,246</b>	<b>141,595</b>	<b>100,622</b>

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**FOR THE PERIOD ENDED 31 MARCH 2014**  
*(The figures have not been audited)*

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2014**

	<b>GROUP</b>	
	Unaudited 31 Mar 2014 RM'000	Audited 31 Mar 2013 RM'000
<b>Assets</b>		
Property, plant and equipment	236,938	237,965
Investment properties	6,900	6,200
Intangible assets	14,520	13,189
Deferred tax assets	19,421	10,955
Investment in associates	96,844	88,456
Financial assets:		
Financial assets at fair value through profit or loss ("FVTPL")	139,478	129,167
Held-to-maturity ("HTM") investments	716,003	786,653
Available-for-sale ("AFS") financial assets	2,302,106	1,789,502
Loans and receivables ("LAR")	1,949,578	1,698,605
Reinsurance/retakaful assets	399,242	387,976
Insurance/takaful receivables	367,278	404,059
Tax recoverable	31,425	15,923
Cash and bank balances	36,644	74,728
Non-current asset held for sale	1,696	-
<b>Total assets</b>	<b>6,318,072</b>	<b>5,643,378</b>
<b>Liabilities and Participants' funds</b>		
Participants' funds	221,628	234,155
Borrowings	320,000	320,000
Insurance/takaful contract liabilities	4,011,398	3,592,961
Insurance/takaful payables	173,210	211,724
Other payables	322,997	116,975
Deferred tax liabilities	868	12,579
Provision for taxation	45,200	22,525
Provision for zakat	368	515
<b>Total liabilities and participants' funds</b>	<b>5,095,669</b>	<b>4,511,434</b>
<b>Equity</b>		
Share capital	213,070	213,070
Reserves	1,009,333	918,874
<b>Total equity attributable to equity holders of the Company</b>	<b>1,222,403</b>	<b>1,131,944</b>
<b>Total liabilities, participants' funds and equity</b>	<b>6,318,072</b>	<b>5,643,378</b>
Net assets per share (RM)	5.74	5.31

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**MNRB HOLDINGS BERHAD** (13487-A)  
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**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 31 MARCH 2014**

	<b>GROUP</b>								
	Attributable to Equity Holders of the Company								
		Reserves							Total RM'000
		Non- distributable				Distributable			
Share capital RM'000		Share premium RM'000	Foreign exchange translation reserve RM'000	AFS reserve RM'000	Revaluation reserve RM'000	Retained profits brought forward RM'000	Net profit for the period RM'000		
At 1 April 2013	213,070	105,051	16,728	3,611	35,521	757,963	-	1,131,944	
Total comprehensive income/(loss) for the period	-	-	5,529	(21,398)	2,545	-	154,919	141,595	
Dividends paid during the period	-	-	-	-	-	-	(51,137)	(51,137)	
Transferred to retained profits upon disposal of assets held for sale	-	-	-	-	(115)	115	-	-	
At 31 March 2014	213,070	105,051	22,257	(17,787)	37,951	758,078	103,783	1,222,403	

**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 31 MARCH 2013**

	<b>GROUP</b>								
	Attributable to Equity Holders of the Company								
		Reserves							Total RM'000
		Non- distributable				Distributable			
Share capital RM'000		Share premium RM'000	Foreign exchange translation reserve RM'000	AFS reserve RM'000	Revaluation reserve RM'000	Retained profits brought forward RM'000	Net profit for the period RM'000		
At 1 April 2012	213,070	105,051	16,426	20,817	33,844	669,280	-	1,058,488	
Total comprehensive income/(loss) for the period	-	-	302	(17,206)	4,861	-	112,665	100,622	
Dividends paid during the period	-	-	-	-	-	-	(27,166)	(27,166)	
Transferred to retained profits upon disposal of assets held for sale	-	-	-	-	(3,184)	3,184	-	-	
At 31 March 2013	213,070	105,051	16,728	3,611	35,521	672,464	85,499	1,131,944	

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>GROUP</b>	
	12 months ended 31 Mar 2014	12 months ended 31 Mar 2013
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before surplus transfer, zakat and tax	215,506	159,249
Adjustments for:		
Net fair value (losses)/gains on financial assets at FVTPL	733	(4,702)
Impairment loss on AFS financial assets	312	819
Impairment loss/(reversal of impairment loss) on HTM investments	139	(31)
(Reversal of impairment loss)/impairment loss on insurance/takaful receivables	(4,506)	14,068
Depreciation of property, plant and equipment	10,915	9,850
Amortisation of intangible assets	3,352	3,045
Reversal of impairment loss on property	(477)	(300)
Gain on disposal of non-current asset held for sale	-	(4,082)
Gain on fair value adjustment of investment properties	(700)	(600)
Gain on disposal of property, plant and equipment	(152)	(83)
Increase in gross premium and contribution liabilities	19,728	46,897
Decrease in reinsurance and retakaful assets	55,805	44,905
Interest/profit income	(163,687)	(142,078)
Dividend income	(7,322)	(6,504)
Rental income	(4,507)	(7,398)
Finance cost	17,916	14,422
Gain on disposal of investments	(22,265)	(26,293)
Net amortisation of premiums on investments	3,315	1,169
Share of profits of associates	(3,229)	(1,308)
Net surplus attributable to takaful participants	23,461	71,496
Profit from operations before changes in operating assets and liabilities	144,337	172,541
Increase in placements with licensed financial institutions, Islamic investment accounts and marketable securities	(68,494)	(230,478)
Net (purchase of)/proceeds from disposal of investments	(487,534)	(160,358)
(Increase)/decrease in staff loans	(1,860)	2,001
Decrease/(increase) in insurance/takaful receivables	41,287	(85,252)
Increase in other receivables	(263,234)	(12,513)
Increase in gross claims liabilities	68,697	147,660
Increase in expense liabilities	18,353	3,709
(Decrease)/increase in insurance/takaful payables	(28,255)	33,623
Decrease in other payables	484,917	6,401
Taxes and zakat paid	(52,698)	(42,239)
Interest/profit received	176,995	96,855
Dividend received	7,313	41,788
Rental received	4,534	7,798
Net cash used in operating activities	44,358	(18,464)



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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>GROUP</b>	
	12 months ended 31 Mar 2014	12 months ended 31 Mar 2013
	RM'000	RM'000
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(9,587)	(4,314)
Purchase of intangible assets	(4,681)	(2,264)
Proceed from disposal of non current asset held for sale	-	60,683
Proceeds from disposal of property, plant and equipment	429	104
Net cash (used in)/generated from investing activities	(13,839)	54,209
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
Proceeds from borrowings	-	320,000
Repayment of borrowings	-	(320,000)
Interest paid	(17,466)	(14,422)
Dividend paid	(51,137)	(27,166)
Net cash used in financing activities	(68,603)	(41,588)
<b>CASH AND BANK BALANCES</b>		
Net decrease during the period	(38,084)	(5,843)
At the beginning of the period	74,728	80,571
<b>At the end of the period</b>	<b>36,644</b>	<b>74,728</b>

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

**A1. Basis of preparation**

The interim financial report should be read in conjunction with the Group's most recent audited financial statements for the year ended 31 March 2013.

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 year ended 31 March 2013 except for the adoption of the following amendments to the existing accounting standards and Issues Committee ("IC") Interpretations issued by MASB that are effective for the Group's financial year beginning 1 April 2013:

Amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income*  
MFRS 3 *Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)*  
MFRS 127 *Consolidated and Separate Financial Statements (IAS 27 revised by IASB in December 2003)*  
Amendments to MFRS 7 *Disclosures - Offsetting Financial Assets and Financial Liabilities*  
MFRS 10 *Consolidated Financial Statements*  
MFRS 11 *Joint Arrangements*  
MFRS 12 *Disclosure of Interests in Other Entities*  
MFRS 13 *Fair Value Measurement*  
MFRS 119 *Employee Benefits (as amended by IASB in June 2011)*  
MFRS 127 *Separate Financial Statements (as amended by IASB in May 2011)*  
MFRS 128 *Investments in Associates and Joint Ventures (as amended by IASB in May 2011)*  
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*  
Annual Improvements 2009-2011 Cycle  
Amendments to MFRS 10, MFRS 11 and MFRS 12: *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*  
Amendments to MFRS 1: *Government Loans*

The adoption of the above standards, amendments and interpretations does not have any material financial impact on the financial statements of the Group and of the Company.

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

The auditors' report on the audited financial statements for the financial year ended 31 March 2013 was not subject to any qualification.

**A3. Seasonal or cyclical factors**

During the financial period ended 31 March 2014, 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 31 March 2014.

**A5. Changes in estimates**

During the financial year, the Company's retakaful subsidiary has changed the basis for estimation of the claim liabilities relating to its general retakaful business from an ultimate loss ratio method to the link ratio method, given the availability of sufficient historical data this year to develop the full claim triangulations necessary for the latter method.

The change in the basis above has been treated as a change in accounting estimate and resulted in a reduction in the claim liabilities of about RM19.9 million.





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

**A5. Changes in estimates (cont'd.)**

There were no other 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.

**A7. Dividend paid**

A first and final dividend of 32% less 25% income tax amounting to RM51,136,680 for the financial year ended 31 March 2013 was approved by the Company's shareholders at the 40th Annual General Meeting of the Company and paid on 28 October 2013.

**A8. Segmental reporting**

Financial period ended 31 March 2014

	Investment Holding RM'000	Reinsurance Business RM'000	Takaful Business RM'000	Retakaful Business RM'000	Inter-Group Adjustments RM'000	Consolidated RM'000
<b>Revenue</b>						
External	787	1,432,588	851,350	98,467	-	2,383,192
Inter-segment	136,072	3,858	821	24,692	(165,443)	-
	136,859	1,436,447	852,171	123,159	(165,443)	2,383,192
<b>Results</b>						
<b>Segment results</b>	<b>50,655</b>	<b>214,527</b>	<b>44,318</b>	<b>(1,229)</b>	<b>(72,534)</b>	<b>235,737</b>
Share of results of associates	(438)	3,667	-	-	-	3,229
<b>Operating profit before surplus transfer, zakat and tax</b>	<b>50,217</b>	<b>218,194</b>	<b>44,318</b>	<b>(1,229)</b>	<b>(72,534)</b>	<b>238,966</b>
Surplus attributable to takaful participants	-	-	(23,461)	-	-	(23,461)
<b>Operating profit before zakat and tax</b>	<b>50,217</b>	<b>218,194</b>	<b>20,857</b>	<b>(1,229)</b>	<b>(72,534)</b>	<b>215,505</b>
Zakat and taxation	(25,616)	(52,402)	(6,568)	-	24,000	(60,586)
<b>Net profit for the period attributable to equity holders of the Company</b>	<b>24,601</b>	<b>165,792</b>	<b>14,289</b>	<b>(1,229)</b>	<b>(48,534)</b>	<b>154,919</b>

Financial period ended 31 March 2013

	Investment Holding RM'000	Reinsurance Business RM'000	Takaful Business RM'000	Retakaful Business RM'000	Inter-Group Adjustments RM'000	Consolidated RM'000
<b>Revenue</b>						
External	3,185	1,345,409	817,476	137,099	-	2,303,169
Inter-segment	72,715	20,839	1,853	22	(95,429)	-
	75,900	1,366,248	819,329	137,121	(95,429)	2,303,169
<b>Results</b>						
<b>Segment results</b>	<b>31,143</b>	<b>166,235</b>	<b>91,212</b>	<b>(14,137)</b>	<b>(45,016)</b>	<b>229,437</b>
Share of results of associates	229	1,079	-	-	-	1,308
<b>Operating profit before surplus transfer, zakat and tax</b>	<b>31,372</b>	<b>167,314</b>	<b>91,212</b>	<b>(14,137)</b>	<b>(45,016)</b>	<b>230,745</b>
Surplus attributable to takaful participants	-	-	(72,723)	1,227	-	(71,496)
<b>Operating profit before zakat and tax</b>	<b>31,372</b>	<b>167,314</b>	<b>18,489</b>	<b>(12,910)</b>	<b>(45,016)</b>	<b>159,249</b>
Zakat and taxation	(6,611)	(41,602)	(8,371)	-	10,000	(46,584)
<b>Net profit for the period attributable to equity holders of the Company</b>	<b>24,761</b>	<b>125,712</b>	<b>10,118</b>	<b>(12,910)</b>	<b>(35,016)</b>	<b>112,665</b>



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

**A9. Carrying amount of revalued properties**

The valuations of property, plant and equipment and investment properties have been brought forward, without any change, from the financial statements for the period ended 31 March 2013 except for the Group's self-occupied and investment properties.

During the current financial period ended 31 March 2014, the Group had revalued all of its self-occupied and investment properties. The resultant revaluation surpluses of RM2.5 million for self-occupied properties were recognised in other comprehensive income and accumulated in equity as revaluation reserve, whilst the reversal of impairment losses on self-occupied properties of RM0.5 million were recognised in the income statement. For investment property, a fair value gain of RM0.7 million was recognised in the income statement.

**A10. Significant events**

In the previous quarter, the Company disclosed that its takaful subsidiary, Takaful IKHLAS Berhad ("Takaful IKHLAS"), in arriving at its tax expenses, had treated commission outgo for the family and general business as an allowable deduction. This is consistent with the general practice of other takaful operators as the Income Tax Act, 1967 is silent on the deductibility of commission expenses in the shareholder's fund. Further, in conventional insurance companies, commission expenses are allowed as a deduction in the life and general insurance funds.

The Income Tax Act, 1967 was recently amended to permit commission expenses as an allowable deduction for the general takaful business only. However, it remains silent on the tax deductibility of commission expenses of the family takaful business.

Consequently, the Inland Revenue Board ("IRB") had, on 30 and 31 December 2013, issued to Takaful IKHLAS notices of assessment and notices of additional assessment (i.e. Form J and Form JA) for the years of assessment ("YA") 2006, 2007 and 2008, disallowing family business' commission expenses as deductions. The additional tax payable by Takaful IKHLAS under the above-mentioned notices is RM31,789,849.30. As a result of the above, IRB had also treated the tax returns made by Takaful IKHLAS for the above years of assessment as incorrect, and imposed a penalty of RM14,305,432.18 to Takaful IKHLAS.

Subsequently, on 31 March 2014, Takaful IKHLAS was issued with another notice of additional assessment for the year of assessment 2009 indicating the additional tax payable of RM17,193,120.25 and a corresponding penalty of RM7,736,904.11.

The Company believes that the family takaful business should not be treated any less favourably than the conventional life insurance business. Based on tax principles, commission paid is borne by the shareholder's fund with its earnings from wakalah fees. Accordingly, commission paid would be deemed as a deductible expense.

Efforts have been made by the takaful industry, through the Malaysian Takaful Association ("MTA"), to resolve the above issue with the relevant authorities. Discussions have been held involving MTA and the relevant authorities governing the takaful industry to reach an equitable outcome for all takaful operators. While awaiting the formal outcome of the discussions, Takaful IKHLAS had submitted an appeal (Form Q) against the payment of this additional assessment and penalty.

The Company, having taken into consideration the advice from the Group's various advisors, is of the view that there are strong justifications for its appeal and so, neither the Company nor Takaful IKHLAS had made any provision for the above tax and penalty.

There were no other significant events during the current financial period ended 31 March 2014.

**A11. Subsequent events**

There were no significant subsequent events from 31 March 2014 to the date of this report.

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

There were no changes in the composition of the Group during the current financial period ended 31 March 2014.



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

**A13. Capital Commitments**

The amount of capital commitments of the Group as at 31 March 2014 were as follows:

	<b>RM'000</b>
Authorised and contracted for:	
- Tangible assets	623
- Intangible assets*	815
	1,438

\* Relating to purchases and enhancement of computer systems.

**A14. Condensed Consolidated Statement of Financial Position by Insurance Funds**

**(i) Unaudited as at 31 March 2014**

	General reinsurance & shareholders' fund	General takaful fund	Family takaful fund	General retakaful fund	Family retakaful fund	Elimination & Adjustment	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Assets</b>							
Property, plant and equipment	130,016	-	-	-	-	106,922	236,938
Investment properties	6,900	-	106,922	-	-	(106,922)	6,900
Intangible assets	14,520	-	-	-	-	-	14,520
Deferred tax assets	13,144	997	6,337	215	-	(1,272)	19,421
Investment in associates	77,615	-	-	-	-	19,230	96,844
Financial assets:							
Financial assets at fair value through profit or loss ("FVTPL")	1,840	1,372	135,627	616	23	-	139,478
Held-to-maturity ("HTM") investments	288,333	72,033	332,336	19,243	4,058	-	716,003
Available-for-sale ("AFS") financial assets	1,213,832	93,341	957,430	31,250	6,253	-	2,302,106
Loans and receivables ("LAR")	1,311,294	163,787	513,690	54,640	19,874	(113,707)	1,949,578
Reinsurance/retakaful assets	150,215	80,288	139,538	22,858	6,343	-	399,242
Insurance/takaful receivables	245,774	32,274	70,483	16,121	2,626	-	367,278
Tax recoverable	31,424	-	-	1	-	-	31,425
Cash and bank balances	15,911	7,551	13,140	33	9	-	36,644
Non-current asset held for sale	1,696	-	-	-	-	-	1,696
<b>Total assets</b>	<b>3,502,513</b>	<b>451,643</b>	<b>2,275,503</b>	<b>144,977</b>	<b>39,186</b>	<b>(95,750)</b>	<b>6,318,072</b>
<b>Liabilities and Participants' funds</b>							
Participants' funds	-	33,850	188,496	13,145	-	(13,863)	221,628
Borrowings	320,000	-	-	-	-	-	320,000
Insurance/takaful contract liabilities	1,760,319	320,552	1,799,426	107,335	33,766	(10,000)	4,011,398
Insurance/takaful payables	107,315	15,739	28,417	16,319	5,420	-	173,210
Other payables	90,672	68,773	245,917	8,178	-	(90,542)	322,997
Deferred tax liabilities	868	-	553	-	-	(553)	868
Provision for taxation	19,777	12,729	12,694	-	-	-	45,200
Provision for zakat	368	-	-	-	-	-	368
<b>Total liabilities and participants' funds</b>	<b>2,299,319</b>	<b>451,643</b>	<b>2,275,503</b>	<b>144,977</b>	<b>39,186</b>	<b>(114,958)</b>	<b>5,095,669</b>
<b>Equity</b>							
Share capital	1,124,570	-	-	-	-	(911,500)	213,070
Reserves	950,657	-	-	-	-	58,676	1,009,333
<b>Total equity attributable to equity holders of the Company</b>	<b>2,075,227</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,222,403</b>
<b>Total liabilities, participants' funds and equity</b>	<b>4,374,546</b>	<b>451,643</b>	<b>2,275,503</b>	<b>144,977</b>	<b>39,186</b>	<b>(114,958)</b>	<b>6,318,072</b>



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**A14. Condensed Consolidated Statement of Financial Position by Insurance Funds (Cont'd.)**

(ii) As at 31 March 2013

	General reinsurance & shareholders' fund	General takaful fund	Family takaful fund	General retakaful fund	Family retakaful fund	Elimination & Adjustment	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Assets</b>							
Property, plant and equipment	132,773	-	-	-	-	105,192	237,965
Investment properties	6,200	-	105,192	-	-	(105,192)	6,200
Intangible assets	13,189	-	-	-	-	-	13,189
Deferred tax assets	7,906	317	-	37	-	2,695	10,955
Investment in associates	88,456	-	-	-	-	-	88,456
Financial assets:							
Financial assets at fair value through profit or loss ("FVTPL")	7,317	1,153	120,194	480	23	-	129,167
Held-to-maturity ("HTM") investments	339,005	74,621	352,546	16,719	3,762	-	786,653
Available-for-sale ("AFS") financial assets	1,030,206	82,117	644,184	28,081	4,914	-	1,789,502
Loans and receivables ("LAR")	1,200,665	123,093	409,891	39,402	11,351	(85,797)	1,698,605
Reinsurance/retakaful assets	224,716	62,912	89,843	5,023	5,482	-	387,976
Insurance/takaful receivables	229,470	28,804	121,439	23,283	1,063	-	404,059
Tax recoverable	15,909	-	-	8	6	-	15,923
Cash and bank balances	10,131	32,549	32,026	13	9	-	74,728
<b>Total assets</b>	<b>3,305,943</b>	<b>405,566</b>	<b>1,875,315</b>	<b>113,046</b>	<b>26,610</b>	<b>(83,102)</b>	<b>5,643,378</b>
<b>Liabilities and Participants' funds</b>							
Participants' funds	-	20,346	214,339	-	-	(530)	234,155
Borrowings	320,000	-	-	-	-	-	320,000
Insurance/takaful contract liabilities	1,667,263	301,553	1,513,237	103,203	17,705	(10,000)	3,592,961
Insurance/takaful payables	107,428	20,299	65,253	9,843	8,901	-	211,724
Other payables	52,323	57,515	75,214	-	-	(68,077)	116,975
Deferred tax liabilities	6,655	-	2,685	-	4	3,235	12,579
Provision for taxation	12,085	5,853	4,587	-	-	-	22,525
Provision for zakat	515	-	-	-	-	-	515
<b>Total liabilities and participants' funds</b>	<b>2,166,269</b>	<b>405,566</b>	<b>1,875,315</b>	<b>113,046</b>	<b>26,610</b>	<b>(75,372)</b>	<b>4,511,434</b>
<b>Equity</b>							
Share capital	213,070	-	-	-	-	-	213,070
Reserves	946,716	-	-	-	-	(27,842)	918,874
<b>Total equity attributable to equity holders of the Company</b>	<b>1,159,786</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(27,842)</b>	<b>1,131,944</b>
<b>Total liabilities, participants' funds and equity</b>	<b>3,326,055</b>	<b>405,566</b>	<b>1,875,315</b>	<b>113,046</b>	<b>26,610</b>	<b>(103,214)</b>	<b>5,643,378</b>



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

**A15. Unaudited Condensed Consolidated Income Statement by Insurance Funds**

(i) 12 months ended 31 March 2014

	General reinsurance & shareholders' fund	General takaful fund	Family takaful fund	General retakaful fund	Family retakaful fund	Elimination & Adjustment	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross earned premiums/contributions	1,334,573	209,206	547,962	68,605	53,475	(30,726)	2,183,095
Premiums/contributions ceded to reinsurers and retakaful operators	(97,053)	(68,259)	(40,375)	(14,433)	(6,614)	27,211	(199,523)
<b>Net earned premiums/contributions</b>	<b>1,237,520</b>	<b>140,947</b>	<b>507,587</b>	<b>54,172</b>	<b>46,861</b>	<b>(3,515)</b>	<b>1,983,572</b>
Investment income	203,710	11,035	65,511	3,196	476	(110,601)	173,327
Realised gains and losses	5,257	1,559	15,262	281	55	-	22,414
Fair value gains and losses	665	27	316	(95)	-	(920)	(7)
Fee and commission income	293,816	15,181	100	1,158	2	(287,310)	22,947
Other operating revenue	12,697	-	-	118	26	(7,449)	5,392
<b>Other revenue</b>	<b>516,145</b>	<b>27,802</b>	<b>81,189</b>	<b>4,658</b>	<b>559</b>	<b>(406,280)</b>	<b>224,073</b>
Gross claims and benefit paid	(685,322)	(108,746)	(216,206)	(32,533)	(52,410)	5,574	(1,089,643)
Claims ceded to reinsurers/retakaful operators	97,926	31,679	21,863	2,035	4,950	(5,574)	152,879
Gross change in contract liabilities	(64,351)	(369)	(261,480)	(8,658)	(16,061)	-	(350,919)
Change in contract liabilities ceded to reinsurers/retakaful operators	(73,281)	12,648	49,695	17,735	861	-	7,658
<b>Net claims and benefits</b>	<b>(725,028)</b>	<b>(64,788)</b>	<b>(406,128)</b>	<b>(21,421)</b>	<b>(62,660)</b>	<b>-</b>	<b>(1,280,025)</b>
Fee and commission expenses	(436,966)	(73,632)	(165,109)	(23,111)	(6,135)	252,297	(452,656)
Management expenses	(230,410)	(2,290)	(5,913)	-	-	43,702	(194,912)
Finance cost	(17,916)	-	-	-	-	-	(17,916)
Other operating expenses	(86,373)	2,081	(481)	(621)	(9)	92,002	6,598
Changes in expenses liabilities	(18,353)	-	-	-	-	-	(18,353)
Tax borne by participants	-	(7,171)	(7,547)	-	-	74	(14,644)
<b>Other expenses</b>	<b>(790,019)</b>	<b>(81,012)</b>	<b>(179,050)</b>	<b>(23,732)</b>	<b>(6,144)</b>	<b>388,075</b>	<b>(691,882)</b>
Share of results of associates	-	-	-	-	-	3,229	3,229
<b>Operating profit before surplus transfer, zakat and tax</b>	<b>238,618</b>	<b>22,949</b>	<b>3,598</b>	<b>13,677</b>	<b>(21,384)</b>	<b>(18,492)</b>	<b>238,967</b>
Surplus attributable to takaful participants	-	(22,949)	(3,598)	-	-	3,086	(23,461)
<b>Operating profit before surplus zakat and tax</b>	<b>238,618</b>	<b>-</b>	<b>-</b>	<b>13,677</b>	<b>(21,384)</b>	<b>(15,406)</b>	<b>215,506</b>
Zakat	(400)	-	-	-	-	-	(400)
Tax expenses	(84,186)	-	-	-	-	24,000	(60,186)
<b>Net profit for the period attributable to equity holders of the Parent</b>	<b>154,032</b>	<b>-</b>	<b>-</b>	<b>13,677</b>	<b>(21,384)</b>	<b>8,594</b>	<b>154,919</b>



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

**A15. Unaudited Condensed Consolidated Income Statement by Insurance Funds (Cont'd.)**

(ii) 12 months ended 31 March 2013

	General reinsurance & shareholders' fund	General takaful fund	Family takaful fund	General retakaful fund	Family retakaful fund	Elimination & Adjustment	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross earned premiums/contributions	1,249,025	184,179	542,343	82,837	53,246	(21,280)	2,090,350
Premiums/contributions ceded to reinsurers and retakaful operators	(181,089)	(56,169)	(14,607)	(11,232)	(7,807)	19,427	(251,477)
<b>Net earned premiums/contributions</b>	<b>1,067,936</b>	<b>128,010</b>	<b>527,736</b>	<b>71,605</b>	<b>45,439</b>	<b>(1,853)</b>	<b>1,838,873</b>
Investment income	139,661	10,403	51,231	2,491	450	(52,314)	151,922
Realised gains and losses	16,831	1,896	11,424	244	63	-	30,458
Fair value gains and losses	113	9	5,483	(47)	(2)	(1,042)	4,514
Fee and commission income	290,917	10,806	(75)	1,093	191	(277,856)	25,076
Other operating revenue	5,082	-	-	744	41	101	5,968
<b>Other revenue</b>	<b>452,604</b>	<b>23,114</b>	<b>68,063</b>	<b>4,525</b>	<b>743</b>	<b>(331,111)</b>	<b>217,938</b>
Gross claims and benefit paid	(686,707)	(107,394)	(165,843)	(31,985)	(49,584)	(47,130)	(1,088,643)
Claims ceded to reinsurers/retakaful	193,490	21,648	21,167	1,362	5,672	-	243,339
Gross change in contract liabilities	4,943	24,378	(282,997)	(25,396)	(12,351)	47,130	(244,293)
Change in contract liabilities ceded to reinsurers/retakaful	(137,934)	2,882	65,147	(1,249)	3,618	-	(67,536)
<b>Net claims and benefits</b>	<b>(626,208)</b>	<b>(58,486)</b>	<b>(362,526)</b>	<b>(57,268)</b>	<b>(52,645)</b>	<b>-</b>	<b>(1,157,133)</b>
Fee and commission expense	(426,127)	(67,441)	(158,892)	(28,727)	(6,070)	241,404	(445,853)
Management expenses	(214,647)	-	-	-	-	41,834	(172,813)
Finance cost	(16,063)	-	-	-	-	1,641	(14,422)
Other operating expenses	(19,031)	(282)	(11,309)	(569)	-	9,909	(21,282)
Changes in expenses liabilities	(3,709)	-	-	-	-	-	(3,709)
Tax borne by participants	-	(7,718)	(4,444)	-	-	-	(12,162)
<b>Other expenses</b>	<b>(679,577)</b>	<b>(75,441)</b>	<b>(174,645)</b>	<b>(29,296)</b>	<b>(6,070)</b>	<b>294,788</b>	<b>(670,241)</b>
Share of results of associates	-	-	-	-	-	1,308	1,308
<b>Operating profit before surplus transfer, zakat and tax</b>	<b>214,755</b>	<b>17,197</b>	<b>58,628</b>	<b>(10,434)</b>	<b>(12,533)</b>	<b>(36,868)</b>	<b>230,745</b>
Surplus attributable to takaful participants	-	(17,197)	(58,628)	-	1,227	3,102	(71,496)
<b>Operating profit before surplus zakat and tax</b>	<b>214,755</b>	<b>-</b>	<b>-</b>	<b>(10,434)</b>	<b>(11,306)</b>	<b>(33,766)</b>	<b>159,249</b>
Zakat	(400)	-	-	-	-	-	(400)
Tax expenses	(56,267)	-	-	-	-	10,083	(46,184)
<b>Net profit for the period attributable to equity holders of the Parent</b>	<b>158,088</b>	<b>-</b>	<b>-</b>	<b>(10,434)</b>	<b>(11,306)</b>	<b>(23,683)</b>	<b>112,665</b>



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

For the period ended 31 March 2014, the Group recorded a revenue of RM2.383 billion, 3.5% or RM80.0 million higher than RM2.303 billion recorded in the corresponding period last year. The higher revenue was a result of the increase in gross premiums and contributions by the Company's reinsurance and takaful subsidiaries respectively.

The Group's net profit was higher by 37.4% from RM112.7 million to RM154.8 million due to the higher underwriting surplus of the Company's reinsurance subsidiary.

Investment holding

The revenue for the period ended 31 March 2014 of RM136.9 million was higher by RM61.0 million or 80.3% as compared against the revenue of the corresponding period last year of RM75.9 million mainly from higher dividend income from the subsidiaries.

There was a lower profit of RM24.6 million as compared to RM24.8 million in the corresponding period last year mainly due to the loss reported by the Company's associate.

Reinsurance business

The reinsurance business reported RM1.436 billion in revenue for the period ended 31 March 2014, an increase of 5.1% from RM1.366 billion in the corresponding period last year. The increase was mainly due to the higher gross premiums from the international business.

The net profit for the period ended 31 March 2014 improved by 31.9% from RM125.7 million to RM165.9 million resulting from the higher underwriting surplus.

Takaful business

The revenue for takaful business for the period ended 31 March 2014 increased by 4.0% from RM819.3 million to RM852.2 million. This was mainly due to an increase in gross contributions of the family and general takaful funds as well as increase in investment income of the family fund.

The net profit attributable to equity holders for the period ended 31 March 2014 improved by 41.2% from RM10.1 million to RM14.3 million mainly as a result of higher wakalah fees and surplus administration charges from the takaful funds.

Retakaful business

The revenue for retakaful business for the period ended 31 March 2014 was lower by 10.2% from RM137.1 million to RM123.2 million, consistent with the efforts to consolidate its business portfolio.

The results of the retakaful business improved from a loss of RM12.9 million to a loss of RM1.2 million in the period ended 31 March 2014 mainly due to the reduction in claims and contribution reserves of the general retakaful fund.



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

The Group recorded net profit of RM73.7 million in the current quarter as compared to net profit of RM43.5 million in the preceding quarter. The higher profit was mainly contributed by the overall improvement in the results of the subsidiaries.

**B3. Current year prospects**

The Group is expected to achieve satisfactory results for the financial year ending 31 March 2015.

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

There was no profit forecast issued by the Group during the financial period ended 31 March 2014.

**B5. Taxation**

	<b>GROUP</b>			
	<b>Individual Period</b>		<b>Cumulative Period</b>	
	<b>3 months ended</b>	<b>3 months ended</b>	<b>12 months ended</b>	<b>12 months ended</b>
	<b>31 Mar 2014</b>	<b>31 Mar 2013</b>	<b>31 Mar 2014</b>	<b>31 Mar 2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Operating profit before zakat and tax	93,974	59,846	215,506	159,249
Current tax	(23,292)	(13,709)	(66,107)	(46,104)
Deferred tax	3,080	(1,013)	5,921	(80)
Zakat	(20,212)	(14,722)	(60,186)	(46,184)
	(100)	176	(400)	(400)
	(20,312)	(14,546)	(60,586)	(46,584)
Net profit	73,662	45,300	154,919	112,665
Effective tax rate	21.5%	24.6%	27.9%	29.0%

The effective tax rate for the 12 months ended 31 March 2014 was higher than the statutory tax rate of 25% principally due to the capital expenditure incurred by the shareholder's fund of the takaful subsidiary in which no capital allowance can be claimed.

**B6. Status of corporate proposals and utilisation of proceeds**

There was no corporate proposal announced but not completed as at the date of this announcement.





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**B7. Borrowings and debt securities**

The Group borrowings as at 31 March 2014 were as follows:

	<b>GROUP 31 Mar 2014 RM'000</b>
Unsecured long term borrowings:	
RM200.0 million Islamic Commodity Murabahah Facility due in 2017	200,000
RM120.0 million Sukuk Mudharabah Programme due in 2017	120,000
	<b>320,000</b>

**B8. Off balance sheet financial instruments**

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

**B9. Material litigation**

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

**B10. Dividends**

No dividends were paid or declared to date for the current financial year ending 31 March 2014.

**B11. Earnings per share**

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

	<b>GROUP</b>			
	<b>Individual Period</b>		<b>Cumulative Period</b>	
	<b>3 months ended 31 Mar 2014</b>	<b>3 months ended 31 Mar 2013</b>	<b>12 months ended 31 Mar 2014</b>	<b>12 months ended 31 Mar 2013</b>
Net profit for the period (RM'000)	73,662	45,300	154,919	112,665
Weighted average number of ordinary shares in issue ('000)	213,070	213,070	213,070	213,070
Basic EPS (sen)	34.6	21.3	72.7	52.9

The Group has no potential dilutive ordinary shares in issue as at the end of the financial period and therefore, diluted earnings per share has not been presented.



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

	<b>GROUP</b>			
	<b>Individual Period</b>		<b>Cumulative Period</b>	
	<b>3 months ended 31 Mar 2014 RM'000</b>	<b>3 months ended 31 Mar 2013 RM'000</b>	<b>12 months ended 31 Mar 2014 RM'000</b>	<b>12 months ended 31 Mar 2013 RM'000</b>
Interest/profit income	40,028	37,319	163,687	142,078
Dividend income	2,283	878	7,322	6,504
Rental income	(285)	2,071	4,507	7,398
Interest expense	(4,380)	(2,723)	(17,916)	(14,422)
Net gains on disposal of investments	1,109	6,646	22,265	26,293
Depreciation and amortisation	(3,955)	(4,178)	(14,267)	(12,895)
Reversal of impairment loss/(impairment) on insurance/takaful receivables	2,044	(9,808)	4,506	(14,068)
Impairment losses on investments	(454)	(1,330)	(451)	(788)

Other than the above, there were no gain or loss on derivatives and exceptional items reported during the current financial period ended 31 March 2014.

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**B13. Disclosure of realised and unrealised profits**

On 25 March 2010, Bursa Securities issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Securities further issued guidance on the disclosure and the format required.

The breakdown of the retained profits of the Group as at 31 March 2014, into realised and unrealised profits, pursuant to the directive, were as follows:

	<b>GROUP</b>	
	<b>31 Mar 2014</b>	<b>31 Mar 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained profits of the Group:		
Realised	887,899	759,885
Unrealised	11,378	1,892
	899,277	761,777
Total share of retained profits from associate		
Realised	(3,077)	(6,306)
	896,200	755,471
Add / Less: Consolidation adjustments	(34,339)	2,492
Total retained profits per the statement of changes in equity	861,861	757,963

The determination of realised and unrealised profits is compiled based on Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

**By Order of the Board**

**NORAZMAN BIN HASHIM (MIA 5817)**  
**LENA BTE ABD LATIF (LS 8766)**  
**Company Secretaries**

**Kuala Lumpur**  
**Dated: 27 May 2014**