



Bursa Announcement

Second Quarter Ended 30 September 2019



MNRB HOLDINGS BERHAD

(197201001795 (13487-A))

INTERIM FINANCIAL STATEMENTS

(The figures have not been audited)

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

	GROUP			
	Individual period		Cumulative year	
	3 months ended 30 September 2019	3 months ended 30 September 2018	6 months ended 30 September 2019	6 months ended 30 September 2018
	RM'000	RM'000	RM'000	RM'000
Gross earned premiums/contributions	538,774	484,431	1,017,608	957,190
Premiums/contributions ceded to reinsurers and retakaful operators	(73,885)	(80,971)	(140,810)	(136,134)
Net earned premiums/contributions	464,889	403,460	876,798	821,056
Investment income	68,304	65,338	143,653	130,482
Realised gains	73,181	2,530	79,358	3,614
Fair value gains/(losses)	15,457	42,159	94,239	(12,295)
Fee and commission income	9,934	10,558	18,665	16,702
Other operating revenue	2,594	17,339	8,910	27,220
Other revenue	169,470	137,924	344,825	165,723
Gross claims and benefits paid	(334,206)	(348,450)	(678,133)	(638,542)
Claims ceded to reinsurers/retakaful operators	53,963	31,473	139,790	47,549
Gross change in contract liabilities	(77,195)	(183,380)	(177,280)	(131,356)
Change in contract liabilities ceded to reinsurers/retakaful operators	12,963	118,554	(16,125)	113,349
Net claims and benefits	(344,475)	(381,803)	(731,748)	(609,000)
Fee and commission expense	(114,638)	(95,421)	(207,529)	(188,418)
Management expenses	(65,942)	(52,497)	(119,893)	(103,260)
Finance cost	(4,440)	(4,014)	(8,632)	(8,123)
Other operating expenses	1,697	(9,193)	(1,769)	(7,415)
Change in expenses liabilities	1,275	1,588	1,657	4,393
Tax borne by participants	(10,229)	(7,670)	(20,147)	(5,921)
Other expenses	(192,277)	(167,207)	(356,313)	(308,744)
Share of results of associates	(391)	1,309	1,585	(2,938)
Operating profit/(loss) before (surplus)/deficit attributable to takaful participants, zakat and taxation	97,216	(6,317)	135,147	66,097
(Surplus)/deficit attributable to takaful participants	(41,444)	30,252	(36,093)	880
Operating profit before zakat and taxation	55,772	23,935	99,054	66,977
Zakat	(421)	-	(786)	(213)
Taxation	(6,835)	(4,237)	(11,840)	(18,788)
Net profit for the period attributable to equity holders of the Company	48,516	19,698	86,428	47,976
Basic and no diluted earnings per share attributable to equity holders of the Company (sen):	6.0	6.2	11.0	15.0

The Condensed Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2019



MNRB HOLDINGS BERHAD

(197201001795 (13487-A))

INTERIM FINANCIAL STATEMENTS

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

	GROUP			
	Individual period		Cumulative year	
	3 months ended 30 September 2019	3 months ended 30 September 2018	6 months ended 30 September 2019	6 months ended 30 September 2018
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	48,516	19,698	86,428	47,976
Other comprehensive income:				
Other comprehensive income to be reclassified to income statement in subsequent periods:				
Effects of post acquisition foreign exchange translation reserve on investment in associate	2,107	(9,460)	4,570	10,645
Effects of foreign exchange translation reserve on investment in subsidiary	125	271	349	744
Net (loss)/gain on financial assets at FVOCI:				
Net (loss)/gain on fair value changes	(2,178)	22,597	15,268	10,722
Realised gain/(loss) transferred to income statement	10,747	(306)	10,669	(448)
Deferred tax relating to net gain on financial assets at FVOCI	(9,341)	(380)	(1,328)	(289)
Other comprehensive income/(loss) attributable to participants	1,064	1,654	(4,832)	(669)
Other comprehensive income not to be reclassified to income statement in subsequent years:				
Net gains on fair value changes	499	-	998	-
Deferred tax on fair value changes	(40)	-	(80)	-
Revaluation of land and buildings	-	706	-	1,381
Deferred tax relating to revaluation of land and buildings	-	233	-	179
Other comprehensive loss attributable to participants	-	(649)	-	(1,270)
Total comprehensive income for the period	51,499	34,364	112,042	68,971

The Condensed Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2019



MNRB HOLDINGS BERHAD
(197201001795 (13487-A))
INTERIM FINANCIAL STATEMENTS
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

	GROUP	
	Unaudited	Audited
	30 September 2019 RM'000	31 March 2019 RM'000
Assets		
Property, plant and equipment	204,197	204,187
Right-of-use asset	4,131	-
Intangible assets	37,860	37,206
Deferred tax assets	-	13,247
Investment in associates	137,727	133,741
Financial assets	7,502,080	7,289,554
Reinsurance/retakaful assets	526,508	539,853
Insurance/takaful receivables	427,349	337,351
Tax recoverable	63,399	54,674
Non-current assets held for sale	45,875	45,875
Cash and bank balances	83,884	51,675
Total assets	9,033,010	8,707,363
Liabilities and Participants' funds		
Participants' funds	341,850	295,294
Borrowings	320,000	320,000
Insurance/takaful contract liabilities	5,512,078	5,489,890
Insurance/takaful payables	244,231	224,032
Other payables	344,142	232,532
Lease liability	4,320	-
Deferred tax liabilities	14,421	16,365
Provision for taxation	18,942	8,321
Provision for zakat	1,512	1,277
Total liabilities and participants' funds	6,801,496	6,587,711
Equity		
Share capital	722,306	722,306
Reserves	1,509,208	1,397,346
Total equity attributable to equity holders of the Company	2,231,514	2,119,652
Total liabilities, participants' funds and equity	9,033,010	8,707,363
Net assets per share (RM)	3.08	2.93

*The Condensed Financial Statements should be read in conjunction with
the Annual Financial Statements for the year ended 31 March 2019*



MNRB HOLDINGS BERHAD
(197201001795 (13487-A))

INTERIM FINANCIAL STATEMENTS
(The figures have not been audited)

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

	GROUP							
	Attributable to Equity Holders of the Company							
	Share capital RM'000	Reserves					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	Retained profits brought forward RM'000				
At 1 April 2019, as previously stated	722,306	43,329	58,457	47,059	1,248,501	-	2,119,652	
Impact of adopting MFRS 16	-	-	-	-	(180)	-	(180)	
At 1 April 2019, as restated	722,306	43,329	58,457	47,059	1,248,321	-	2,119,472	
Total comprehensive income for the year	-	4,919	20,695	-	-	86,428	112,042	
At 30 September 2019	722,306	48,248	79,152	47,059	1,248,321	86,428	2,231,514	

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

	GROUP							
	Attributable to Equity Holders of the Company							
	Share capital RM'000	Reserves					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	Retained profits brought forward RM'000				
At 1 April 2018	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	

The Condensed Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2019



MNRB HOLDINGS BERHAD

(197201001795 (13487-A))

INTERIM FINANCIAL STATEMENTS
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

	GROUP	
	6 months ended 30 September 2019	6 months ended 30 September 2018
	RM'000	RM'000
Cash flows from operating activities		
Profit before surplus transfer, zakat and tax	99,054	66,977
Adjustments for:		
Net fair value (gains)/losses on financial assets at FVTPL	(170,847)	12,383
Impairment losses on other receivables	3,340	5,866
Net impairment losses on insurance/takaful receivables	5,969	-
Depreciation of property, plant and equipment	5,433	3,423
Amortisation of intangible assets	2,702	2,399
Net gains on disposal of investment	(20,368)	-
Gains on disposal of property, plant and equipment	(1)	(26)
Increase in gross premium and contribution liabilities	47,495	7,649
Interest/profit income	(101,103)	(40,656)
Dividend income	(3,764)	(1,910)
Rental income	(3,171)	(1,968)
Finance cost	8,543	8,123
Net gains on disposal of investments	(58,991)	(2,902)
Net amortisation of premiums on investments	2,557	2,794
Revaluation on investment	-	290
Share of results of associates	(1,585)	2,938
(Loss)/profit from operations before changes in operating assets and liabilities	(184,737)	65,380
(Increase)/decrease in placements with licensed financial institutions, Islamic investment accounts and marketable securities	(491,877)	110,712
Decrease/(increase) of investment	443,032	(434,721)
(Increase)/decrease in staff loans	(2,282)	867
Increase in insurance/takaful receivables	(64,876)	(3,617)
Decrease in other receivables	6,440	72,360
Increase in gross claim liabilities, actuarial liabilities and unallocated surplus	204,582	212,571
Decrease in expense liabilities	(4,008)	(4,393)
Decrease in participants' funds	(124,496)	(90,174)
Decrease/(increase) in reinsurance and retakaful assets	21,932	(110,081)
(Decrease)/increase in insurance/takaful payables	(11,142)	37,818
Increase in other payables	154,147	108,166
Decrease in lease liabilities	(1,199)	-
Taxes and zakat	(18,588)	(36,565)
Interest/profit received	108,856	40,081
Dividend received	6,332	3,136
Rental received	3,053	1,859
Net cash generated from/(used in) operating activities	45,169	(26,601)



MNRB HOLDINGS BERHAD
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INTERIM FINANCIAL STATEMENTS
(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONT'D.)**

	GROUP	
	6 months ended 30 September 2019	6 months ended 30 September 2018
	RM'000	RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(418)	(2,542)
Purchase of intangible assets	(3,370)	(5,299)
Proceeds from disposal of property, plant and equipment	17	-
Net cash used in investing activities	(3,771)	(7,841)
Cash flows from financing activities		
Interest/profit paid	(8,583)	(8,326)
Payment of lease liabilities	(606)	-
Net cash used in financing activities	(9,189)	(8,326)
Cash and bank balances		
Net increase/(decrease) during the period	32,209	(42,768)
At the beginning of the year	51,675	142,099
At the end of the period	83,884	99,331

*The Condensed Financial Statements should be read in conjunction with
the Annual Financial Statements for the year ended 31 March 2019*



MNRB HOLDINGS BERHAD
(197201001795 (13487-A))
INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019
(The figures have not been audited)

PART A – NOTES TO THE INTERIM FINANCIAL STATEMENTS

A1. Basis of preparation

The interim financial statements should be read in conjunction with the Group's most recent audited financial statements for the financial year ended 31 March 2019.

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 2019 except for the adoption of the following accounting standards, Interpretations Committee (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 2019:

- IC Interpretation 23 *Uncertainty over Income Tax Treatments to MFRS Standards*
- Annual improvements to MFRS Standards 2015-2017 Cycle
- MFRS 16 *Leases*
- Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*
- Amendments to MFRS 9 *Prepayment Features with Negative Compensations*

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 16 Leases

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model, similar to the accounting for finance leases under MFRS 117. The standard will supersede MFRS 117 *Leases*, IC Interpretation 4 *Determining whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Lease - Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

(i) Lessee

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Subsequently, lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

(i) Lessor

Lessor accounting under MFRS 16 is substantially as same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

The standard is effective for annual periods beginning on or after 1 January 2019. A lessee can choose to apply the Standards using either a full retrospective or a modified retrospective approach.

The Group and the Company have adopted MFRS 16 for the first time as of 1 April 2019, using the modified retrospective approach, whereby comparative information is not required to be restated. In line with the practical expedient allowed under MFRS 16, the Group and the Company will elect to apply the Standard to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4. The Group and the Company will therefore not apply the standard to contracts that were not previously identified as containing a lease when applying MFRS 117 and IC Interpretation 4.

The Group and the Company will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of the initial application, and lease contracts for which the underlying asset is of low value. The Group and the Company have lease contracts for certain office equipments that are considered low in value.



MNRB HOLDINGS BERHAD
(197201001795 (13487-A))
INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019
(The figures have not been audited)

PART A – NOTES TO THE INTERIM FINANCIAL STATEMENTS

A1. Basis of preparation (cont'd.)

The following table set out the financial impact arising from the adoption the MFRS 16:

	RM'000
Retained profits at 1 April 2019	1,248,501
Effect on adoption of MFRS 16:	
- Recognition of rights-of-use assets	6,537
- Recognition of lease liabilities	(6,773)
	(236)
- Deferred tax	27
	(209)
Elimination	29
Retained profits as at 1 April 2019, as restated	1,248,321

The day-one financial impact of the adoption of MFRS 16 on the statement of financial position of the Group were as follows:

	Carrying value	Classifications	Carrying value after
	1 April 2019		1 April 2019
	RM '000	RM '000	RM '000
Assets			
Property, plant and equipment	204,187	-	204,187
Right-of-use asset	-	5,348	5,348
Intangible assets	37,206	-	37,206
Deferred tax assets	13,247	18	13,265
Investment in associates	133,741	-	133,741
Financial assets	7,289,554	-	7,289,554
Reinsurance/retakaful assets	539,853	-	539,853
Insurance/takaful receivables	337,351	-	337,351
Tax recoverable	54,674	-	54,674
Non-current assets held for sale	45,875	-	45,875
Cash and bank balances	51,675	-	51,675
Total assets	8,707,363	5,366	8,712,729
Liabilities and Participants' funds			
Participants' funds	295,294	-	295,294
Borrowings	320,000	-	320,000
Insurance/takaful contract liabilities	5,489,890	-	5,489,890
Insurance/takaful payables	224,032	-	224,032
Other payables	232,532	-	232,532
Lease liability	-	5,546	5,546
Deferred tax liabilities	16,365	-	16,365
Provision for taxation	8,321	-	8,321
Provision for zakat	1,277	-	1,277
Total liabilities and participants' funds	6,587,711	5,546	6,593,257
Equity			
Share capital	722,306	-	722,306
Reserves	1,397,346	(180)	1,397,166
Total equity attributable to equity holders of the Company	2,119,652	(180)	2,119,472
Total liabilities, participants' funds and equity	8,707,363	5,366	8,712,729



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(197201001795 (13487-A))
INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019
(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 2019 was not subject to any qualification.

A3. Seasonal or cyclical factors

During the financial period ended 30 September 2019, 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 2019.

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.

A7. Dividend paid

No dividend was paid during the second quarter ended 30 September 2019.



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INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019
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PART A – NOTES TO THE INTERIM FINANCIAL STATEMENTS

A8. Segmental reporting

Financial period ended 30 September 2019

	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
Revenue							
External	1,012	672,044	517,039	19,458	5,693	-	1,215,246
Inter-segment	22,250	228	-	-	1,720	(24,198)	-
	23,262	672,272	517,039	19,458	7,413	(24,198)	1,215,246
Results							
Segment results	(1,190)	52,324	86,556	1,852	165	(6,145)	133,562
Share of results of associates	320	1,265	-	-	-	-	1,585
Operating (loss)/profit before surplus attributable to takaful participants, zakat and taxation	(870)	53,589	86,556	1,852	165	(6,145)	135,147
Surplus attributable to takaful participants	-	-	(36,093)	-	-	-	(36,093)
Operating (loss)/profit before zakat and taxation	(870)	53,589	50,463	1,852	165	(6,145)	99,054
Zakat and taxation	(1,055)	(4,186)	(7,237)	(148)	-	-	(12,626)
Net (loss)/profit for the period attributable to equity holders of the Company	(1,925)	49,403	43,226	1,704	165	(6,145)	86,428

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
Revenue							
External	792	617,117	454,201	21,485	5,658	-	1,099,253
Inter-segment	19,956	841	-	-	1,692	(22,489)	-
	20,748	617,958	454,201	21,485	7,350	(22,489)	1,099,253
Results							
Segment results	(3,442)	48,805	20,804	1,525	167	1,176	69,035
Share of results of associates	164	(3,102)	-	-	-	-	(2,938)
Operating (loss)/profit before deficits attributable to takaful participants, zakat and taxation	(3,278)	45,703	20,804	1,525	167	1,176	66,097
Deficits attributable to takaful participants	-	-	880	-	-	-	880
Operating (loss)/profit before zakat and taxation	(3,278)	45,703	21,684	1,525	167	1,176	66,977
Zakat and taxation	(1,170)	(12,201)	(5,249)	(381)	-	-	(19,001)
Net (loss)/profit for the period attributable to equity holders of the Company	(4,448)	33,502	16,435	1,144	167	1,176	47,976



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INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019
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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 2019.

A10. Significant events

During the Extraordinary General Meeting ("EGM") held on 25 September 2019, the shareholders had approved the proposed Dividend Reinvestment Plan ("DRP") where the shareholders had the option to re-invest, in whole or in part, their cash dividends into ordinary shares of the Company.

A11 Subsequent events

Subsequent to A10 above, the Board of Directors of MNRB ("Board") had declared an interim dividend in respect of the financial year ending 31 March 2020 ("Interim Dividend") of 2.50 sen per ordinary share amounting to approximately RM19.176 million based on the issued share capital of 767,050, 063 Shares as at 15 October 2019. The DRP shall be applicable to the entire portion of the said Interim Dividend.

There were no other significant subsequent events from 30 September 2019 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 2019.

A13. Capital Commitments

The amount of capital commitments of the Group as at 30 September 2019 is as follows:

	RM'000
Authorised and contracted for:	
- Intangible assets*	<u>24,769</u>
Authorised but not contracted for:	
- Property, plant and equipment	1,155
- Intangible assets*	<u>26,201</u>
	<u>27,356</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 2019

	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
Assets							
Property, plant and equipment	122,437	-	-	-	-	81,760	204,197
Right-of-use asset	4,725	-	-	-	-	(594)	4,131
Investment properties	-	-	81,760	-	-	(81,760)	-
Intangible assets	37,860	-	-	-	-	-	37,860
Investment in subsidiaries	1,304,476	-	-	-	-	(1,304,476)	-
Investment in associates	123,356	-	-	-	-	14,371	137,727
Financial assets	3,903,938	495,095	3,301,997	26,250	11,757	(236,957)	7,502,080
Reinsurance/retakaful assets	277,806	173,527	61,497	5,362	8,316	-	526,508
Insurance/takaful receivables	356,090	27,523	32,170	8,908	2,658	-	427,349
Tax recoverable	63,399	-	-	-	-	-	63,399
Non-current asset held for sale	-	-	45,875	-	-	-	45,875
Cash and bank balances	37,590	785	45,137	184	188	-	83,884
Total assets	6,231,677	696,930	3,568,436	40,704	22,919	(1,527,656)	9,033,010
Liabilities and Participants' funds							
Participants' funds	-	146,404	197,270	-	-	(1,824)	341,850
Borrowings	321,000	-	-	-	-	(1,000)	320,000
Insurance/takaful contract liabilities	2,062,160	451,524	3,124,617	9,808	18,976	(155,007)	5,512,078
Insurance/takaful payables	165,478	31,463	39,788	5,935	1,567	-	244,231
Other payables	138,580	61,223	186,149	23,165	2,353	(67,328)	344,142
Lease liability	4,929	-	-	-	-	(609)	4,320
Deferred tax liabilities	(2,742)	(418)	16,629	-	3	949	14,421
Provision for taxation	6,409	6,734	3,983	1,796	20	-	18,942
Provision for zakat	1,512	-	-	-	-	-	1,512
Total liabilities and participants' funds	2,697,326	696,930	3,568,436	40,704	22,919	(224,819)	6,801,496
Equity							
Share capital	2,026,912	-	-	-	-	(1,304,606)	722,306
Reserves	1,507,439	-	-	-	-	1,769	1,509,208
Total equity attributable to equity holders of the Parent	3,534,351	-	-	-	-	(1,302,837)	2,231,514
Total liabilities, participants' funds and equity	6,231,677	696,930	3,568,436	40,704	22,919	(1,527,656)	9,033,010

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

(ii) As at 31 March 2019

	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
Assets							
Property, plant and equipment	122,427	-	-	-	-	81,760	204,187
Investment properties	-	-	81,760	-	-	(81,760)	-
Intangible assets	37,206	-	-	-	-	-	37,206
Deferred tax assets	9,538	1,423	-	-	-	2,286	13,247
Investment in subsidiaries	1,304,476	-	-	-	-	(1,304,476)	-
Investment in associates	117,526	-	-	-	-	16,215	133,741
Financial assets	3,948,575	461,430	3,095,850	74,662	9,822	(300,785)	7,289,554
Reinsurance/retakaful assets	305,037	164,941	57,756	5,694	6,425	-	539,853
Insurance/takaful receivables	276,110	23,031	25,433	9,299	3,478	-	337,351
Tax recoverable	55,753	-	-	(1,079)	-	-	54,674
Non-current asset held for sale	-	-	45,875	-	-	-	45,875
Cash and bank balances	17,442	460	32,486	715	572	-	51,675
Total assets	6,194,090	651,285	3,339,160	89,291	20,297	(1,586,760)	8,707,363
Liabilities and Participants' funds							
Participants' funds	-	132,821	167,334	13,229	11	(18,101)	295,294
Borrowings	321,000	-	-	-	-	(1,000)	320,000
Insurance/takaful contract liabilities	2,037,954	432,995	2,947,235	65,161	16,544	(9,999)	5,489,890
Insurance/takaful payables	180,723	8,707	27,132	5,903	1,567	-	224,032
Other payables	224,331	72,211	188,952	4,998	2,175	(260,135)	232,532
Deferred tax liabilities	4,625	-	8,507	-	-	3,233	16,365
Provision for taxation	3,770	4,551	-	-	-	-	8,321
Provision for zakat	1,277	-	-	-	-	-	1,277
Total liabilities and participants' funds	2,773,680	651,285	3,339,160	89,291	20,297	(286,002)	6,587,711
Equity							
Share capital	2,026,912	-	-	-	-	(1,304,606)	722,306
Retained profit	1,393,498	-	-	-	-	3,848	1,397,346
Total equity attributable to equity holders of the Parent	3,420,410	-	-	-	-	(1,300,758)	2,119,652
Total liabilities, participants' funds and equity	6,194,090	651,285	3,339,160	89,291	20,297	(1,586,760)	8,707,363

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

(i) 6 months ended 30 September 2019

	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	577,232	137,772	287,781	10,792	4,459	(428)	1,017,608
Premiums/contributions ceded to reinsurers and retakaful operators	(54,753)	(45,816)	(36,506)	(595)	(3,230)	90	(140,810)
Net earned premiums/contributions	522,479	91,956	251,275	10,197	1,229	(338)	876,798
Investment income	69,783	9,006	65,148	1,296	402	(1,982)	143,653
Realised gains	23,655	1,205	54,498	-	-	-	79,358
Fair value (losses)/gains	(4,549)	(53)	101,570	-	72	(2,801)	94,239
Fee and commission income	201,510	11,633	10	(1)	-	(194,487)	18,665
Other operating revenue	12,371	-	-	46	5	(3,512)	8,910
Other revenue	302,770	21,791	221,226	1,341	479	(202,782)	344,825
Gross claims and benefit paid	(425,010)	(87,709)	(155,780)	(5,766)	(4,001)	133	(678,133)
Claims ceded to reinsurers/retakaful operators	76,251	38,020	22,762	28	2,862	(133)	139,790
Gross change in contract liabilities	15,366	(12,613)	(177,382)	7,863	(2,014)	(8,500)	(177,280)
Change in contract liabilities ceded to reinsurers/retakaful operators	(28,783)	7,506	3,741	(480)	1,891	-	(16,125)
Net claims and benefits	(362,176)	(54,796)	(306,659)	1,645	(1,262)	(8,500)	(731,748)
Fee and commission expenses	(207,536)	(49,140)	(117,343)	(4,184)	(169)	170,843	(207,529)
Management expenses	(143,880)	-	(625)	-	-	24,612	(119,893)
Finance cost	(8,672)	-	-	-	-	40	(8,632)
Other operating expenses	(1,028)	(704)	(482)	(46)	9	482	(1,769)
Changes in expenses liabilities	1,657	-	-	-	-	-	1,657
Tax borne by participants	-	(1,952)	(17,456)	(716)	(23)	-	(20,147)
Other expenses	(359,459)	(51,796)	(135,906)	(4,946)	(183)	195,977	(356,313)
Share of results of associates	-	-	-	-	-	1,585	1,585
Operating profit/(loss) before surplus/(deficits) attributable to takaful/retakaful participants, zakat and taxation	103,614	7,155	29,936	8,237	263	(14,058)	135,147
(Surplus)/deficits attributable to takaful/retakaful participants	-	(7,155)	(29,936)	(8,237)	(263)	9,498	(36,093)
Operating profit/(loss) before zakat and taxation	103,614	-	-	-	-	(4,560)	99,054
Zakat	(786)	-	-	-	-	-	(786)
Taxation	(11,840)	-	-	-	-	-	(11,840)
Net profit/(loss) for the period attributable to equity holders of the Company	90,988	-	-	-	-	(4,560)	86,428

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

(ii) 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)
Net earned premiums/contributions	498,796	79,622	231,911	9,790	1,395	(458)	821,056
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	(1)	7,573	27,220
Other revenue	237,568	17,631	69,188	3,859	233	(162,756)	165,723
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	(4,837)	(131,356)
Change in contract liabilities ceded to reinsurers/retakaful	17,131	39,663	65,684	(8,815)	(314)	-	113,349
Net claims and benefits	(345,582)	(59,663)	(195,735)	(345)	(2,838)	(4,837)	(609,000)
Fee and commission expense	(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)
Other expenses	(322,043)	(41,816)	(100,637)	(7,059)	(198)	163,009	(308,744)
Share of results of associates	-	-	-	-	-	(2,938)	(2,938)
Operating profit/(loss) before surplus/(deficits) attributable to takaful/retakaful participants, zakat and taxation	68,739	(4,226)	4,727	6,245	(1,408)	(7,980)	66,097
(Surplus)/deficits attributable to takaful/retakaful participants	-	4,226	(4,727)	(6,245)	1,408	6,218	880
Operating profit/(loss) before zakat and taxation	68,739	-	-	-	-	(1,762)	66,977
Zakat	(213)	-	-	-	-	-	(213)
Taxation	(18,788)	-	-	-	-	-	(18,788)
Net profit/(loss) for the period attributable to equity holders of the Company	49,738	-	-	-	-	(1,762)	47,976

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
- (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;
- (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; and
- (vi) Fair value of unquoted shares in Malaysia are derived using the net assets of the invested companies.

Description of significant unobservable inputs:

	Valuation technique	Significant unobservable inputs	Range
30 September 2019/31 March 2019			
<u>Property, plant and equipment</u>			
Office building of Malaysian Reinsurance Berhad ("MRE")	Income approach	Yield Rental per square foot	6.0% to 6.25% RM4.50
Office buildings of Takaful Ikhlas Family Berhad ("TIFB")	Comparison approach	Sales price per square feet for similar properties	RM833 to RM1,545
Unquoted shares in Malaysia	Net assets	Net assets	Not applicable

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 period.

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 2019				
Assets measured at fair value:				
(a) Property, plant and equipment				
Freehold land	-	-	36,800	36,800
Buildings	-	-	163,360	163,360
	<u>-</u>	<u>-</u>	<u>200,160</u>	<u>200,160</u>
(b) Financial assets at FVTPL				
<u>Designated upon initial recognition</u>				
Unquoted corporate debt securities	-	19,395	-	19,395
Government investment issues	-	1,138,029	-	1,138,029
Unquoted islamic private debt securities:				
Government guaranteed	-	662,238	-	662,238
Unsecured	-	525,364	-	525,364
<u>Mandatorily measured</u>				
Quoted shares in Malaysia:				
Shariah approved equities	121,600	-	-	121,600
Others	150,845	-	-	150,845
Unquoted islamic private debt securities	-	642	-	642
Shariah approved unit trust funds	128,741	-	-	128,741
Property trust funds	3,287	-	-	3,287
	<u>419,126</u>	<u>2,345,668</u>	<u>-</u>	<u>2,764,794</u>
(c) Financial assets at FVOCI				
Malaysian government securities	-	146,161	-	146,161
Government investment issues	-	480,859	-	480,859
Unquoted corporate debt securities	-	1,018,800	-	1,018,800
Unquoted shares	-	-	83,908	83,908
Unquoted Islamic private debt securities:				
Government guaranteed	-	63,671	-	63,671
Unsecured	-	89,174	-	89,174
Golf club memberships	-	-	293	293
	<u>-</u>	<u>1,798,665</u>	<u>84,201</u>	<u>1,882,866</u>

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial year ended 31 March 2019				
Assets measured at fair value:				
(a) Property, plant and equipment				
Freehold land	-	-	36,800	36,800
Buildings	-	-	163,312	163,312
	<u>-</u>	<u>-</u>	<u>200,112</u>	<u>200,112</u>
(b) Financial assets at FVTPL				
<u>Designated upon initial recognition</u>				
Unquoted corporate debt securities	-	4,178	-	4,178
Government investment issues	-	1,306,506	-	1,306,506
Unquoted islamic private debt securities:				
Government guaranteed	-	702,381	-	702,381
Unsecured	-	507,833	-	507,833
<u>Mandatorily measured</u>				
Quoted shares in Malaysia:				
Shariah approved equities	184,207	-	-	184,207
Warrants	43	-	-	43
Others	82,914	-	-	82,914
Unquoted corporate debt securities	-	15,142	-	15,142
Unquoted islamic private debt securities	-	739	-	739
Shariah approved unit trust funds	168,589	-	-	168,589
Real estate investment trusts	16,299	-	-	16,299
	<u>452,052</u>	<u>2,536,779</u>	<u>-</u>	<u>2,988,831</u>
(c) Financial assets at FVOCI				
Malaysian government securities	-	183,878	-	183,878
Government investment issues	-	519,843	-	519,843
Unquoted corporate debt securities	-	1,031,242	-	1,031,242
Unquoted shares	-	-	84,158	84,158
Unquoted Islamic private debt securities:				
Government guaranteed	-	105,860	-	105,860
Unsecured	-	230,462	-	230,462
Golf club memberships	-	-	293	293
	<u>-</u>	<u>2,071,285</u>	<u>84,451</u>	<u>2,155,736</u>



MNRB HOLDINGS BERHAD
(197201001795 (13487-A))
INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019
(The figures have not been audited)

**PART B – ADDITIONAL INFORMATION REQUIRED BY THE
LISTING REQUIREMENTS OF BURSA MALAYSIA**

B1. Review of performance

For the financial period ended 30 September 2019, the Group recorded a revenue of RM1.215 billion as compared to RM1.099 billion reported in the previous financial period. The RM115.9 million increase was mainly attributable to higher gross contributions and investment income generated by the reinsurance and takaful subsidiaries.

The Group's net profit for the financial period ended 30 September 2019 was RM86.4 million, increased by 80.0% as compared to RM48.0 million reported in the corresponding period last year for the reasons stated below.

Investment holding

Revenue for the financial period was RM23.3 million as compared to RM20.7 million reported in the corresponding period last year. The higher revenue was due to higher investment income and shared services fee received from the shared services function provided to the subsidiaries.

As a result of the above, lower net loss amounting to RM1.9 million was recorded for the financial period ended 30 September 2019, as compared to a loss of RM4.4 million for the same period last year. The improvement in the net loss is driven by efficient management of company's expenditures.

Reinsurance business

Revenue for reinsurance business for the financial period ended 30 September 2019 was RM672.3 million as compared to RM618.0 million in the previous financial period. The increase was mainly due to the higher gross premiums from domestic and international portfolios.

Net profit for the financial period ended 30 September 2019 increased by 47.5% from RM33.5 million last year to RM49.4 million. The higher profit was due to higher investment income.

Takaful business

Revenue for takaful business for the financial period ended 30 September 2019 increased by 13.8% from RM454.2 million to RM517.0 million in the corresponding period of last year. This was mainly due to higher gross contribution and investment income.

Consequently, takaful business recorded a higher net profit of RM43.2 million in the financial period ended 30 September 2019 as compared to a net profit of RM16.4 million for the same period last year due to the reasons mentioned above.

Retakaful business

Revenue for retakaful business for the financial period ended 30 September 2019 decreased slightly from RM21.5 million to RM19.5 million, mainly due to lower gross contribution received.

However, the retakaful business recorded a higher net profit of RM1.7 million in the financial period ended 30 September 2019 as compared to a net profit of RM1.1 million reported in the corresponding period last year due to higher wakalah fees received from the participants' fund.

B2. Review of current quarter profitability against immediate preceding quarter

The Group recorded a net profit of RM48.5 million in the current quarter as compared to net profit of RM37.9 million in the preceding quarter as a result of higher gross premiums and gross contributions received from reinsurance and takaful business segments.



MNRB HOLDINGS BERHAD
(197201001795 (13487-A))
INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019
(The figures have not been audited)

**PART B – ADDITIONAL INFORMATION REQUIRED BY THE
LISTING REQUIREMENTS OF BURSA MALAYSIA**

B3. Current year prospects

Barring any unforeseen circumstances, the Group's profit is expected to be satisfactory for the current financial year ending 31 March 2020.

B4. Explanatory note for variance from profit forecast

There was no profit forecast issued by the Group during the financial period ended 30 September 2019.

B5. Investment income

	GROUP			
	Individual period		Cumulative year	
	3 months ended 30 September 2019 RM'000	3 months ended 30 September 2018 RM'000	6 months ended 30 September 2019 RM'000	6 months ended 30 September 2018 RM'000
Financial assets at FVTPL				
<u>Designated upon initial recognition</u>				
Interest/profit income	26,185	35,628	54,700	54,056
<u>Mandatorily measured:</u>				
Dividend income:				
- quoted shares in Malaysia	3,522	147	5,878	1,218
- unquoted shares in Malaysia	350	-	1,523	-
- unit trust funds	613	320	740	692
Financial assets at FVOCI				
Interest/profit income	24,305	14,930	46,589	44,396
Dividend income:				
- unquoted shares in Malaysia	-	103	-	103
Financial assets at AC				
Interest/profit income	12,940	15,370	33,642	31,049
Dividend income:				
- intitutional trust funds	591	-	591	-
Rental income	1,523	335	3,171	1,968
Net amortisation of premiums	(1,394)	(1,405)	(2,557)	(2,794)
Investment expenses	(331)	(90)	(624)	(206)
	68,304	65,338	143,653	130,482



MNRB HOLDINGS BERHAD
(197201001795 (13487-A))
INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019
(The figures have not been audited)

**PART B – ADDITIONAL INFORMATION REQUIRED BY THE
LISTING REQUIREMENTS OF BURSA MALAYSIA**

B6. Taxation

	GROUP			
	Individual period		Cumulative year	
	3 months ended 30 September 2019 RM'000	3 months ended 30 September 2018 RM'000	6 months ended 30 September 2019 RM'000	6 months ended 30 September 2018 RM'000
Operating profit before zakat and tax	55,772	23,935	99,054	66,977
Current tax	(8,505)	(6,787)	(12,576)	(17,071)
Deferred tax	1,670	2,550	736	(1,717)
Total tax	(6,835)	(4,237)	(11,840)	(18,788)
Zakat	(421)	-	(786)	(213)
	(7,256)	(4,237)	(12,626)	(19,001)
Effective tax rate	12.3%	17.7%	12.0%	28.1%

The effective tax rate for the cumulative period was lower than the statutory tax rate mainly due to the reduction in tax rate from 24% to 8% for reinsurance/retakaful business which came into effect from year of assessment 2019. For the same period last year, the effective tax rate was higher due to non-tax deductible expenses and deferred tax impact arising from financial assets at FVTPL following the MFRS 9 implementation.

B7. Status of corporate proposal

Please refer to Note A10 above.

B8. Borrowings and debt securities

The Group borrowings as at 30 September 2019 were as follows:

	GROUP 30 September 2019 RM'000
Unsecured long term borrowings:	
RM 320.0 million Sukuk Murabahah due on 22 March 2029	320,000

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.



MNRB HOLDINGS BERHAD
(197201001795 (13487-A))
INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019
(The figures have not been audited)

**PART B – ADDITIONAL INFORMATION REQUIRED BY THE
LISTING REQUIREMENTS OF BURSA MALAYSIA**

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 2019	3 months ended 30 September 2018	6 months ended 30 September 2019	6 months ended 30 September 2018
Net profit for the period (RM'000)	48,516	19,698	86,428	47,976
Number of ordinary shares in issue ('000)	767,050	319,605	767,050	319,605
Basic earnings per share (sen)	6.0	6.2	11.0	15.0

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 2019 RM'000	3 months ended 30 September 2018 RM'000	6 months ended 30 September 2019 RM'000	6 months ended 30 September 2018 RM'000
Finance cost	(4,378)	(4,014)	(8,573)	(8,123)
Net gain on disposal of investments	73,179	3,461	79,358	3,588
Depreciation and amortisation	(3,781)	(3,510)	(8,135)	(5,808)
Writeback of/(allowance for) impairment on insurance/takaful receivables	1,368	(1,453)	(1,854)	(1,213)
Allowance for impairment loss on investments	(14)	-	(15)	-

There was no gain or loss on derivatives and exceptional items reported during the financial period ended 30 September 2019.

By Order of the Board

LENA BINTI ABD LATIF (LS 8766)
Company Secretary

Kuala Lumpur
Dated: 28 November 2019