



Bursa Announcement

Third Quarter Ended 31 December 2013



MNRB HOLDINGS BERHAD (13487-A)
INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2013
(The figures have not been audited)

CONDENSED CONSOLIDATED INCOME STATEMENT

	GROUP			
	Individual Period		Cumulative Period	
	3 months ended 31 Dec 2013	3 months ended 31 Dec 2012 (Restated)*	9 months ended 31 Dec 2013	9 months ended 31 Dec 2012 (Restated)*
	RM'000	RM'000	RM'000	RM'000
Gross earned premiums/contributions	556,573	545,268	1,617,900	1,551,173
Premiums/contributions ceded to reinsurers and retakaful operators	(62,936)	(50,450)	(155,415)	(220,371)
Net earned premiums/contributions	493,637	494,818	1,462,485	1,330,802
Investment income	43,945	37,971	126,946	114,248
Realised gains and losses	10,240	4,263	21,201	27,264
Fair value gains and losses	3,262	4,136	4,483	7,770
Fee and commission income	7,906	10,261	19,451	19,775
Other operating revenue	(419)	1,556	5,202	1,981
Other revenue	64,933	58,187	177,282	171,038
Gross claims and benefits paid	(298,534)	(252,912)	(772,532)	(767,646)
Claims ceded to reinsurers/retakaful operators	49,031	73,779	104,123	191,809
Gross change in contract liabilities	(20,033)	(116,299)	(330,661)	(254,998)
Change in contract liabilities ceded to reinsurers/retakaful operators	(91,913)	(34,783)	33,505	5
Net claims and benefits	(361,450)	(330,215)	(965,566)	(830,830)
Fee and commission expense	(103,262)	(124,242)	(340,168)	(349,915)
Management expenses	(52,786)	(38,618)	(140,044)	(120,441)
Finance cost	(4,512)	(5,329)	(13,535)	(11,698)
Other operating expenses	3,797	(2,269)	(4,393)	(9,090)
Change in expenses liabilities	(5,782)	(3,162)	(7,676)	(3,879)
Other expenses	(162,546)	(173,620)	(505,817)	(495,023)
Share of results of associates	1,071	950	4,152	1,372
Operating profit before surplus transfer, zakat and tax	35,646	50,120	172,537	177,359
Zakat	(100)	(275)	(300)	(576)
Tax expenses	(17,628)	(19,188)	(49,001)	(41,494)
Net profit before surplus transfer	17,918	30,657	123,236	135,289
Surplus attributable to takaful participants	(3,939)	(1,436)	(41,978)	(67,924)
Net profit for the period attributable to equity holders of the Company	13,979	29,221	81,258	67,365
Earnings per share (sen) - Basic	6.6	13.7	38.1	31.6

* Restated due to adoption of MFRS 1.

*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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(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	GROUP			
	Individual Period		Cumulative Period	
	3 months ended 31 Dec 2013 RM'000	3 months ended 31 Dec 2012 (Restated)* RM'000	9 months ended 31 Dec 2013 RM'000	9 months ended 31 Dec 2012 (Restated)* RM'000
Net profit for the period	13,979	29,221	81,258	67,365
Other comprehensive (loss)/income:				
Effects of post acquisition foreign exchange translation reserve on investment in associate	480	(231)	5,460	(291)
Effects of foreign exchange translation reserve on investment in subsidiary	24	(11)	374	(17)
Net (loss)/gain on AFS financial assets:				
Net (loss)/gain on fair value changes	(17,468)	2,075	(40,483)	1,945
Realised (gain)/loss transferred to income statement	(1,926)	(2,382)	(2,166)	(12,329)
Deferred tax relating to net loss/(gain) on AFS financial assets	(447)	(4,584)	(5,043)	(8,923)
Other comprehensive income attributable to participants	13,465	1,109	30,218	5,626
Total comprehensive income for the period	8,107	25,197	69,618	53,376

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	GROUP	
	Unaudited 31 Dec 2013 RM'000	Audited 31 Mar 2013 RM'000
Assets		
Property, plant and equipment	234,243	237,965
Investment properties	6,200	6,200
Intangible assets	13,990	13,189
Deferred tax assets	11,703	10,955
Investment in associates	98,067	88,456
Financial assets:		
Financial assets at fair value through profit or loss ("FVTPL")	121,842	129,167
Held-to-maturity ("HTM") investments	751,242	786,653
Available-for-sale ("AFS") financial assets	2,142,557	1,789,502
Loans and receivables ("LAR")	1,754,660	1,698,605
Reinsurance/retakaful assets	400,440	387,976
Insurance/takaful receivables	422,651	404,059
Tax recoverable	16,560	15,923
Cash and bank balances	63,486	74,728
Total assets	6,037,641	5,643,378
Liabilities and Participants' funds		
Participants' funds	237,877	234,155
Borrowings	320,000	320,000
Insurance/takaful contract liabilities	3,928,965	3,592,961
Insurance/takaful payables	201,968	211,724
Other payables	157,497	116,975
Deferred tax liabilities	3,019	12,579
Provision for taxation	37,436	22,525
Provision for zakat	455	515
Total liabilities and participants' funds	4,887,216	4,511,434
Equity		
Share capital	213,070	213,070
Reserves	937,355	918,874
Total equity attributable to equity holders of the Company	1,150,425	1,131,944
Total liabilities, participants' funds and equity	6,037,641	5,643,378
Net assets per share (RM)	5.40	5.31

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the Annual Financial Statements for the year ended 31 March 2013*



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

	GROUP								
	Attributable to Equity Holders of the Company								
		Reserves						Net profit for the period RM'000	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			
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	-	-	5,834	(17,474)	-	-	81,258	69,618	
Dividends paid during the period	-	-	-	-	-	-	(51,137)	(51,137)	
At 31 December 2013	213,070	105,051	22,562	(13,863)	35,521	757,963	30,121	1,150,425	

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2012 (Restated)*

	GROUP								
	Attributable to Equity Holders of the Company								
		Reserves						Net profit for the period RM'000	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			
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	-	-	(308)	(13,681)	-	-	67,365	53,376	
At 31 December 2012	213,070	105,051	16,118	7,136	33,844	669,280	67,365	1,111,864	

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MNRB HOLDINGS BERHAD (13487-A)
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(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	GROUP	
	9 months ended 31 Dec 2013	9 months ended 31 Dec 2012 (Restated)*
	RM'000	RM'000
Cash flows from operating activities		
Profit before surplus transfer, zakat and tax	172,537	177,359
Adjustments for:		
Net fair value gains on financial assets at FVTPL	(3,348)	11,118
Impairment loss/(reversal of impairment loss) on AFS financial assets	26	(511)
Reversal of impairment loss on HTM investments	(29)	(31)
(Reversal of impairment loss)/impairment loss on insurance/takaful receivables	(2,462)	4,260
Depreciation of property, plant and equipment	7,596	6,576
Amortisation of intangible assets	2,716	2,141
Gain on disposal of investment properties	-	(4,082)
Gain on disposal of property, plant and equipment	(45)	(83)
Increase in premium and contribution liabilities	17,364	6,488
Interest/profit income	(123,659)	(104,759)
Dividend income	(5,039)	(5,626)
Rental income	(6,215)	(5,327)
Finance cost	13,536	11,699
Gain on disposal of investments	(21,156)	(19,647)
Net amortisation of premiums/(accretion of discounts) on investments	2,610	627
Share of (profits)/losses of associates	(4,152)	(1,372)
Net surplus attributable to takaful participants	41,978	67,924
Profit from operations before changes in operating assets and liabilities	92,258	146,754
Increase in placements with licensed financial institutions, Islamic investment accounts and marketable securities	(38,371)	(79,432)
Net (purchase of)/proceeds from disposal of investments	(338,979)	(344,095)
Increase in staff loans	(339)	-
Increase in insurance/takaful receivables	(14,541)	(52,416)
Increase in other receivables	(109,885)	(130,426)
Increase/(decrease) in net claims liabilities	151,978	105,480
Increase in expense liabilities	7,676	40,686
(Decrease)/increase in insurance/takaful payables	(11,348)	20,307
Increase/(decrease) in other payables	211,513	134,614
Taxes and zakat paid	(39,721)	(28,626)
Interest/profit received	139,459	98,691
Dividend received	4,811	5,673
Rental received	6,231	7,606
Hibah paid to participants	-	(5,178)
Net cash used in operating activities	60,742	(80,362)



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	GROUP	
	9 months ended 31 Dec 2013 RM'000	9 months ended 31 Dec 2012 (Restated)* RM'000
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,829)	(2,970)
Purchase of intangible assets	(3,515)	(2,058)
Purchase of investment property	-	(232)
Proceed from disposal of investment properties	-	60,683
Proceeds from disposal of property, plant and equipment	-	166
Net cash (used in)/generated from investing activities	(7,344)	55,589
CASH FLOWS USED IN FINANCING ACTIVITIES		
Proceeds from borrowings	-	320,000
Repayment of borrowings	-	(320,000)
Interest paid	(13,503)	(11,699)
Dividend paid	(51,137)	(27,166)
Net cash used in financing activities	(64,640)	(38,865)
CASH AND BANK BALANCES		
Net increase/(decrease) during the period	(11,242)	(63,638)
At the beginning of the period	74,728	77,997
At the end of the period	63,486	14,359

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the Annual Financial Statements for the year ended 31 March 2013*



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(The figures have not been audited)

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:

MFRS 101 Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)
Amendments to MFRS 101 Presentation of Financial Statements (Annual Improvements 2009 - 2011 Cycle)
MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)
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
MFRS 127 Separate Financial Statements
MFRS 128 Investment in Associate and Joint Ventures
MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)
Amendment to IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009 - 2011 Cycle)
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
Amendments to MFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards - Government Loans
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards - Annual Improvements 2009 - 2011 Cycle)
Amendments to MFRS 116 Property, Plant and Equipment (Annual Improvements 2009 - 2011 Cycle)
Amendments to MFRS 132 Financial Instruments: Presentation (Annual Improvements 2009 - 2011 Cycle)
Amendments to MFRS 134 Interim Financial Reporting (Annual Improvements 2009 - 2011 Cycle)
Amendments to MFRS 10 Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11 Joint Arrangements: Transition Guidance
Amendments to MFRS 12 Disclosure of Interests in Other Entities: Transition Guidance
Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities

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 December 2013, 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 operates.



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PART A – NOTES TO THE QUARTERLY FINANCIAL STATEMENTS

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 December 2013.

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

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 December 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
Revenue						
External	661	1,075,437	629,728	89,356	-	1,795,182
Inter-segment	126,050	4,682	466	4,853	(136,051)	-
	126,711	1,080,119	630,194	94,209	(136,051)	1,795,182
Results						
Segment results	85,412	155,791	60,331	(28,149)	(105,000)	168,385
Share of results of associates	(325)	4,477	-	-	-	4,152
Operating profit before surplus transfer, zakat and tax	85,087	160,268	60,331	(28,149)	(105,000)	172,537
Zakat and taxation	(23,495)	(38,348)	(11,458)	-	24,000	(49,301)
Net profit before surplus transfer	61,592	121,920	48,873	(28,149)	(81,000)	123,236
Surplus attributable to takaful participants	-	-	(41,978)	-	-	(41,978)
Net profit for the period attributable to equity holders of the Company	61,592	121,920	6,895	(28,149)	(81,000)	81,258

Financial period ended 31 December 2012

	Investment Holding RM'000	Reinsurance Business RM'000	Takaful Business RM'000	Retakaful Business RM'000	Inter-Group Adjustments RM'000	Consolidated RM'000
Revenue						
External	4,649	1,018,969	601,405	97,188	-	1,722,211
Inter-segment	64,061	18,516	-	13,940	(96,517)	-
	68,710	1,037,485	601,405	111,128	(96,517)	1,722,211
Results						
Segment results	30,783	127,443	87,860	(25,099)	(45,000)	175,987
Share of results of associates	382	990	-	-	-	1,372
Operating profit before surplus transfer, zakat and tax	31,165	128,433	87,860	(25,099)	(45,000)	177,359
Zakat and taxation	(7,886)	(30,280)	(13,904)	-	10,000	(42,070)
Net profit before surplus transfer	23,279	98,153	73,956	(25,099)	(35,000)	135,289
Surplus attributable to takaful participants	-	-	(67,924)	-	-	(67,924)
Net profit for the period attributable to equity holders of the Company	23,279	98,153	6,032	(25,099)	(35,000)	67,365



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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 financial year ended 31 March 2013.

A10. Significant events

The Company's takaful subsidiary, Takaful IKHLAS Sdn Bhd ("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 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 additional assessment (i.e. Form J and Form JA) for the years of assessment 2006, 2007 and 2008, disallowing family business' commission expenses as deductions. The additional tax payable by Takaful IKHLAS under the above-mentioned notices is RM39,654,067.07. 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 RM6,441,214.41 to Takaful IKHLAS. The initial deadline for settlement of the above additional tax and penalty was on 30 January 2014.

The Company believes that the family takaful companies should not be treated any less favourably than the conventional life insurance companies. 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.

Following the meetings, the IRB had extended the deadline for settlement to 14 March 2014.

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 December 2013.

A11. Subsequent events

There were no significant subsequent events from 31 December 2013 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 December 2013.

A13. Capital Commitments

The amount of capital commitments of the Group as at 31 December 2013 were as follows:

	RM'000
Authorised and contracted for:	
- Tangible assets	1,066
- Intangible assets*	15,888
	<u>16,954</u>

* Relating to purchases and enhancement of the takaful subsidiary's computer systems.



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PART A – NOTES TO THE QUARTERLY FINANCIAL STATEMENTS

A14. Condensed Consolidated Statement of Financial Position by Insurance Funds

(i) Unaudited as at 31 December 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
Assets							
Property, plant and equipment	129,974	-	-	-	-	104,269	234,243
Investment properties	6,200	-	105,957	-	-	(105,957)	6,200
Intangible assets	13,990	-	-	-	-	-	13,990
Deferred tax assets	12,129	484	-	197	2	(1,109)	11,703
Investment in associates	98,067	-	-	-	-	-	98,067
Financial assets:							
Financial assets at fair value							
through profit or loss ("FVTPL")	1,711	1,298	118,247	564	22	-	121,842
Held-to-maturity ("HTM") investments	313,473	72,054	342,404	19,251	4,060	-	751,242
Available-for-sale ("AFS")							
financial assets	1,176,765	96,922	834,072	29,090	5,708	-	2,142,557
Loans and receivables ("LAR")	1,299,483	151,389	378,235	57,035	24,034	(155,516)	1,754,660
Reinsurance/retakaful assets	159,699	65,825	157,085	17,831	-	-	400,440
Insurance/takaful receivables	247,448	24,272	132,169	18,003	759	-	422,651
Tax recoverable	16,545	-	-	10	5	-	16,560
Cash and bank balances	17,831	5,625	40,012	9	9	-	63,486
Total assets	3,493,315	417,869	2,108,181	141,990	34,599	(158,313)	6,037,641
Liabilities and Participants' funds							
Participants' funds	-	22,425	217,680	-	-	(2,228)	237,877
Borrowings	320,000	-	-	-	-	-	320,000
Insurance/takaful contract liabilities	1,748,539	310,382	1,719,164	129,484	31,396	(10,000)	3,928,965
Insurance/takaful payables	86,633	20,347	81,940	9,844	3,204	-	201,968
Other payables	85,466	55,616	79,572	2,662	-	(65,818)	157,497
Deferred tax liabilities	3,019	-	569	-	-	(569)	3,019
Provision for taxation	19,081	9,099	9,256	-	-	-	37,436
Provision for zakat	455	-	-	-	-	-	455
Total liabilities and participants' funds	2,263,192	417,869	2,108,181	141,990	34,600	(78,615)	4,887,216
Equity							
Share capital	213,070	-	-	-	-	-	213,070
Reserves	1,017,052	-	-	-	-	(79,697)	937,355
Total equity attributable to equity holders of the Company	1,230,122	-	-	-	-	-	1,150,425
Total liabilities, participants' funds and equity	3,493,314	417,869	2,108,181	141,990	34,600	(78,615)	6,037,641



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PART A – NOTES TO THE QUARTERLY FINANCIAL STATEMENTS

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
Assets							
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	0	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 Available-for-sale ("AFS") financial assets	339,005	74,621	352,546	16,719	3,762	-	786,653
Loans and receivables ("LAR")	1,030,206	82,117	644,184	28,081	4,914	-	1,789,502
Reinsurance/retakaful assets	1,200,665	123,093	409,891	39,402	11,351	(85,797)	1,698,605
Insurance/takaful receivables	224,716	62,912	89,843	5,023	5,482	-	387,976
Tax recoverable	229,470	28,804	121,439	23,283	1,063	-	404,059
Cash and bank balances	15,909	-	-	8	6	-	15,923
	10,131	32,549	32,026	13	9	-	74,728
Total assets	3,305,943	405,566	1,875,315	113,046	26,610	(83,102)	5,643,378
Liabilities and Participants' funds							
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
Total liabilities and participants' funds	2,166,269	405,566	1,875,315	113,046	26,610	(75,372)	4,511,434
Equity							
Share capital	213,070	-	-	-	-	-	213,070
Reserves	946,716	-	-	-	-	(27,842)	918,874
Total equity attributable to equity holders of the Company	1,159,786	-	-	-	-	(27,842)	1,131,944
Total liabilities, participants' funds and equity	3,326,055	405,566	1,875,315	113,046	26,610	(103,214)	5,643,378



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PART A – NOTES TO THE QUARTERLY FINANCIAL STATEMENTS

A15. Unaudited Condensed Consolidated Income Statement by Insurance Funds

(i) 9 months ended 31 December 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	995,810	153,593	388,143	55,038	33,505	(8,190)	1,617,900
Premiums/contributions ceded to reinsurers and retakaful operators	(69,722)	(48,804)	(26,807)	(11,389)	(4,214)	5,521	(155,415)
Net earned premiums/contributions	926,089	104,789	361,336	43,650	29,291	(2,669)	1,462,485
Investment income	179,255	8,135	44,919	2,376	346	(108,085)	126,946
Realised gains and losses	4,595	1,539	14,852	171	44	-	21,201
Fair value gains and losses	(433)	(51)	4,905	62	(1)	-	4,483
Fee and commission income	200,627	10,221	101	854	70	(192,422)	19,451
Other operating revenue	5,035	-	-	10	-	157	5,202
Other revenue	389,078	19,844	64,777	3,474	460	(300,351)	177,282
Gross claims and benefit paid	(500,777)	(80,793)	(124,757)	(22,056)	(49,280)	5,131	(772,532)
Claims ceded to reinsurers/retakaful operators	82,203	18,825	6,964	1,262	-	(5,131)	104,123
Gross change in contract liabilities	(61,237)	(15,280)	(221,499)	(32,645)	-	-	(330,661)
Change in contract liabilities ceded to reinsurers/retakaful operators	(62,160)	11,510	67,242	16,913	-	-	33,505
Net claims and benefits	(541,971)	(65,738)	(272,050)	(36,526)	(49,280)	-	(965,566)
Fee and commission expenses	(351,659)	(43,708)	(114,067)	(19,190)	(4,480)	192,936	(340,168)
Management expenses	(144,111)	-	-	-	-	4,066	(140,044)
Finance cost	(13,535)	-	-	-	-	-	(13,535)
Other operating expenses	(310)	39	(2,529)	(846)	(76)	(670)	(4,393)
Changes in expenses liabilities	(7,676)	-	-	-	-	-	(7,676)
Other expenses	(517,292)	(43,669)	(116,596)	(20,036)	(4,556)	196,332	(505,817)
Share of results of associates	-	-	-	-	-	4,152	4,152
Operating profit before surplus transfer, zakat and tax	255,905	15,226	37,467	(9,439)	(24,086)	(102,536)	172,537
Zakat	(300)	-	-	-	-	-	(300)
Tax expenses	(63,974)	(3,998)	(5,029)	-	-	24,000	(49,001)
Net profit before surplus transfer	191,631	11,228	32,438	(9,439)	(24,086)	(78,536)	123,236
Surplus attributable to takaful participants	-	(11,228)	(32,438)	-	-	1,688	(41,978)
Net profit for the period attributable to equity holders of the Company	191,631	-	-	(9,439)	(24,086)	(76,848)	81,258



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PART A – NOTES TO THE QUARTERLY FINANCIAL STATEMENTS

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

(ii) 9 months ended 31 December 2012

	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	945,167	126,958	402,395	54,222	40,156	(17,725)	1,551,173
Premiums/contributions ceded to reinsurers and retakaful operators	(145,019)	(39,601)	(36,179)	(9,509)	(5,935)	15,872	(220,371)
Net earned premiums/contributions	800,148	87,357	366,216	44,713	34,221	(1,853)	1,330,802
Investment income	116,751	7,930	38,351	1,785	324	(50,893)	114,248
Realised gains and losses	17,154	1,298	8,634	147	31	-	27,264
Fair value gains and losses	2,721	84	4,982	(15)	(2)	-	7,770
Fee and commission income	195,886	7,025	-	910	151	(184,197)	19,775
Other operating revenue	5,810	-	-	11	4	(3,844)	1,981
Other revenue	338,322	16,337	51,967	2,838	508	(238,934)	171,038
Gross claims and benefit paid	(508,634)	(85,562)	(134,771)	(5,802)	(32,877)	-	(767,646)
Claims ceded to reinsurers/retakaful	144,813	15,166	31,118	712	-	-	191,809
Gross change in contract liabilities	(32,178)	30,815	(212,604)	(41,031)	-	-	(254,998)
Change in contract liabilities ceded to reinsurers/retakaful	(65,751)	2,152	65,513	(1,909)	-	-	5
Net claims and benefits	(461,750)	(37,429)	(250,744)	(48,030)	(32,877)	-	(830,830)
Fee and commission expense	(330,367)	(42,575)	(111,903)	(23,250)	(4,563)	162,743	(349,915)
Management expenses	(149,625)	-	-	-	-	29,184	(120,441)
Finance cost	(13,340)	-	-	-	-	1,642	(11,698)
Other operating expenses	(6,745)	319	18	(2,949)	(344)	611	(9,090)
Changes in expenses liabilities	(3,879)	-	-	-	-	-	(3,879)
Other expenses	(503,956)	(42,256)	(111,885)	(26,199)	(4,907)	194,180	(495,023)
Share of results of associates	-	-	-	-	-	1,372	1,372
Operating profit before surplus transfer, zakat and tax	172,764	24,009	55,554	(26,678)	(3,055)	(45,235)	177,359
Zakat	(576)	-	-	-	-	-	(576)
Tax expenses	(41,462)	(5,852)	(4,180)	-	-	10,000	(41,494)
Net profit before surplus transfer	130,726	18,157	51,374	(26,678)	(3,055)	(35,235)	135,289
Surplus attributable to takaful participants	-	(18,157)	(51,374)	-	-	1,607	(67,924)
Net profit for the period attributable to equity holders of the Company	130,726	-	-	(26,678)	(3,055)	(33,628)	67,365



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

For the period ended 31 December 2013, the Group recorded a revenue of RM1.794 billion, 4.2% or RM73.0 million higher than RM1.722 billion recorded in the corresponding period last year. The higher revenue was a result of the increase in gross premiums and contributions by the Group's reinsurance and takaful subsidiaries, respectively.

The Group's net profit was higher by 20.6% from RM67.4 million to RM81.3 million due to the higher underwriting surplus for the current period resulting from improvement in the claims experience of the Group's reinsurance subsidiary.

Investment holding

The revenue for the period ended 31 December 2013 of RM126.7 million was higher by RM58.0 million or 84.4% as compared against the revenue of the corresponding period last year of RM68.7 million mainly from higher dividend income from the reinsurance subsidiary.

The above had resulted in the improved profit after surplus transfer, tax and zakat, from RM23.3 million in the previous corresponding period to RM62.3 million this year, higher by RM39.0 million or 167.7%.

Reinsurance business

The reinsurance business reported RM1.080 billion in revenue for the period ended 31 December 2013, an increase of 4.1% from RM1.038 billion in the corresponding period last year. The increase was mainly due to the higher gross earned premiums.

The net profit for the period ended 31 December 2013 increased by 24.1% to RM121.9 million resulting from improvement in the claims experience of the reinsurance subsidiary.

Takaful business

The revenue for takaful business for the period ended 31 December 2013 increased by 4.8% from RM601.4 million to RM630.2 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 December 2013 was RM6.9 million as compared to RM6.0 million recorded last year mainly as a result of higher wakalah fees from the takaful funds.

Retakaful business

The revenue for retakaful business reported a decrease of 15.2% from RM111.1 million to RM94.2 million in the current financial period. The reduction was mainly due to the decision of the Management to consolidate their retakaful business.

The higher net loss attributable to equity holders of the Company of RM28.1 million as compared to loss of RM25.1 million recorded in the previous corresponding period was mainly due to the increase in actuarial reserves from the family business.



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

B2. Review of current quarter profitability against immediate preceding quarter

The Group recorded an operating profit before surplus transfer, zakat and tax of RM35.6 million in the current quarter as compared to a profit before tax of RM56.7 million in the preceding quarter. The lower profit was mainly due to the provision for Typhoon Fitow losses in Fujian Province in Southeast China provided by the reinsurance subsidiary (as disclosed as a subsequent event under Note A11 in the previous quarter's announcement) and the increase in actuarial reserves in the family retakaful business.

B3. Current year prospects

Based on the current economic conditions, the Group is expected to achieve satisfactory results for the financial year ending 31 March 2014.

B4. Explanatory note for variance from profit forecast

There was no profit forecast issued by the Group during the financial period ended 31 December 2013.

B5. Taxation

	GROUP			
	Individual Period		Cumulative Period	
	3 months ended 31 Dec 2013 RM'000	3 months ended 31 Dec 2012 RM'000	9 months ended 31 Dec 2013 RM'000	9 months ended 31 Dec 2012 RM'000
Operating profit before surplus transfer, zakat and tax	35,646	50,120	172,537	177,359
Current tax	(19,255)	(20,550)	(51,280)	(41,595)
Deferred tax	1,627	1,362	2,279	101
Zakat	(17,628) (100)	(19,188) (275)	(49,001) (300)	(41,494) (576)
	(17,728)	(19,463)	(49,301)	(42,070)
Net profit before surplus transfer	17,918	30,657	123,236	135,289
Effective tax rate	49.5%	38.3%	28.4%	23.4%

The effective tax rate for the 3 months ended 31 December 2013 was higher than the statutory tax rate of 25% principally due to the losses sustained in the retakaful businesses for which no deferred tax assets is recognised.

B6. Status of corporate proposals and utilisation of proceeds

On 3 September 2013, MNRB had made an announcement that its wholly owned subsidiary, Malaysian Reinsurance Berhad ("Malaysian Re") had obtained the approval from the Securities Commission to establish a Subordinated Medium Term Notes Programme of up to RM250 million in nominal value ("Subordinated MTN Programme"). The legal documentation for the Subordinated MTN Programme has been executed and the said programme is now available for Malaysian Re's utilisation.



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**PART B – ADDITIONAL INFORMATION REQUIRED BY THE
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B7. Borrowings and debt securities

The Group borrowings as at 31 December 2013 were as follows:

	GROUP 31 Dec 2013 RM'000
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
	320,000

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.

	GROUP			
	Individual Period		Cumulative Period	
	3 months ended 31 Dec 2013	3 months ended 31 Dec 2012	9 months ended 31 Dec 2013	9 months ended 31 Dec 2012
Net profit for the period (RM'000)	13,979	29,221	81,258	67,365
Weighted average number of ordinary shares in issue ('000)	213,070	213,070	213,070	213,070
Basic EPS (sen)	6.6	13.7	38.1	31.6

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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**PART B – ADDITIONAL INFORMATION REQUIRED BY THE
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B12. Additional disclosures for the income statement

	GROUP			
	Individual Period		Cumulative Period	
	3 months ended 31 Dec 2013 RM'000	3 months ended 31 Dec 2012 RM'000	9 months ended 31 Dec 2013 RM'000	9 months ended 31 Dec 2012 RM'000
	Interest/profit income	42,308	34,810	123,659
Dividend income	1,331	1,822	5,039	5,626
Rental income	1,977	1,812	6,215	5,327
Interest expense	(4,513)	(5,330)	(13,536)	(11,699)
Net gains on disposal of investments	10,195	(3,354)	21,156	19,647
Depreciation and amortisation	(4,127)	(1,975)	(10,312)	(8,717)
Reversal of impairment loss / (impairment) on insurance/takaful receivables	4,295	(1,589)	2,462	(4,260)
Reversal of impairment loss / (impairment) on investments	3	442	3	542

Other than the above, there were no gain or loss on derivatives and exceptional items reported during the current financial period ended 31 December 2013.

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**PART B – ADDITIONAL INFORMATION REQUIRED BY THE
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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 December 2013, into realised and unrealised profits, pursuant to the directive, were as follows:

	GROUP	
	31 Dec 2013 RM'000	31 Mar 2013 RM'000
Total retained profits of the Group:		
Realised	790,147	759,885
Unrealised	5,659	1,892
	795,806	761,777
Total share of retained profits from associate		
Realised	(2,154)	(6,306)
	793,652	755,471
Add / Less: Consolidation adjustments	(5,568)	2,492
Total retained profits per the statement of changes in equity	788,084	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: 28 February 2014