



Bursa Announcement

First Quarter Ended 30 June 2020



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 JUNE 2020**

	GROUP			
	Individual period		Cumulative year	
	3 months ended 30 June 2020	3 months ended 30 June 2019	3 months ended 30 June 2020	3 months ended 30 June 2019
	RM'000	RM'000	RM'000	RM'000
Gross earned premiums/contributions	488,924	478,834	488,924	478,834
Premiums/contributions ceded to reinsurers and retakaful operators	(54,228)	(66,925)	(54,228)	(66,925)
Net earned premiums/contributions	434,696	411,909	434,696	411,909
Investment income	67,451	75,349	67,451	75,349
Realised gains	2,935	6,177	2,935	6,177
Fair value gains	102,557	78,782	102,557	78,782
Fee and commission income	8,577	8,731	8,577	8,731
Other operating revenue	4,904	6,316	4,904	6,316
Other revenue	186,424	175,355	186,424	175,355
Gross claims and benefits paid	(217,006)	(343,927)	(217,006)	(343,927)
Claims ceded to reinsurers/retakaful operators	20,317	85,827	20,317	85,827
Gross change in contract liabilities	(110,065)	(100,085)	(110,065)	(100,085)
Change in contract liabilities ceded to reinsurers/retakaful operators	(66,688)	(29,088)	(66,688)	(29,088)
Net claims and benefits	(373,442)	(387,273)	(373,442)	(387,273)
Fee and commission expense	(99,706)	(92,891)	(99,706)	(92,891)
Management expenses	(53,068)	(53,951)	(53,068)	(53,951)
Finance cost	(4,207)	(4,192)	(4,207)	(4,192)
Other operating expenses	(4,603)	(3,466)	(4,603)	(3,466)
Change in expenses liabilities	808	382	808	382
Tax borne by participants	(13,178)	(9,918)	(13,178)	(9,918)
Other expenses	(173,954)	(164,036)	(173,954)	(164,036)
Share of results of associates	3,797	1,976	3,797	1,976
Operating profit before (surplus)/deficit attributable to takaful participants, zakat and taxation	77,521	37,931	77,521	37,931
(Surplus)/deficit attributable to takaful participants	(19,542)	5,351	(19,542)	5,351
Operating profit before zakat and taxation	57,979	43,282	57,979	43,282
Zakat	(234)	(365)	(234)	(365)
Taxation	(6,939)	(5,005)	(6,939)	(5,005)
Net profit for the period attributable to equity holders of the Company	50,806	37,912	50,806	37,912
Basic earnings per share attributable to equity holders of the Company (sen):	6.0	5.0	6.0	5.0

The Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2020



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 JUNE 2020

	GROUP			
	Individual period		Cumulative year	
	3 months ended 30 June 2020	3 months ended 30 June 2019	3 months ended 30 June 2020	3 months ended 30 June 2019
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	50,806	37,912	50,806	37,912
Other comprehensive income/(loss):				
Other comprehensive income to be reclassified to income statement in subsequent periods:				
Effects of post acquisition foreign exchange translation reserve on investment in associate	3,902	2,463	3,902	2,463
Effects of foreign exchange translation reserve on investment in subsidiary	(57)	224	(57)	224
Net (loss)/gain on financial assets at fair value of comprehensive income ("FVOCI"):				
Net gain/(loss) on fair value changes	29,929	17,446	29,929	17,446
Realised loss transferred to income statement	(4,389)	(78)	(4,389)	(78)
Deferred tax relating to net loss on financial assets at FVOCI	8,607	8,013	8,607	8,013
Other comprehensive loss attributable to participants	(4,513)	(5,896)	(4,513)	(5,896)
Other comprehensive (loss)/income not to be reclassified to income statement in subsequent years:				
Net (loss)/gain on fair value changes	673	499	673	499
Deferred tax on fair value changes	(41)	(40)	(41)	(40)
Total comprehensive income for the period	84,917	60,543	84,917	60,543

The Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2020



MNRB HOLDINGS BERHAD
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(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	GROUP	
	Unaudited 30 June 2020 RM'000	Audited 31 March 2020 RM'000
Assets		
Property, plant and equipment	203,335	204,189
Intangible assets	36,511	36,578
Right-of-use asset	6,757	4,548
Investment in associates	138,801	133,282
Financial assets	8,068,778	7,754,754
Deferred tax assets	11,828	15,404
Reinsurance/retakaful assets	444,994	497,328
Insurance/takaful receivables	353,969	381,703
Tax recoverable	70,228	68,604
Cash and bank balances	158,784	118,417
Total assets	9,493,985	9,214,807
Liabilities and Participants' funds		
Participants' funds	344,741	332,738
Borrowings	320,000	320,000
Insurance/takaful contract liabilities	5,967,574	5,843,073
Lease liability	6,453	4,219
Insurance/takaful payables	151,798	169,851
Other payables	309,313	250,306
Deferred tax liabilities	19,728	11,946
Provision for taxation	16,079	9,423
Provision for zakat	1,595	1,464
Total liabilities and participants' funds	7,137,281	6,943,020
Equity		
Share capital	738,502	738,502
Reserves	1,618,202	1,533,285
Total equity attributable to equity holders of the Company	2,356,704	2,271,787
Total liabilities, participants' funds and equity	9,493,985	9,214,807
Net assets per share (RM)	3.19	3.08

*The Condensed Financial Statements should be read in conjunction with
the Audited Financial Statements for the year ended 31 March 2020*



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 JUNE 2020**

	GROUP						
	Attributable to Equity Holders of the Company						
	Share capital RM'000	Reserves					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	Net profit RM'000		
At 1 April 2020	738,502	53,800	68,910	48,018	1,362,557	-	2,271,787
Total comprehensive income for the year	-	3,845	30,266	-	-	50,806	84,917
At 30 June 2020	738,502	57,645	99,176	48,018	1,362,557	50,806	2,356,704

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

	GROUP						
	Attributable to Equity Holders of the Company						
	Share capital RM'000	Reserves					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	Net profit 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	-	2,687	19,944	-	-	37,912	60,543
At 30 June 2019	722,306	46,016	78,401	47,059	1,248,321	37,912	2,180,015

The Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2020



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 JUNE 2020

	GROUP	
	3 months ended 30 June 2020	3 months ended 30 June 2019
	RM'000	RM'000
Cash flows from operating activities		
Profit before surplus transfer, zakat and tax	57,979	43,282
Adjustments for:		
Net fair value gains	(102,659)	(153,459)
Impairment losses on FVOCI financial assets	52	1
Reversal of impairment losses on other receivables	(888)	(36)
Net impairment losses on insurance/takaful receivables	4,162	3,440
Depreciation of property, plant and equipment	2,263	2,297
Amortisation of intangible assets	1,222	1,350
Tax borne by participants	9,925	-
Gains on disposal of property, plant and equipment	-	(1)
Increase in gross premium and contribution liabilities	11,263	4,786
Interest/profit income	(66,389)	(54,053)
Dividend income	(2,667)	(1,243)
Rental income	(342)	(1,648)
Finance cost	4,249	4,171
Net gains on disposal of investments	(2,935)	(6,178)
Net amortisation of premiums on investments	2,284	1,164
Share of results of associates	(3,797)	(1,976)
Loss from operations before changes in operating assets and liabilities	(86,278)	(158,103)
(Increase)/decrease in placements with licensed financial institutions, Islamic investment accounts and marketable securities	(202,085)	293,605
Proceeds from disposal/(purchase) investments	81,956	(323,569)
Decrease/(increase) in staff loans	526	(2,026)
Decrease/(increase) in insurance/takaful receivables	23,574	(68,853)
(Increase)/decrease in other receivables	(41,106)	48,754
Increase in gross claim liabilities, actuarial liabilities and unallocated surplus	143,335	142,986
Decrease in expense liabilities	(811)	(283)
Decrease in participants' funds	(13,134)	(63,127)
Decrease in reinsurance and retakaful assets	52,336	5,943
(Decrease)/increase in insurance/takaful payables	(18,053)	17,353
Increase in other payables	65,018	37,059
Decrease in lease liabilities	-	(573)
Taxes and zakat	(16,987)	(9,925)
Interest/profit received	60,685	65,571
Dividend received	(1,381)	2,053
Rental received	(242)	1,520
Net cash generated from/(used in) operating activities	47,353	(11,615)



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONT'D.)

	GROUP	
	3 months ended 30 June 2020	3 months ended 30 June 2019
	RM'000	RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,127)	(748)
Purchase of intangible assets	(1,153)	(2,212)
Net cash used in investing activities	(4,280)	(2,960)
Cash flows from financing activities		
Interest/profit paid	(4,218)	(4,170)
Payment of lease liabilities	1,512	(125)
Net cash used in financing activities	(2,706)	(4,295)
Cash and bank balances		
Net increase/(decrease) during the period	40,367	(18,870)
At the beginning of the year	118,417	51,675
At the end of the period	158,784	32,805

*The Condensed Financial Statements should be read in conjunction with
the Audited Financial Statements for the year ended 31 March 2020*



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INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020
(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 2020.

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 2020 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 2020:

- Amendments to the Revised Conceptual Framework for Financial Reporting
- Amendments to MFRS 3 *Definition of a Business*
- Amendments to MFRS 101 and MFRS 108 - *Definition of Material*
- Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform*
- Amendments to MFRS 16 (*Covid-19-Related Rent Concessions*)
- Amendments to MFRS 101 *Presentation of Financial Statements Classification of Liabilities as Current or Non-current*
- Annual Improvements to MFRS Standards 2018–2020
 - i) MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*
 - ii) MFRS 9 *Financial Instruments*
 - iii) MFRS 16 *Leases*
 - iv) MFRS 141 *Agriculture*
- Amendments to MFRS 3 *Business Combinations (Reference to Conceptual Framework)*
- Amendments to MFRS 116 *Property, Plant and Equipment*
- Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*
- MFRS 17 *Insurance Contracts*
- Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investment in Associates and Joint Ventures*

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 17 Insurance Contracts ("MFRS 17")

MFRS 17 will replace MFRS 4 Insurance Contracts issued in 2005. MFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

The main features of the new accounting model for insurance contracts are as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured at every reporting period (the fulfilment cash flows);
- A Contractual Service Margin ("CSM") that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profitability of the insurance contracts to be recognised in the income statement over the service period (i.e., coverage period);
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in the income statement over the remaining contractual service period;
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice;
- The presentation of insurance revenue and insurance service expenses in the income statement will be based on the concept of services provided during the period;
- Amounts that the policyholders will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statements, but are recognised directly on the statements of financial position;
- Insurance services results (earned revenue less incurred claims and expenses) are presented separately from the insurance finance income or expense; and
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

On 17 March 2020, the IASB has decided on a new effective date of IFRS 17 to commence from reporting periods beginning on or after 1 January 2023.

The Group has established a project team with the assistance from consultants to plan and manage the MNRB Group wide implementation of MFRS 17. The Group is in the midst of implementing the relevant systems solution, architecture and processes to ensure compliance to the said standard.



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(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 2020 was not subject to any qualification.

A3. Seasonal or cyclical factors

During the financial period ended 30 June 2020, 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 June 2020.

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 first quarter ended 30 June 2020.

A7. Dividend paid

No dividend was paid during the first quarter ended 30 June 2020.



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PART A – NOTES TO THE INTERIM FINANCIAL STATEMENTS

A8. Segmental reporting

Financial period ended 30 June 2020

	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	707	338,932	217,845	10,770	2,230	-	570,484
Inter-segment	11,738	423	1,771	-	742	(14,674)	-
	12,445	339,355	219,616	10,770	2,972	(14,674)	570,484
Results							
Segment results	(291)	36,711	32,769	1,465	64	3,006	73,724
Share of results of associates	(153)	3,950	-	-	-	-	3,797
Operating (loss)/profit before surplus attributable to takaful participants, zakat and taxation	(444)	40,661	32,769	1,465	64	3,006	77,521
Surplus attributable to takaful participants	-	-	(19,542)	-	-	-	(19,542)
Operating (loss)/profit before zakat and taxation	(444)	40,661	13,227	1,465	64	3,006	57,979
Zakat and taxation	(676)	(2,828)	(3,553)	(116)	-	-	(7,173)
Net (loss)/profit for the period attributable to equity holders of the Company	(1,120)	37,833	9,674	1,349	64	3,006	50,806

Financial period ended 30 June 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	503	303,871	245,733	8,335	2,936	-	561,378
Inter-segment	10,972	308	-	-	984	(12,264)	-
	11,475	304,179	245,733	8,335	3,920	(12,264)	561,378
Results							
Segment results	172	20,963	18,023	935	178	(4,316)	35,955
Share of results of associates	81	1,895	-	-	-	-	1,976
Operating profit/(loss) before deficit attributable to takaful participants, zakat and taxation	253	22,858	18,023	935	178	(4,316)	37,931
Deficit attributable to takaful participants	-	-	5,351	-	-	-	5,351
Operating profit/(loss) before zakat and taxation	253	22,858	23,374	935	178	(4,316)	43,282
Zakat and taxation	(539)	(1,677)	(3,079)	(75)	-	-	(5,370)
Net (loss)/profit for the period attributable to equity holders of the Company	(286)	21,181	20,295	860	178	(4,316)	37,912



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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 2020.

A10. Significant events

The Coronavirus Pandemic (Covid-19) has significantly affected many business operations around the world. The Movement Control Order imposed by the Government of Malaysia had impacted the group result as below.

- (i) The reinsurance business had seen some reduction in premiums and contribution due to the overall slowdown in the economy resulting in lower gross premiums ceded and marginally higher attritional losses.
- (ii) The general takaful business had seen a reduction of new Motor business due to lower sales of new motor vehicles, and
- (iii) The family takaful business is affected from the 3 months contribution deferment from selected certificate holders and lower new business.

A11. Subsequent events

There were no significant subsequent events from 30 June 2020 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 June 2020.

A13. Capital Commitments

The amount of capital commitments of the Group as at 30 June 2020 were as follows:

	RM'000
Authorised and contracted for:	
- Tangible assets	536
- Intangible assets*	8,687
	<u>9,223</u>
Authorised but not contracted for:	
- Property, plant and equipment	8,230
- Intangible assets*	34,811
	<u>43,041</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 June 2020

	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	121,556	-	-	-	-	81,779	203,335
Investment properties	-	-	81,620	-	-	(81,620)	-
Intangible assets	36,511	-	-	-	-	-	36,511
Right-of-use asset	14,918	-	-	-	-	(8,161)	6,757
Investment in subsidiaries	1,304,476	-	-	-	-	(1,304,476)	-
Investment in associates	120,895	-	-	-	-	17,906	138,801
Deferred tax assets	10,333	1,497	-	-	-	(2)	11,828
Financial assets	4,242,554	524,427	3,454,484	58,922	5,794	(217,403)	8,068,778
Reinsurance/retakaful assets	186,086	197,977	48,999	4,507	7,425	-	444,994
Insurance/takaful receivables	285,374	34,888	22,457	8,777	2,473	-	353,969
Tax recoverable	70,228	-	-	-	-	-	70,228
Cash and bank balances	68,781	15,219	74,535	206	43	-	158,784
Total assets	6,461,712	774,008	3,682,095	72,412	15,735	(1,511,977)	9,493,985
Liabilities and Participants' funds							
Participants' funds	-	165,050	181,035	-	-	(1,344)	344,741
Borrowings	321,000	-	-	-	-	(1,000)	320,000
Insurance/takaful contract liabilities	2,119,792	496,268	3,284,693	62,456	13,021	(8,656)	5,967,574
Lease liability	14,824	-	-	-	-	(8,371)	6,453
Insurance/takaful payables	70,106	37,180	35,843	6,495	2,174	-	151,798
Other payables	268,941	75,510	157,827	1,027	104	(194,096)	309,313
Deferred tax liabilities	2,068	-	17,090	70	15	485	19,728
Provision for taxation	7,687	-	5,607	2,364	421	-	16,079
Provision for zakat	1,595	-	-	-	-	-	1,595
Total liabilities and participants' funds	2,806,013	774,008	3,682,095	72,412	15,735	(212,982)	7,137,281
Equity							
Share capital	2,043,108	-	-	-	-	(1,304,606)	738,502
Reserves	1,612,591	-	-	-	-	5,611	1,618,202
Total equity attributable to equity holders of the Parent	3,655,699	-	-	-	-	(1,298,995)	2,356,704
Total liabilities, participants' funds and equity	6,461,712	774,008	3,682,095	72,412	15,735	(1,511,977)	9,493,985

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

(ii) As at 31 March 2020

	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	122,408	-	-	-	-	81,781	204,189
Investment properties	-	-	81,620	-	-	(81,620)	-
Intangible assets	36,578	-	-	-	-	-	36,578
Right-of-use asset	13,924	-	-	-	-	(9,376)	4,548
Investment in subsidiaries	1,304,476	-	-	-	-	(1,304,476)	-
Investment in associates	123,889	-	-	-	-	9,393	133,282
Deferred tax assets	11,232	4,172	-	-	-	-	15,404
Financial assets	4,108,505	493,806	3,315,613	54,679	5,368	(223,217)	7,754,754
Reinsurance/retakaful assets	240,203	193,415	52,608	3,712	7,390	-	497,328
Insurance/takaful receivables	297,174	45,179	27,860	8,036	3,454	-	381,703
Tax recoverable	71,040	-	-	(2,267)	(169)	-	68,604
Cash and bank balances	38,444	20,979	58,705	239	50	-	118,417
Total assets	6,367,873	757,551	3,536,406	64,399	16,093	(1,527,515)	9,214,807
Liabilities and Participants' funds							
Participants' funds	-	151,245	170,745	1,814	11	8,923	332,738
Borrowings	321,000	-	-	-	-	(1,000)	320,000
Insurance/takaful contract liabilities	2,126,723	481,376	3,175,141	56,341	13,492	(10,000)	5,843,073
Lease liabilities	13,786	-	-	-	-	(9,567)	4,219
Insurance/takaful payables	109,832	33,000	18,586	5,858	2,575	-	169,851
Other payables	208,533	91,801	159,162	316	-	(209,506)	250,306
Deferred tax liabilities	1,467	-	9,778	70	15	616	11,946
Provision for taxation	6,300	129	2,994	-	-	-	9,423
Provision for zakat	1,464	-	-	-	-	-	1,464
Total liabilities and participants' funds	2,789,105	757,551	3,536,406	64,399	16,093	(220,534)	6,943,020
Equity							
Share capital	2,043,108	-	-	-	-	(1,304,606)	738,502
Retained profit	1,535,660	-	-	-	-	(2,375)	1,533,285
Total equity attributable to equity holders of the Parent	3,578,768	-	-	-	-	(1,306,981)	2,271,787
Total liabilities, participants' funds and equity	6,367,873	757,551	3,536,406	64,399	16,093	(1,527,515)	9,214,807

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

(i) 3 months ended 30 June 2020

	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	302,707	77,183	102,119	6,259	2,124	(1,468)	488,924
Premiums/contributions ceded to reinsurers and retakaful operators	(4,702)	(26,205)	(22,073)	163	(1,535)	124	(54,228)
Net earned premiums/contributions	298,005	50,978	80,046	6,422	589	(1,344)	434,696
Investment income	32,393	4,134	31,557	516	214	(1,363)	67,451
Realised gains	1,673	244	1,018	-	-	-	2,935
Fair value gains/(losses)	6,896	1,312	92,216	-	28	2,105	102,557
Fee and commission income	83,612	6,935	2	32	-	(82,004)	8,577
Other operating revenue	4,399	-	56	58	1	390	4,904
Other revenue	128,973	12,625	124,849	606	243	(80,872)	186,424
Gross claims and benefit paid	(156,450)	(19,289)	(37,837)	(1,273)	(2,178)	21	(217,006)
Claims ceded to reinsurers/retakaful operators	3,760	7,602	7,719	33	1,224	(21)	20,317
Gross change in contract liabilities	18,139	(15,643)	(109,552)	(2,256)	3,311	(4,064)	(110,065)
Change in contract liabilities ceded to reinsurers/retakaful operators	(68,661)	5,523	(3,609)	24	35	-	(66,688)
Net claims and benefits	(203,212)	(21,807)	(143,279)	(3,472)	2,392	(4,064)	(373,442)
Fee and commission expenses	(99,745)	(28,132)	(38,951)	(2,333)	(82)	69,537	(99,706)
Management expenses	(67,407)	-	(222)	-	-	14,561	(53,068)
Finance cost	(4,327)	-	-	-	-	120	(4,207)
Other operating expenses	(1,924)	(996)	(2,228)	47	-	498	(4,603)
Changes in expenses liabilities	808	-	-	-	-	-	808
Tax borne by participants	-	(2,905)	(9,925)	(97)	(251)	-	(13,178)
Other expenses	(172,595)	(32,033)	(51,326)	(2,383)	(333)	84,716	(173,954)
Share of results of associates	-	-	-	-	-	3,797	3,797
Operating profit/(loss) before surplus/(deficits) attributable to takaful/retakaful participants, zakat and taxation	51,171	9,763	10,290	1,173	2,891	2,233	77,521
(Surplus)/deficits attributable to takaful/retakaful participants	-	(9,763)	(10,290)	(1,173)	(2,891)	4,575	(19,542)
Operating profit before zakat and taxation	51,171	-	-	-	-	6,808	57,979
Zakat	(234)	-	-	-	-	-	(234)
Taxation	(6,939)	-	-	-	-	-	(6,939)
Net profit for the period attributable to equity holders of the Company	43,998	-	-	-	-	6,808	50,806

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

(ii) 3 months ended 30 June 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	272,159	64,105	135,580	4,819	2,201	(30)	478,834
Premiums/contributions ceded to reinsurers and retakaful operators	(26,209)	(21,007)	(17,853)	(292)	(1,594)	30	(66,925)
Net earned premiums/contributions	245,950	43,098	117,727	4,527	607	-	411,909
Investment income	33,997	4,348	37,179	644	201	(1,020)	75,349
Realised gains/(losses)	2,486	567	3,124	-	-	-	6,177
Fair value gains/(losses)	6,764	1,619	72,940	-	47	(2,588)	78,782
Fee and commission income	92,194	5,518	-	-	-	(88,981)	8,731
Other operating revenue	9,748	-	-	55	13	(3,500)	6,316
Other revenue	145,189	12,052	113,243	699	261	(96,089)	175,355
Gross claims and benefit paid	(222,999)	(42,980)	(70,781)	(4,650)	(2,531)	14	(343,927)
Claims ceded to reinsurers/retakaful operators	58,888	20,081	5,151	13	1,708	(14)	85,827
Gross change in contract liabilities	13,819	(219)	(114,807)	6,239	(308)	(4,809)	(100,085)
Change in contract liabilities ceded to reinsurers/retakaful	(29,672)	(6,307)	6,685	(331)	537	-	(29,088)
Net claims and benefits	(179,964)	(29,425)	(173,752)	1,271	(594)	(4,809)	(387,273)
Fee and commission expense	(92,893)	(21,446)	(54,072)	(1,431)	(84)	77,035	(92,891)
Management expenses	(66,051)	-	(353)	-	-	12,453	(53,951)
Finance cost	(4,205)	-	-	-	-	13	(4,192)
Other operating expenses	(2,786)	(1,456)	(970)	(27)	-	1,773	(3,466)
Changes in expenses liabilities	382	-	-	-	-	-	382
Tax borne by participants	-	(504)	(8,994)	(405)	(15)	-	(9,918)
Other expenses	(165,553)	(23,406)	(64,389)	(1,863)	(99)	91,274	(164,036)
Share of results of associates	-	-	-	-	-	1,976	1,976
Operating profit/(loss) before surplus/(deficits) attributable to takaful/retakaful participants, zakat and taxation	45,622	2,319	(7,171)	4,634	175	(7,648)	37,931
(Surplus)/deficits attributable to takaful/retakaful participants	-	(2,319)	7,171	(4,634)	(175)	5,308	5,351
Operating profit/(loss) before zakat and taxation	45,622	-	-	-	-	(2,340)	43,282
Zakat	(365)	-	-	-	-	-	(365)
Taxation	(5,005)	-	-	-	-	-	(5,005)
Net profit/(loss) for the period attributable to equity holders of the Company	40,252	-	-	-	-	(2,340)	37,912

A17. Fair values of assets

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

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

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

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

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

- (i) The carrying amounts of financial assets, such as loans and receivables, insurance/takaful receivables and cash and bank balances, are reasonable approximation of their fair values due to the relatively short term maturity of these balances;
- (ii) The fair values of quoted equities are based on quoted market prices as at the reporting date;
- (iii) The fair values of Malaysian government securities, government investment issues and unquoted corporate debt securities are based on indicative market prices from the Bond Pricing Agency of Malaysia ("BPAM");
- (iv) The fair values of investments in mutual funds, unit trust funds and real estate investment trusts are valued based on the net asset values of the underlying funds as at the reporting date;
- (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 June 2020/31 March 2020			
<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% RM4.00 to RM4.50
Office buildings of Takaful Ikhlas Family Berhad ("TIFB")	Comparison approach	Sales price per square feet for similar properties	RM509 to RM1,511
Unquoted shares in Malaysia	Net assets	Net assets	Not applicable

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 June 2020				
Assets measured at fair value:				
(a) Property, plant and equipment				
Freehold land	-	-	36,800	36,800
Buildings	-	-	162,699	162,699
	<u>-</u>	<u>-</u>	<u>199,499</u>	<u>199,499</u>
(b) Financial assets at FVTPL				
<u>Designated upon initial recognition</u>				
Unquoted corporate debt securities	-	20,910	-	20,910
Government investment issues	-	1,266,091	-	1,266,091
Unquoted islamic private debt securities:	-	1,311,715	-	1,311,715
<u>Mandatorily measured</u>				
Quoted shares in Malaysia:				
Shariah approved equities	145,194	-	-	145,194
Warrants	26	-	-	26
Others	155,855	-	-	155,855
Unquoted islamic private debt securities	-	639	-	639
Shariah approved unit trust funds	144,191	-	-	144,191
Property trust funds	1,269	-	-	1,269
Real estate investment trusts	10,882	-	-	10,882
	<u>457,417</u>	<u>2,599,355</u>	<u>-</u>	<u>3,056,772</u>
(c) Financial assets at FVOCI				
Malaysian government securities	-	149,839	-	149,839
Government investment issues	-	580,984	-	580,984
Unquoted corporate debt securities	-	1,326,553	-	1,326,553
Unquoted shares	-	-	84,608	84,608
Unquoted Islamic private debt securities:	-	89,481	-	89,481
Golf club memberships	-	-	228	228
	<u>-</u>	<u>2,146,857</u>	<u>84,836</u>	<u>2,231,693</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 2020				
Assets measured at fair value:				
(a) Property, plant and equipment				
Freehold land	-	-	36,800	36,800
Buildings	-	-	162,903	162,903
	<u>-</u>	<u>-</u>	<u>199,703</u>	<u>199,703</u>
(b) Financial assets at FVTPL				
<u>Designated upon initial recognition</u>				
Unquoted corporate debt securities	-	2,190	-	2,190
Government investment issues	-	1,262,018	-	1,262,018
Unquoted islamic private debt securities:	-	1,253,077	-	1,253,077
<u>Mandatorily measured</u>				
Quoted shares in Malaysia:				
Shariah approved equities	209,176	-	-	209,176
Warrants	11	-	-	11
Others	86,450	-	-	86,450
Unquoted corporate debt securities	-	17,928	-	17,928
Unquoted islamic private debt securities	-	626	-	626
Shariah approved unit trust funds	113,826	-	-	113,826
Real estate investment trusts	23,298	-	-	23,298
	<u>432,761</u>	<u>2,535,839</u>	<u>-</u>	<u>2,968,600</u>
(c) Financial assets at FVOCI				
Malaysian government securities	-	145,670	-	145,670
Government investment issues	-	601,240	-	601,240
Unquoted corporate debt securities	-	1,098,935	-	1,098,935
Unquoted shares	-	-	84,382	84,382
Unquoted Islamic private debt securities:	-	323,643	-	323,643
Golf club memberships	-	-	293	293
	<u>-</u>	<u>2,169,488</u>	<u>84,675</u>	<u>2,254,163</u>



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(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 June 2020, the Group recorded a revenue of RM570.5 million, an increase of 1.6% as compared to RM561.4 billion reported in the previous financial period. The RM9.1 million increase was mainly attributable to higher gross premiums/contributions generated by the reinsurance and takaful subsidiaries.

The Group recorded a 34.0% growth of net profit for the financial period ended 30 June 2020 of RM50.8 million, as compared to RM37.9 million reported in the corresponding period last year for the reasons stated below.

Investment holding

Revenue for the financial period was RM12.4 million as compared to RM11.5 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.

A net loss amounting to RM1.1 million was recorded for the financial period ended 30 June 2020, as compared to a loss of RM0.3 million for the same period last year. This was contributed by higher management expenses.

Reinsurance business

Revenue for the reinsurance business for the financial period ended 30 June 2020 was RM339.4 million as compared to RM304.2 million in the previous financial period. The increase was due to the higher gross premiums from domestic and international portfolios.

Net profit for the financial period ended 30 June 2020 increased by RM16.7 million from RM21.2 million last year to RM37.8 million. The higher net profit was mainly due to higher revenue and lower management expenses.

Takaful business

Revenue for the takaful business for the financial period ended 30 June 2020 decreased by RM26.1 million from RM245.7 million to RM219.6 million in the previous financial period. This was mainly due to lower gross contribution that was caused by pandemic Covid-19 and lower investment income.

Takaful business recorded a net profit of RM9.7 million in the financial period ended 30 June 2020, a decrease of 52.3% as compared to a net profit of RM20.3 million reported in the corresponding period last year due to lower revenue and lower wakalah fee income.

Retakaful business

Revenue for the retakaful business for the financial period ended 30 June 2020 increased from RM8.3 million to RM10.8 million, mainly due to higher gross contribution received.

The retakaful business recorded higher net profit of RM1.3 million in the financial period ended 30 June 2020, an increase of RM0.4 million as compared to RM0.9 million reported in the previous financial period. This increase was mainly due to higher revenue and lower management expenses.

B2. Review of current quarter profitability against immediate preceding quarter

The Group recorded a net profit of RM50.8 million in the current quarter as compared to net profit of RM38.3 million in the preceding quarter as a result of higher fair value gain from the investment portfolio and lower management expenses.



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**PART B – ADDITIONAL INFORMATION REQUIRED BY THE
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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 2021.

B4. Explanatory note for variance from profit forecast

There was no profit forecast issued by the Group during the financial period ended 30 June 2020.

B5. Investment income

	GROUP			
	Individual period		Cumulative year	
	3 months ended 30 June 2020 RM'000	3 months ended 30 June 2019 RM'000	3 months ended 30 June 2020 RM'000	3 months ended 30 June 2019 RM'000
Financial assets at FVTPL				
<u>Designated upon initial recognition</u>				
Interest/profit income	26,905	28,515	26,905	28,515
<u>Mandatorily measured:</u>				
Interest/profit income	15	-	15	-
Dividend income:				
- quoted shares in Malaysia	2,581	2,350	2,581	2,350
- unquoted shares in Malaysia	-	1,164	-	1,164
- unit trust funds	83	85	83	85
- real estate investment trusts	3	-	3	-
Financial assets at FVOCI				
Interest/profit income	22,424	22,284	22,424	22,284
Dividend income:				
- unquoted shares in Malaysia	-	9	-	9
Financial assets at Amortised Cost ("AC")				
Interest/profit income	17,049	20,702	17,049	20,702
Dividend income				
- unit trust in Malaysia	-	48	-	48
Rental income	1,052	1,648	1,052	1,648
Net amortisation of premiums	(2,284)	(1,163)	(2,284)	(1,163)
Investment expenses	(377)	(293)	(377)	(293)
	67,451	75,349	67,451	75,349



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

	GROUP			
	Individual period		Cumulative year	
	3 months ended 30 June 2020 RM'000	3 months ended 30 June 2019 RM'000	3 months ended 30 June 2020 RM'000	3 months ended 30 June 2019 RM'000
Operating profit before zakat and tax	57,979	43,282	57,979	43,282
Current tax	(7,087)	(4,071)	(7,087)	(4,071)
Deferred tax	148	(934)	148	(934)
Total tax	(6,939)	(5,005)	(6,939)	(5,005)
Zakat	(234)	(365)	(234)	(365)
	(7,173)	(5,370)	(7,173)	(5,370)
Effective tax rate	12.0%	11.6%	12.0%	11.6%

The effective tax rate was lower than the statutory tax rate of 24% mainly due to reinsurance/retakaful operating profit being taxed at 8%.

B7. Status of corporate proposal

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

B8. Borrowings and debt securities

The Group borrowings as at 30 June 2020 were as follows:

	GROUP 30 June 2020 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.



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

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

	GROUP			
	Individual period		Cumulative year	
	3 months ended 30 June 2020 RM'000	3 months ended 30 June 2019 RM'000	3 months ended 30 June 2020 RM'000	3 months ended 30 June 2019 RM'000
Net profit for the period (RM'000)	50,806	37,912	50,806	37,912
Weighted average number of ordinary shares in issue ('000)	783,088	767,050	783,088	767,050
Basic earnings per share (sen)	6.0	5.0	6.0	5.0

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 June 2020 RM'000	3 months ended 30 June 2019 RM'000	3 months ended 30 June 2020 RM'000	3 months ended 30 June 2019 RM'000
Finance cost	(4,207)	(4,195)	(4,207)	(4,195)
Net gain on disposal of investments	2,935	6,179	2,935	6,179
Depreciation and amortisation	(12,199)	(4,354)	(12,199)	(4,354)
Allowance for impairment loss on insurance/takaful receivables	(4,162)	(3,222)	(4,162)	(3,222)
(Impairment loss)/writeback for impairment loss on investments	94,920	(1)	94,920	(1)

There was no gain or loss on derivatives and exceptional items reported during the financial period ended 30 June 2020.

By Order of the Board

LENA BINTI ABD LATIF (LS 8766)
Company Secretary

Kuala Lumpur
Dated: 26 August 2020