

**Malaysian Reinsurance Berhad
(Incorporated in Malaysia)**

Directors' report

The Directors hereby present their report together with the audited financial statements of Malaysian Reinsurance Berhad ("the Company") for the financial year ended 31 March 2017.

Principal activity and holding company

The Company is principally engaged in the underwriting of all classes of general reinsurance and general retakaful businesses. The Company commenced underwriting of general retakaful business via its Retakaful Division during the financial year on 14 April 2016 pursuant to license granted by Bank Negara Malaysia on 13 April 2016.

The holding and ultimate holding company is MNRB Holdings Berhad ("MNRB"), a company incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

Results

| | RM'000 |
|-------------------------|---------------|
| Net profit for the year | <u>82,449</u> |

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements. In the opinion of the Directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any final dividend in respect of the current financial year.

Directors

The names of the Directors of the Company in office since the beginning of the financial year to the date of this report are:

Sharkawi bin Alis
Zainudin bin Ishak
Megat Dziauddin bin Megat Mahmud
Mohd Din bin Merican
Mustaffa bin Ahmad
Md Adnan bin Md Zain

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Directors (cont'd.)

The names of the Directors of the Company in office since the beginning of the financial year to the date of this report are (cont'd.):

Datin Zaimah binti Zakaria (Appointed with effect from 1 April 2016)

Arul Sothy Mylvaganam (Appointed with effect from 1 July 2016)

P. Raveenderen (Resigned with effect from 1 July 2016)

Yusoff bin Yaacob (Resigned with effect from 1 January 2017)

In accordance with Article 84 of the Company's Articles of Association, Mustaffa Ahmad and Md Adnan Md Zain will be retiring at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Directors' benefits

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors from the Company or the fixed salary of and benefits receivable as a full-time employee of the Company as disclosed in Notes 11, 12 and 34 to the financial statements or benefits receivable from related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest to be disclosed under Fifth Schedule, Part I Section 3 of the Companies Act, 2016.

During the financial year, MNRB purchased a Directors and Officers Insurance cover that provide indemnity to all directors of the MNRB Group for an amount up to RM50,000,000.

Directors' interests

According to the register of Directors' shareholdings, none of the Directors in office at the end of the financial year had any interest in shares of the Company or its related corporations during the financial year.

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Corporate Governance Disclosures

The Company has complied with the prescriptive requirements of, and adopts management practices that are consistent with the principles prescribed under Bank Negara Malaysia ("BNM")'s Policy Document, BNM/RH/PD 029-9 *Corporate Governance*. The Company is committed to the principles prescribed in this Policy Document to ensure public accountability at all times.

Further details are disclosed on pages 6 to 41 of the Audited Financial Statements.

Other Statutory Information

- (a) Before the statement of comprehensive income and statement of financial position of the Company were made out, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
 - (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company which would render any amount stated in the financial statements misleading.

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Other Statutory Information (cont'd.)

- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

For the purposes of paragraphs (e)(ii) and (f)(i) above, contingent or other liabilities do not include liabilities arising from contracts of reinsurance/retakaful underwritten in the ordinary course of business of the Company.

- (g) Before the statement of comprehensive income and statement of financial position of the Company were made out, the Directors took reasonable steps to ascertain that there was adequate provision for its insurance contract liabilities in accordance with the valuation methods prescribed under Part D of the Risk-Based Capital ("RBC") Framework for Insurers and Part B of the Risk Based Capital Framework for Takaful Operators ("RBCT") ("the Frameworks") issued by BNM.

Financial holding and ultimate holding company

The Directors regard MNRB Holdings Berhad ("MNRB"), a company incorporated in Malaysia, as the Company's holding and ultimate holding company. MNRB is the financial holding company of Malaysian Reinsurance Berhad.

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Auditors

The retiring auditors, Messrs. Ernst & Young, have expressed their willingness to accept re-appointment. Details of the Auditors' remuneration for their services during the year are disclosed in Note 11 to the statutory financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 14 June 2017.


Sharkawi bin Alis

Kuala Lumpur, Malaysia


Zainudin bin Ishak