

**MALAYSIAN REINSURANCE BERHAD**

**664194 V**

**(Incorporated in Malaysia)**

**UNAUDITED CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED 30 SEPTEMBER 2012**

**664194 V**

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

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

**Unaudited Condensed Income Statement**  
**for the six months period ended 30 September 2012**

	<b>30.09.2012</b>	<b>30.09.2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Operating revenue	<u>688,049</u>	<u>649,870</u>
Gross earned premiums	603,515	576,900
Earned premiums ceded to reinsurers	<u>(118,065)</u>	<u>(94,791)</u>
<b>Net earned premiums</b>	<u>485,450</u>	<u>482,109</u>
Investment income	39,306	41,695
Realised gains / (losses)	14,753	453
Fair value gains / (losses)	(75)	(2,770)
Commission income	2,693	7,592
Other operating revenue	<u>3,794</u>	<u>5,129</u>
<b>Other revenue</b>	<u>60,471</u>	<u>52,099</u>
Gross claims paid	(346,214)	(307,745)
Claims ceded to reinsurers	94,422	21,774
Gross change to contract liabilities	(16,537)	(263,036)
Change in contract liabilities ceded to reinsurers	<u>(27,811)</u>	<u>236,569</u>
<b>Net claims</b>	<u>(296,140)</u>	<u>(312,438)</u>
Commission expense	(158,684)	(138,782)
Management expenses	(31,549)	(30,842)
Other operating expenses	<u>(6,094)</u>	<u>(76)</u>
<b>Other expenses</b>	<u>(196,327)</u>	<u>(169,700)</u>
<b>Profit before taxation</b>	53,454	52,070
Taxation	<u>(14,048)</u>	<u>(11,523)</u>
<b>Net profit for the period</b>	<u>39,406</u>	<u>40,547</u>
<b>Earnings per share (sen)</b>		
Basic	<u>7.7</u>	<u>8.0</u>

These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2012. The accompanying explanatory notes form an integral part of these financial statements.

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**Malaysian Reinsurance Berhad  
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**Unaudited Condensed Statement of Comprehensive Income  
for the six months period ended 30 September 2012**

	<b>30.09.2012</b>	<b>30.09.2011</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(Restated)</b>
<b>Net profit for the period</b>	39,406	40,547
Other comprehensive income:		
Net gain on Available-for-Sale ("AFS") financial assets:		
Gain on fair value changes	336	1,364
Realised gain transferred to income statement	(10,600)	(453)
Deferred tax relating to net gain / (loss) on AFS financial assets	1,070	(459)
Revaluation of land and buildings	-	22,854
<b>Total comprehensive income for the period</b>	<u>30,212</u>	<u>63,853</u>

These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2012. The accompanying explanatory notes form an integral part of these financial statements.

**Malaysian Reinsurance Berhad**  
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**Unaudited Condensed Statement of Financial Position**  
as at 30 September 2012

	Note	30.09.2012 RM'000	31.03.2012 RM'000 (Restated)	01.04.2011 RM'000 (Restated)
<b>Assets</b>				
Property, plant and equipment		116,579	117,602	103,781
Investment properties	11	5,600	5,600	28,600
Intangible assets		4,483	4,875	6,382
Investment in associate	12	75,658	75,658	75,658
Financial assets:				
Financial assets at fair value through profit or loss ("FVTPL")	13(a)	17,785	14,544	11,798
Held-to-maturity ("HTM") investments	13(b)	270,145	198,581	189,021
AFS financial assets	13(c)	848,441	945,734	764,454
Loans and receivables ("LAR")	13(d)	817,878	764,644	826,318
Reinsurance assets	16	340,799	357,636	146,597
Insurance receivables	14	285,861	150,100	138,173
Tax recoverable		-	-	877
Cash and bank balances		595	871	1,457
		<u>2,783,824</u>	<u>2,635,845</u>	<u>2,293,116</u>
Non-current asset held for sale	15	-	56,601	34,173
<b>Total general reinsurance business and shareholder's fund assets</b>		<u>2,783,824</u>	<u>2,692,446</u>	<u>2,327,289</u>
<b>Liabilities</b>				
Insurance contract liabilities	16	1,679,977	1,618,214	1,392,077
Insurance payables		102,223	72,532	51,896
Tax payable		13,875	11,957	-
Other payables and provisions		14,097	15,782	14,974
Deferred tax liabilities		2,229	2,750	3,012
<b>Total general reinsurance business and shareholder's fund liabilities</b>		<u>1,812,401</u>	<u>1,721,235</u>	<u>1,461,959</u>
<b>Equity</b>				
Share capital		510,000	510,000	500,000
AFS reserve		9,196	18,390	10,858
Revaluation reserve		35,666	35,666	22,854
Retained profits		416,561	407,155	331,618
<b>Total equity</b>		<u>971,423</u>	<u>971,211</u>	<u>865,330</u>
<b>Total liabilities and equity</b>		<u>2,783,824</u>	<u>2,692,446</u>	<u>2,327,289</u>

These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2012. The accompanying explanatory notes form an integral part of these financial statements.

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**Malaysian Reinsurance Berhad  
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**Unaudited Condensed Statement of Changes in Equity  
for the six months period ended 30 September 2012**

	Note	Share capital RM'000	Non- distributable AFS reserve RM'000	Non- distributable Revaluation reserve RM'000	Distributable Retained profits RM'000	Total RM'000
<b>At 1 April 2012, previously stated</b>		510,000	17,625	35,666	407,155	970,446
Effect of adoption of MFRS		-	765	-	-	765
<b>At 1 April 2012, restated</b>		510,000	18,390	35,666	407,155	971,211
Total comprehensive income for the period		-	(9,194)	-	39,406	30,212
Dividends paid during the period	17	-	-	-	(30,000)	(30,000)
<b>At 30 September 2012</b>		510,000	9,196	35,666	416,561	971,423
<b>At 1 April 2011, previously stated</b>		500,000	10,554	-	331,618	842,172
Effect of adoption of MFRS		-	304	22,854	-	23,158
<b>At 1 April 2011, restated</b>		500,000	10,858	22,854	331,618	865,330
Shares issued		10,000	-	-	-	10,000
Total comprehensive income for the period		-	452	-	40,547	40,999
<b>At 30 September 2011</b>		510,000	11,310	22,854	372,165	916,329

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**Malaysian Reinsurance Berhad**  
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**Unaudited Condensed Statement of Cash Flows**  
**for the six months period ended 30 September 2012**

	<b>30.09.2012</b>	<b>30.09.2011</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	53,454	52,070
Adjustments for:		
Amortisation of intangible assets	826	801
Impairment loss on insurance receivables	2,478	75
Depreciation of property, plant and equipment	2,000	1,556
Gain on disposal of investment properties	(4,082)	-
Increase in net premium liabilities	34,252	8,326
(Reversal) / Impairment loss on AFS financial assets	(32)	1,966
Interest / profit income	(33,909)	(32,062)
Dividend income	(1,241)	(4,237)
Rental income	(4,241)	(5,410)
Fair value gains of financials asset at FVTPL	107	804
Gain on disposal of property, plant and equipment	(6)	-
Realised gains on disposal of investments	(10,697)	(453)
Net accretion of discounts on investments	83	14
Profit from operations before changes in operating assets and liabilities	<u>38,992</u>	<u>23,450</u>
Purchase of investments	(249,950)	(154,471)
Increase in placements with licensed financial institutions	(55,804)	(40,644)
Proceeds from disposal of investments	272,713	125,995
Decrease in staff loans	1,095	600
Increase in insurance receivables	(138,240)	(22,017)
Increase in other receivables	(6,589)	(17,217)
Increase in net claim liabilities	44,348	26,467
Increase in insurance payables	29,690	32,390
Increase / (decrease) in other payables	5,546	(7,631)
	<u>(58,199)</u>	<u>(33,078)</u>
Taxes paid	(11,472)	(16,222)
Interest / profit received	32,826	31,450
Dividend received	1,124	4,094
Rental received	6,166	5,546
Net cash used in operating activities	<u>(29,555)</u>	<u>(8,210)</u>

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**Unaudited Statement of Cash Flows**  
**for the half-year ended 30 September 2012 (cont'd.)**

	<b>30.09.2012</b>	<b>30.09.2011</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(977)	(2,619)
Purchase of intangible assets	(434)	(45)
Proceeds from disposal of property, plant and equipment	7	-
Proceeds from disposal of investment properties	60,683	-
Net cash generated from / (used in) investing activities	<u>59,279</u>	<u>(2,664)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of share capital	-	10,000
Dividends paid	(30,000)	-
Net cash (used in) / generated from financing activities	<u>(30,000)</u>	<u>10,000</u>
<b>Cash and bank balances</b>		
Net decrease during the period	(276)	(874)
At beginning of period	871	1,457
At end of period	<u>595</u>	<u>583</u>

These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2012. The accompanying explanatory notes form an integral part of these financial statements.



**Malaysian Reinsurance Berhad  
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**Notes to the Unaudited Condensed Financial Statements - 30 September 2012**

**1. Corporate information**

Malaysian Reinsurance Berhad ("the Company") is principally engaged in the underwriting of all classes of general reinsurance business. There have been no significant changes in the nature of this principal activity during the financial period.

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at 12th Floor, Bangunan Malaysian Re, No. 17, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur, Malaysia.

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

**2. First-time adoption of Malaysian Financial Reporting Standards ("MFRS")**

These unaudited condensed interim financial statements, for the period ended 30 September 2012, have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and comply with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 March 2012, the Company prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

These unaudited condensed interim financial statements are the Company's first MFRS unaudited condensed interim financial statements for part of the period covered by the Company's first MFRS annual financial statements for the year ending 31 March 2013. MFRS 1 *First-Time Adoption of Malaysian Financial Reporting Standards* ("MFRS 1") has been applied.

The explanatory notes attached to these unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the year ended 31 March 2012.

**Malaysian Reinsurance Berhad  
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**2. First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)**

In preparing its opening MFRS Statement of Financial Position as at 1 April 2011 (which is also the date of transition), the Company has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Company's financial position, financial performance and cash flows is set out in Note 3 below. These notes include reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

**3. Significant accounting policies and application of MFRS 1**

The audited financial statements of the Company for the year ended 31 March 2012 were prepared in accordance with FRS. The requirements under FRS and MFRS are generally similar and, accordingly, the significant accounting policies adopted in preparing these unaudited condensed interim financial statements are consistent with those of the audited financial statements for the year ended 31 March 2012 except in respect of the revaluation of property, plant and equipment and the redesignation of financial assets as discussed below.

**3.1 Property, plant and equipment**

During the financial year ended 31 March 2012, the Company had adopted a policy of revaluation on self-occupied land and buildings and the resulting revaluation gain of approximately RM35.7 million was recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus.

Upon transition to MFRS, the Company had remeasured its self-occupied land and buildings using the revaluation model under MFRS 116 *Property, Plant and Equipment*. Accordingly, a revaluation surplus of RM22.9 million was recognised in other comprehensive income and transferred to the revaluation reserve on the date of transition to MFRS.

**3.2 Redesignation of financial assets**

MFRS 1 allows an entity to designate a previously recognised financial asset or financial liability as a financial asset or financial liability at fair value through profit or loss or an available-for-sale financial asset. Consequently, the Company has redesignated a previously recognised held-to-maturity investments as available-for-sale financial asset in accordance with the adoption of MFRS 1. This change in accounting policy has been applied retrospectively.

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**3. Significant accounting policies and application of MRFS 1 (cont'd.)**

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS for those periods and at the date of transition under MFRS are provided below:

**(i) Reconciliation of equity as at 1 April 2011**

	FRS as at 1 April 2011 RM'000	Note 3.1 Property, plant and equipment RM'000	Note 3.2 Redesignation of financial assets RM'000	MFRS as at 1 April 2011 RM'000
<b>Assets</b>				
Property, plant and equipment	80,927	22,854		103,781
Investment properties	28,600			28,600
Intangible assets	6,382			6,382
Investment in associate	75,658			75,658
Financial assets:				
Financial assets at FVTPL	11,798			11,798
Financial assets at HTM	262,799		(73,778)	189,021
AFS financial assets	690,271		74,183	764,454
Loans and receivables	826,318			826,318
Reinsurance assets	146,597			146,597
Insurance receivables	138,173			138,173
Tax recoverable	877			877
Cash and bank balances	1,457			1,457
	<hr/> 2,269,857			<hr/> 2,269,857
Non-current assets held for sale	34,173			34,173
<b>Total general reinsurance business and shareholder's fund assets</b>	<hr/> <b>2,304,030</b> <hr/>			<hr/> <b>2,304,030</b> <hr/>

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**3. Significant accounting policies and application of MRFS 1 (cont'd.)**

**(i) Reconciliation of equity as at 1 April 2011 (cont'd.)**

	FRS as at 1 April 2011 RM'000	Note 3.1 Property, plant and equipment RM'000	Note 3.2 Redesignation of financial assets RM'000	MFRS as at 1 April 2011 RM'000
<b>Liabilities</b>				
Insurance contract liabilities	1,392,077			1,392,077
Insurance payables	51,896			51,896
Other payables and provisions	14,974			14,974
Deferred tax liabilities	2,911		101	3,012
<b>Total general reinsurance business and shareholder's fund liabilities</b>	<u>1,461,858</u>			<u>1,461,858</u>
<b>Equity</b>				
Share capital	500,000			500,000
AFS reserve	10,554		304	10,858
Revaluation reserve	-	22,854		22,854
Retained profits	331,618			331,618
<b>Total equity</b>	<u>842,172</u>			<u>842,172</u>
<b>Total liabilities and equity</b>	<u>2,304,030</u>			<u>2,304,030</u>

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**3. Significant accounting policies and application of MRFS 1 (cont'd.)**

**(ii) Reconciliation of equity as at 31 March 2012**

	FRS as at 31 March 2012 RM'000	Note 3.1 Property, plant and equipment RM'000	Note 3.2 Redesignation of financial assets RM'000	MFRS as at 31 March 2012 RM'000
<b>Assets</b>				
Property, plant and equipment	117,602			117,602
Investment properties	5,600			5,600
Intangible assets	4,875			4,875
Investment in associate	75,658			75,658
Financial assets:				
Financial assets at FVTPL	14,544			14,544
Financial assets at HTM	277,203		(78,622)	198,581
AFS financial assets	866,092		79,642	945,734
Loans and receivables	764,644			764,644
Reinsurance assets	357,636			357,636
Insurance receivables	150,100			150,100
Cash and bank balances	871			871
	<hr/> 2,634,825			<hr/> 2,634,825
Non-current assets held for sale	56,601			56,601
<b>Total general reinsurance business and shareholder's fund assets</b>	<hr/> <b>2,691,426</b> <hr/>			<hr/> <b>2,691,426</b> <hr/>

**Malaysian Reinsurance Berhad**  
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**3. Significant accounting policies and application of MRFS 1 (cont'd.)**

**(ii) Reconciliation of equity as at 31 March 2012 (cont'd.)**

	FRS as at 31 March 2012 RM'000	Note 3.1 Property, plant and equipment RM'000	Note 3.2 Redesignation of financial assets RM'000	MFRS as at 31 March 2012 RM'000
<b>Liabilities</b>				
Insurance contract liabilities	1,618,214			1,618,214
Insurance payables	72,532			72,532
Tax payable	11,957			
Other payables and provisions	15,782			15,782
Deferred tax liabilities	2,495		255	2,750
<b>Total general reinsurance business and shareholder's fund liabilities</b>	<u>1,720,980</u>			<u>1,720,980</u>
<b>Equity</b>				
Share capital	510,000			510,000
AFS reserve	17,625		765	18,390
Revaluation reserve	35,666			35,666
Retained profits	407,155			407,155
<b>Total equity</b>	<u>970,446</u>			<u>970,446</u>
<b>Total liabilities and equity</b>	<u>2,691,426</u>			<u>2,691,426</u>

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**3. Significant accounting policies and application of MRFS 1 (cont'd.)**

**(iii) Reconciliation of total comprehensive income for the half-year ended 30 September 2011**

	<b>FRS as at 30 September 2011 RM'000</b>	<b>Note 3.1 Property, plant and equipment RM'000</b>	<b>Note 3.2 Redesignation of financial assets RM'000</b>	<b>MFRS as at 30 September 2011 RM'000</b>
<b>Profit for the period / year</b>				
Other comprehensive income:	40,547			40,547
Net gain on Available for Sale ("AFS") financial assets:				
Gain on fair value changes	2,186		(822)	1,364
Realised gain transferred to income statement	(453)			(453)
Deferred tax relating to net gain / (loss) on AFS financial assets	(664)		205	(459)
Revaluation of land and buildings	-	22,854		22,854
	<u>41,616</u>			<u>63,853</u>

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**3. Significant accounting policies and application of MRFS 1 (cont'd.)**

**(iv) Reconciliation of total comprehensive income for the year ended 31 March 2012**

	<b>FRS as at 31 March 2012 RM'000</b>	<b>Note 3.1 Property, plant and equipment RM'000</b>	<b>Note 3.2 Redesignation of financial assets RM'000</b>	<b>MFRS as at 31 March 2012 RM'000</b>
<b>Profit for the period / year</b>				
Other comprehensive income:	113,037			113,037
Net gain on Available for Sale ("AFS") financial assets:				
Gain on fair value changes	15,711		(1,020)	14,691
Realised gain transferred to income statement	(7,395)			(7,395)
Deferred tax relating to net gain / (loss) on AFS financial assets	(1,245)		255	(990)
Revaluation of land and buildings	35,666			35,666
	<u>155,774</u>			<u>155,009</u>



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**3. Significant accounting policies and application of MRFS 1 (cont'd.)**

**(v) Reconciliation of total comprehensive income for the half-year ended 30 September 2012**

	FRS as at 30 September 2012 RM'000	Note 3.1 Property, plant and equipment RM'000	Note 3.2 Redesignation of financial assets RM'000	MFRS as at 30 September 2012 RM'000
<b>Profit for the period / year</b>				
Other comprehensive income:	39,406			39,406
Net gain on Available for Sale ("AFS") financial assets:				
Gain on fair value changes	1,356		(1,020)	336
Realised gain transferred to income statement	(10,600)			(10,600)
Deferred tax relating to net gain / (loss) on AFS financial assets	815		255	1,070
Revaluation of land and buildings	-			-
	<u>30,977</u>			<u>30,212</u>

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**4. Seasonality or cyclicity factors**

During the period ended 30 September 2012, the operations of the Company were not materially affected by any seasonal factors. With regards to cyclical factors, the performance of the Company is directly correlated with the industry cycle and the economic performance of the countries in which the Company operates.

**5. 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 during the financial period ended 30 September 2012.

**6. Changes in estimates**

There were no material changes in estimates used in the preparation of these unaudited condensed interim financial statements.

**7. Issuances, cancellations, repurchase, resale and repayments of debt and equity securities**

There were no issuances, cancellations, replacements, resale or repayments of debt and equity securities during the current financial period ended 30 September 2012.

**8. Significant events**

There were no significant events during the current financial period ended 30 September 2012.

**9. Subsequent events**

There were no significant events subsequent to 30 September 2012 that would require reflection in these unaudited condensed interim financial statements.

**10. Changes in the composition of the Company**

There were no changes in the composition of the Company during the current financial period ended 30 September 2012.

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**11. Investment properties**

	<b>30.09.2012</b>	<b>31.03.2012</b>	<b>01.04.2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At beginning of period / year</b>	5,600	28,600	57,600
Fair value gains	-	-	5,173
Transfer to non-current asset held for sale (Note 15)	-	(23,000)	(34,173)
<b>At end of period / year</b>	<u>5,600</u>	<u>5,600</u>	<u>28,600</u>

Investment properties are stated at fair value as determined based on valuations performed by an accredited independent professional valuer with recent experience in the location and category of properties being valued. The fair value gains are recognised in the income statement.

**12. Investment in associate**

	<b>30.09.2012</b>	<b>31.03.2012</b>	<b>01.04.2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares in Malaysia, at cost	<u>75,658</u>	<u>75,658</u>	<u>75,658</u>

The associate is Labuan Reinsurance (L) Ltd., a company incorporated in the Federal Territory of Labuan, Malaysia. The Company's proportion of ownership interest and voting power in its associate is 20% (2011: 20%). The associate is engaged principally in the underwriting of all classes of general reinsurance business in the Federal Territory of Labuan pursuant to a license given under the Labuan Financial Services and Securities Act 2010. Its financial year end is 31 December.

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**12. Investment in associate (cont'd.)**

The results of the associate are not equity accounted as the holding company, MNRB Holdings Berhad, produces financial statements that are available for public use and which comply with Financial Reporting Standards in Malaysia. The summarised financial information of the associate is as follows:

	<b>30.09.2012</b>	<b>31.03.2012</b>	<b>01.04.2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets and liabilities</b>			
Current assets	1,694,031	1,773,188	1,474,823
Non-current assets	44,155	51,660	36,548
Total assets	<u>1,738,186</u>	<u>1,824,848</u>	<u>1,511,371</u>
Current liabilities	241,864	227,011	20,395
Non-current liabilities	1,036,856	1,144,440	907,318
Total liabilities	<u>1,278,720</u>	<u>1,371,451</u>	<u>927,713</u>
<b>Results</b>			
(Loss) / profit for the period / year	<u>(26,754)</u>	<u>(149,932)</u>	<u>31,977</u>

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**13. Financial assets**

The following tables summarise the fair values and carrying values of financial assets of the Company:

	30.09.2012		31.03.2012		01.04.2011	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets at FVTPL	17,785	17,785	14,544	14,544	11,798	11,798
HTM investments	270,145	273,750	198,581	201,726	189,021	190,510
AFS financial assets	848,441	848,441	945,734	945,734	764,454	764,454
Loans and receivables	817,878	817,878	764,644	764,644	826,318	826,318
	<u>1,954,249</u>	<u>1,957,854</u>	<u>1,923,503</u>	<u>1,926,648</u>	<u>1,791,591</u>	<u>1,793,080</u>
Malaysian government securities	79,225	80,422	49,187	49,856	100,414	100,842
Government investment issues	113,959	115,695	132,957	134,582	50,489	50,655
Islamic BNM monetary notes			-	-	4,996	4,996
Debt securities	831,417	832,089	843,023	843,874	698,938	699,833
Equity securities	101,432	101,432	123,347	123,347	100,298	100,298
Institutional trust deposit	55,899	55,899	54,529	54,529	52,003	52,003
Structured products	10,338	10,338	10,345	10,345	10,138	10,138
Fixed and call deposits	533,139	533,139	546,133	546,133	556,056	556,056
Islamic investment accounts	166,028	166,028	98,600	98,600	162,442	162,442
Other loans and receivables	62,812	62,812	65,382	65,382	55,817	55,817
	<u>1,954,249</u>	<u>1,957,854</u>	<u>1,923,503</u>	<u>1,926,648</u>	<u>1,791,591</u>	<u>1,793,080</u>

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**13. Financial assets (cont'd.)**

The Company's financial instruments are summarised by categories as follows:

	<b>30.09.2012</b>	<b>31.03.2012</b>	<b>01.04.2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(a) Financial assets at FVTPL</b>			
<b>At fair value:</b>			
Shares quoted in Malaysia:			
Shariah approved equities	4,635	2,621	1,660
Others	2,812	1,578	-
Structured products	10,338	10,345	10,138
	<u>17,785</u>	<u>14,544</u>	<u>11,798</u>
<b>(b) HTM investments</b>			
<b>At amortised cost:</b>			
Islamic BNM monetary notes	-	-	4,996
Malaysian government securities	79,225	49,187	100,414
Unquoted corporate debt securities:			
Government guaranteed	45,015	45,019	65,041
Secured	10,005	15,691	25,735
Government investment issues	108,964	53,315	(23,694)
Short term commercial papers	16,964	31,878	14,534
Islamic commercial papers	9,972	3,491	1,995
	<u>270,145</u>	<u>198,581</u>	<u>189,021</u>
<b>At fair value:</b>			
Islamic BNM monetary notes	-	-	4,996
Malaysian government securities	80,422	49,856	100,842
Unquoted corporate debt securities:			
Government guaranteed	45,562	45,683	65,602
Secured	10,129	15,882	26,058
Government investment issues	110,700	54,940	(23,528)
Short term commercial papers	16,965	31,874	14,545
Islamic commercial papers	9,972	3,491	1,995
	<u>273,750</u>	<u>201,726</u>	<u>190,510</u>

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**13. Financial assets (cont'd.)**

	<b>30.09.2012</b>	<b>31.03.2012</b>	<b>01.04.2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(c) AFS financial assets</b>			
<b>At cost:</b>			
Unquoted shares in Malaysia	<u>44,503</u>	<u>44,503</u>	<u>44,503</u>
<b>At fair value:</b>			
Unquoted corporate debt securities:			
Government guaranteed	26,772	106,164	74,183
Secured	682,689	680,326	551,381
MNRB IMTN	40,000	40,096	40,252
Government investment issues	4,995	-	-
Quoted shares in Malaysia:			
Shariah approved equities	24,921	34,132	30,874
Others	24,361	40,289	22,920
Quoted shares outside Malaysia	200	224	341
	<u>803,938</u>	<u>901,231</u>	<u>719,951</u>
	<u>848,441</u>	<u>945,734</u>	<u>764,454</u>

The investments in unquoted shares are measured at cost and their fair value are not disclosed as they cannot be measured reliably based on available information.

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**13. Financial assets (cont'd.)**

**(c) AFS financial assets (cont'd.)**

The pertinent information of the investments in unquoted shares in Malaysia are as follows:

	<b>30.09.2012</b>	<b>31.03.2012</b>	<b>01.04.2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(i) 27,500,000 ordinary shares of RM1.00 each of Financial Park (Labuan) Sdn. Bhd. ("FPL"), representing an equity shareholding of 9%. Less: Impairment loss	28,283 (4,759) <hr/> 23,524	28,283 (4,759) <hr/> 23,524	28,283 (4,759) <hr/> 23,524
20,000,000 redeemable preference shares of RM1.00 each of FPL	<hr/> 20,569 <hr/> 44,093	<hr/> 20,569 <hr/> 44,093	<hr/> 20,569 <hr/> 44,093
(ii) 410,000 ordinary shares of Malaysian Rating Corporation Berhad ("MARC") of RM1.00 each, representing an equity shareholding of 4%.	410	410	410
Total unquoted shares in Malaysia	<hr/> <hr/> <b>44,503</b>	<hr/> <hr/> <b>44,503</b>	<hr/> <hr/> <b>44,503</b>



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**13. Financial assets (cont'd.)**

**(d) Loans and receivables**

	<b>30.09.2012</b>	<b>31.03.2012</b>	<b>01.04.2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost / fair value:</b>			
Fixed and call deposits with licensed:			
Commercial banks	108,896	122,734	126,022
Investment banks	424,243	423,399	430,034
Islamic investment accounts with licensed:			
Co-operative bank	46,524	42,897	73,209
Islamic banks	119,504	55,703	89,233
Institutional trust deposit	55,899	54,529	52,003
Secured staff loans:			
Receivable within 12 months	454	987	1,230
Receivable after 12 months	3,754	4,316	5,040
Due from insurance Pool accounts	23,427	19,168	18,369
Income due and accrued	16,674	15,700	13,603
Due from related companies:			
Holding company	-	6,999	-
Fellow subsidiaries	718	952	1,293
Other receivables and deposits	17,785	17,260	16,282
	<u>817,878</u>	<u>764,644</u>	<u>826,318</u>

The amounts due from the holding company and fellow subsidiaries are unsecured, interest-free and repayable upon demand.

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**14. Insurance receivables**

	<b>30.09.2012</b>	<b>31.03.2012</b>	<b>1.04.2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Amounts due from brokers and ceding companies	292,638	154,398	143,993
Allowance for impairment losses	(6,777)	(4,298)	(5,820)
	<u>285,861</u>	<u>150,100</u>	<u>138,173</u>

Included in amounts due from brokers and ceding companies is an amount of RM602,416 (2012: RM862,000) due from an associate, Labuan Reinsurance (L) Ltd. This amount receivable is subject to settlement terms stipulated in the reinsurance contracts.

**15. Non-current assets held for sale**

	<b>30.09.2012</b>	<b>31.03.2012</b>	<b>1.04.2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Freehold land and buildings	<u>-</u>	<u>56,601</u>	<u>34,173</u>

- (i) On 31 October 2011, the Company had entered into a sale and purchase agreement to dispose of an investment property, a five storey commercial building in Kuala Lumpur; and
- (ii) On 30 November 2011, the Company had entered into a sale and purchase agreement to dispose of an investment property, a six storey / office building situated on leasehold land in Petaling Jaya.

The completion of the sale and purchase agreements were subject to the full settlement of the purchase consideration. As at 31 March 2012, the above mentioned investment properties are presented separately in the statement of financial position as "Non-current assets held for sale".

During the period ended 30 September 2012, the purchase considerations of RM35 million and RM27 million respectively for the two investment properties had been received and the sale had been completed.

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**16. Insurance contract liabilities**

	<b>30.09.2012</b>			<b>31.03.2012</b>		
	<b>Gross RM'000</b>	<b>Reinsurance RM'000</b>	<b>Net RM'000</b>	<b>Gross RM'000</b>	<b>Reinsurance RM'000</b>	<b>Net RM'000</b>
Claim liabilities (i)	1,406,197	(328,283)	1,077,914	1,389,660	(356,094)	1,033,566
Premium liabilities (ii)	273,780	(12,516)	261,264	228,554	(1,542)	227,012
	<u>1,679,977</u>	<u>(340,799)</u>	<u>1,339,178</u>	<u>1,618,214</u>	<u>(357,636)</u>	<u>1,260,578</u>

  

	<b>01.04.2011</b>		
	<b>Gross RM'000</b>	<b>Reinsurance RM'000</b>	<b>Net RM'000</b>
Claim liabilities (i)	1,131,439	(128,201)	1,003,238
Premium liabilities (ii)	260,638	(18,396)	242,242
	<u>1,392,077</u>	<u>(146,597)</u>	<u>1,245,480</u>

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**16. Insurance contract liabilities (cont'd.)**

	30.09.2012			31.03.2012		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
<b>(i) Claim liabilities</b>						
At beginning of period / year	1,389,660	(356,094)	1,033,566	1,131,439	(128,201)	1,003,238
Adjustment to claims incurred:						
- Outstanding reserves for current underwriting year	27,018	(708)	26,310	345,077	(202,175)	142,902
- Movements in outstanding reserve from prior underwriting years	313,443	(46,034)	267,408	433,457	(32,764)	400,693
- Movement in IBNR and PRAD	22,291	(19,868)	2,423	90,392	(32,501)	57,891
- Claims paid during the period / year	(346,214)	94,422	(251,792)	(610,705)	39,547	(571,158)
At end of period/year	<u>1,406,197</u>	<u>(328,283)</u>	<u>1,077,914</u>	<u>1,389,660</u>	<u>(356,094)</u>	<u>1,033,566</u>
<b>(ii) Premium liabilities</b>						
At beginning of period / year	228,554	(1,542)	227,012	260,638	(18,396)	242,242
Premiums written in the period / year	648,742	(129,040)	519,702	1,146,415	(189,199)	957,216
Premiums earned during the period / year	(603,517)	118,066	(485,451)	(1,178,499)	206,053	(972,446)
At end of period / year	<u>273,780</u>	<u>(12,516)</u>	<u>261,264</u>	<u>228,554</u>	<u>(1,542)</u>	<u>227,012</u>

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**16. Insurance contract liabilities (cont'd.)**

	<b>Gross</b>	<b>01.04.2011</b>	<b>Net</b>
	<b>RM'000</b>	<b>Reinsurance</b>	<b>RM'000</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>(i) Claim liabilities</b>			
At beginning of period / year	1,073,150	(123,025)	950,125
Adjustment to claims incurred:			
- Outstanding reserves for			
current underwriting year	140,486	(26,973)	113,513
- Movements in outstanding reserve			
from prior underwriting years	514,533	(19,441)	495,092
- Movement in IBNR and PRAD	(112)	1,050	938
- Claims paid during the period / year	(596,618)	40,188	(556,430)
At end of period / year	<u>1,131,439</u>	<u>(128,201)</u>	<u>1,003,238</u>
<b>(ii) Premium liabilities</b>			
At beginning of period / year	240,142	(29,627)	210,515
Premiums written in the period / year	1,172,385	(114,718)	
Premiums earned during			
the period / year	(1,151,889)	125,949	(1,025,940)
At end of period / year	<u>260,638</u>	<u>(18,396)</u>	<u>(815,425)</u>

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**17. Dividends**

An interim dividend of 7.84% less 25% tax based on the issued and paid-up share capital of 510,000,002 ordinary shares at the date of this report, amounting to a total net dividend of RM30,000,000, was approved by the Board on 24 July 2012 and paid on 19 September 2012.

**18. Operating lease arrangements**

**The Company as lessee**

The Company has entered into non-cancellable operating lease agreements for the use of office premises. This lease is for a period of 5 years and subject to review every 2 years. There are no restrictions placed upon the Company by entering into this lease.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the reporting date but not recognised as liabilities, are as follows:

	<b>30.09.2012</b>	<b>31.03.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Not later than 1 year	2,816	2,816
Later than 1 year and not later than 5 years	11,263	11,263
	<u>14,079</u>	<u>14,079</u>

**19. Capital commitments**

	<b>30.09.2012</b>	<b>31.03.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Capital expenditure</b>		
Approved and contracted for:		
Property, plant and equipment	1,105	2,077
Intangible assets	74	-
	<u>1,179</u>	<u>2,077</u>

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**20. Regulatory capital requirement**

The total capital available of the Company as at 30 September 2012, as prescribed and reported under the RBC Framework, is provided below:

	<b>30.09.2012</b>	<b>31.03.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Eligible Tier 1 Capital</b>		
Share capital	510,000	510,000
Retained profits	416,561	407,155
	<u>926,561</u>	<u>917,155</u>
<b>Tier 2 Capital</b>		
Revaluation reserves	35,666	35,666
AFS reserves	9,196	17,625
	<u>44,862</u>	<u>53,291</u>
<b>Total Capital Available</b>	<u>971,423</u>	<u>970,446</u>

**21. Fair values of financial instruments**

FRS 7 Financial Instruments: Disclosures requires the classification of financial instruments held 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. The following levels of hierarchy are used for determining and disclosing the fair value of the Company's financial instruments:

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

During and at the end of the financial year, there were no financial assets measured at fair value under Level 3 of the fair value hierarchy. As at the reporting date, the Company held the following financial assets that are measured at fair value under Levels 1 and 2 of the fair value hierarchy:

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**21. Fair values of financial instruments (cont'd.)**

	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30.09.2012</b>			
<b>(a) Financial assets at FVTPL</b>			
Shares quoted in Malaysia:			
Shariah approved equities	4,635	-	4,635
Others	2,812	-	2,812
Structured products	-	10,338	10,338
	<u>7,447</u>	<u>10,338</u>	<u>17,785</u>
<b>(b) AFS financial assets</b>			
Unquoted corporate debt securities	-	709,461	709,461
MNRB IMTN	-	40,000	40,000
Government investment issues	-	4,995	4,995
Quoted shares in Malaysia:			
Shariah approved equities	24,921	-	24,921
Others	24,361	-	24,361
Quoted shares outside Malaysia	200	-	200
	<u>49,482</u>	<u>754,456</u>	<u>803,938</u>
	<u>56,929</u>	<u>764,794</u>	<u>821,723</u>
<b>31.03.2012</b>			
<b>(a) Financial assets at FVTPL</b>			
Shares quoted in Malaysia:			
Shariah approved equities	2,621	-	2,621
Others	1,578	-	1,578
Structured products	-	10,345	10,345
	<u>4,199</u>	<u>10,345</u>	<u>14,544</u>



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**21. Fair values of financial instruments (cont'd.)**

	Level 1 RM'000	Level 2 RM'000	Total RM'000
<b>31.03.2012 (cont'd.)</b>			
<b>(b) AFS financial assets</b>			
Unquoted corporate debt securities	-	786,490	786,490
MNRB IMTN	-	40,096	40,096
Quoted shares in Malaysia:			
Shariah approved equities	34,132	-	34,132
Others	40,289	-	40,289
Quoted shares outside Malaysia	224	-	224
	<u>74,645</u>	<u>826,586</u>	<u>901,231</u>
	<u>78,844</u>	<u>836,931</u>	<u>915,775</u>
<b>01.04.2011</b>			
<b>(a) Financial assets at FVTPL</b>			
Shares quoted in Malaysia:			
Shariah approved equities	1,660	-	1,660
Structured products	-	10,138	10,138
	<u>1,660</u>	<u>10,138</u>	<u>11,798</u>
<b>(b) AFS financial assets</b>			
Unquoted corporate debt securities	-	625,564	625,564
MNRB IMTN	-	40,252	40,252
Quoted shares in Malaysia:			
Shariah approved equities	30,874	-	30,874
Others	22,920	-	22,920
Quoted shares outside Malaysia	341	-	341
	<u>54,135</u>	<u>665,816</u>	<u>719,951</u>
	<u>54,135</u>	<u>665,816</u>	<u>719,951</u>

No transfers between any levels of the fair value hierarchy took place during the current financial year.