



MNRB HOLDING BERHAD

(formerly known as Malaysian National Reinsurance Berhad)

(COMPANY NO. 13487-A)

**INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED MARCH 31, 2005**
(The figures have not been audited)

CONDENSED CONSOLIDATED INCOME STATEMENT

	GROUP			
	Individual Period		Cumulative Period	
	3 months ended 31-March-2005 RM'000	3 months ended 31-March-2004 RM'000	12 months ended 31-March-2005 RM'000	12 months ended 31-March-2004 RM'000
Operating Revenue	<u>160,956</u>	<u>149,353</u>	<u>717,259</u>	<u>670,730</u>
Surplus/(Deficit) from Shareholders' Fund	(2,390)	(5,528)	(11,132)	(14,301)
Surplus/(Deficit) transferred from General Reinsurance Revenue Accounts	34,836	35,795	122,465	124,818
Share of profits/(losses) of an associate company	4,786	3,539	11,207	13,260
Profit Before Tax	37,232	33,806	122,540	123,777
Taxation	(9,908)	(11,562)	(32,516)	(35,196)
Share of taxation of an associate company	-	(4)	-	-
Net Profit / (Loss) for the period	27,324	22,240	90,024	88,581
Earnings per share (sen):-				
• Basic	13.59	11.40	45.66	45.48
• Diluted	13.58	11.30	45.63	45.01

The Condensed Financial Statements are to be read in conjunction with the Annual Financial Report for the year ended March 31, 2004



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CONDENSED CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2005

	GROUP	
	As At 31 March 2005 RM'000	As At 31 March 2004 (Audited) RM'000
ASSETS		
Property, Plant and Equipment	8,967	11,270
Deferred tax assets	6,500	9,400
Investment in Associated Company	117,231	106,028
Investments	740,438	765,743
Deposits & Money Market	565,288	456,283
Loan receivables	16,826	16,534
Receivables	90,733	93,427
Cash and bank balances	2,227	993
TOTAL GENERAL REINSURANCE BUSINESS AND SHAREHOLDERS' FUND ASSETS	1,548,210	1,462,678
General Takaful Fund assets	29,555	9,002
Family Takaful Fund assets	29,432	7,960
TOTAL ASSETS	1,607,197	1,476,640
LIABILITIES		
Provision for outstanding claims	593,830	582,928
Payables	41,263	40,001
Taxation	24,169	18,255
TOTAL GENERAL REINSURANCE BUSINESS AND SHAREHOLDERS' FUND LIABILITIES	659,262	641,184
General Takaful Fund liabilities	10,095	1,392
Family Takaful Fund liabilities	4,072	578
Unearned Premium Reserves	223,880	212,707
TOTAL LIABILITIES	897,309	855,861
TAKAFUL PARTICIPANTS' FUND		
General Takaful	14,204	2,775
Family Takaful	18,645	994
	32,849	3,769
SHAREHOLDERS EQUITY		
Share Capital	202,880	195,934
Reserves	474,159	421,076
	677,039	617,010
TOTAL LIABILITIES, TAKAFUL PARTICIPANTS' & SHAREHOLDERS' FUNDS	1,607,197	1,476,640
Net Tangible Assets/Share (RM)	3.34	3.15

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the Annual Financial Report for the year ended March 31, 2004*



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**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2005**

	GROUP				
	Share Capital	RESERVES			Total
		Non-distributable Share Premium	Distributable Retained Profits	Translation Reserve on Consolidation	
RM'000	RM'000	RM'000	RM'000	RM'000	
As at April 1, 2004	195,934	73,181	309,553	38,342	617,010
Exercise of ESOS	6,946	12,886	-	-	19,832
Share of accumulated profits in associate	-	-	11,207	-	11,207
Profit before Tax	-	-	111,333	-	111,333
Statutory Taxation	-	-	(29,616)	-	(29,616)
Deferred tax assets/(liability)	-	-	(2,900)	-	(2,900)
Dividends	-	-	(49,826)	-	(49,826)
As at March 31, 2005	202,880	86,067	349,751	38,342	677,040

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**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2004**

	GROUP				
	Share Capital	RESERVES			Total
		Non-distributable Share Premium	Distributable Retained Profits	Translation Reserve on Consolidation	
RM'000	RM'000	RM'000	RM'000	RM'000	
As at April 1, 2003					
As previously stated	194,299	70,196	262,307	38,342	565,144
Prior year adjustments	-	-	14,900	-	14,900
As at April 1, 2003 (restated)	194,299	70,196	277,207	38,342	580,044
Preliminary expenses – New ESOS	-	(73)	-	-	(73)
Exercise of ESOS	1,635	3,058	-	-	4,693
Share of accumulated profits in associate	-	-	13,260	-	13,260
Net Profit for the Period	-	-	110,517	-	110,517
Statutory Taxation	-	-	(29,696)	-	(29,696)
Deferred tax assets/(liability)	-	-	(5,500)	-	(5,500)
Dividends	-	-	(56,235)	-	(56,235)
As at March 31, 2004	195,934	73,181	309,553	38,342	617,010

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	GROUP	
	12 months ended 31-March-2005 RM'000	12 months ended 31-March-2004 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	122,540	123,777
Adjustment for:		
Non-cash items	(59,288)	(15,169)
Non-cash operating items	(11,207)	(57,071)
Profit from operation before changes in operating assets and liabilities	52,046	51,537
Net change in current assets	(106,407)	42,885
Net change in current liabilities	24,966	(27,971)
Cash operating items	63,747	(8,110)
Net cash generated from operating activities	34,352	58,341
CASH FLOW FROM INVESTING ACTIVITIES	(3,123)	(7,167)
CASH FLOW FROM FINANCING ACTIVITIES	(29,995)	(51,615)
CASH AND BANK BALANCES		
Net increase during the period	1,234	(441)
Cash and bank balances at the beginning of the period	993	1,434
Cash and bank balances at the end of the period	2,227	993

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**INTERIM FINANCIAL REPORT
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PART A – NOTES TO THE QUARTERLY FINANCIAL STATEMENTS

A1. Basis of Preparation

The interim financial report has been prepared in accordance with MASB 26 on “Interim Financial Reporting” and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The figures have not been audited.

The interim financial report should be read in conjunction with the Group’s most recent audited financial statements for the year ended March 31, 2004.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended March 31, 2004.

A2. Disclosure on Qualification of Audit Report

The Audit Report on the Group’s preceding annual financial statements was not qualified.

A3. Seasonal or Cyclical Factors

The operation of the Group is not affected by any seasonal factors. With regards to cyclical factors, the performance of the Group is directly correlated with the economic performance of the Country.

A4. Unusual Item Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There was no unusual item affecting assets, liabilities, equity, net income or cash flows for the current financial year to date.

A5. Changes In Estimates

There were no material changes in estimates used in the preparation of this interim financial report.



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A6. Issuances, cancellations, repurchase, resale and repayments of debt and equity securities

During the current financial year to date, the Group increased its issued and fully paid up share capital from RM195.934 million to RM202.880 million as a result of issuance of 6.946 million new ordinary shares of RM1.00 each to eligible staff who had exercised their options under the Employees Share Option Scheme (“ESOS”) of MNRB Holdings Bhd (formerly known as Malaysian National Reinsurance Bhd) (“MNRB” or “the Company”).

A7. Dividend Paid

- i) A final dividend of 10% or 10 sen (comprising 6% or 6 sen less 28% tax and 4% or 4 sen Tax-Exempt) for the financial year ended March 31, 2004 amounting to RM16.4 million was paid on August 16, 2004.
- ii) An interim dividend of 10% or 10 sen (comprising 6% or 6 sen less 28% tax and 4% or 4 sen Tax-Exempt) for the financial year ended March 31, 2005 amounting to RM16.6 million was paid on December 23, 2004.
- iii) A second interim dividend of 10% or 10 sen (comprising 6% or 6 sen less 28% tax and 4% or 4 sen Tax-Exempt) for the financial year ended March 31, 2005 amounting to RM16.8 million was paid on March 30, 2005.

A8. Segmental Reporting

The Group is principally engaged in the underwriting of all classes of general reinsurance business and the operation of general takaful and family takaful business. The subsidiary, Takaful Ikhlas Sdn. Bhd., (“Takaful Ikhlas”) commenced its core operation as a takaful operator on July 2, 2003. However, no segmental information is provided in this report as the results of the subsidiary are immaterial on a group-wide basis.

A9. Valuations of property, plant and equipment

The valuations of property, plant and equipment have been brought forward without any change from the previous annual financial statements.



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A10. Subsequent Event

There were no significant subsequent events from March 31, 2005 to the date of this report other than that disclosed under Note B8 below.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial quarter to date.

A12. Contingent Liabilities or Contingent Assets

There is no contingent liability or asset as at the date of the issue of this report. For the purpose of this paragraph, Contingent Liabilities or Assets do not include those arising from the contract of reinsurance or takaful operation.



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

B1. Review of Performance

For the twelve (12) months period ended March 31, 2005, the Group recorded a revenue of RM717 million, 6.9% higher than RM671 million for the same period in the preceding year. This was mainly due to a 2.4% increase in the gross premium written and an increase of about 27% in investment income due mainly to a higher interest income and an exceptional dividend paid by a public listed company that the Company has invested in.

The Group's Profit Before Tax of RM122 million is 1.6% lower than the RM124 million recorded in the same period last year mainly due to the reduction in investment income brought about by a lower write-back in provision of diminution in value of investment as compared to the preceding year.

B2. Review of Current Quarter Profitability Against Preceding Quarter

The Group's Profit Before Tax for the current quarter of RM37.2 million is 26.5% higher than the RM29.4 million recorded during the preceding quarter ended December 31, 2004. The increase in profit is due mainly to an improvement in the Company's claims experience and the higher profit recorded by the Group's associate.

B3. Current Year Prospects

The Directors expect the Group's performance in the current financial year ending March 31, 2006 to remain satisfactory.

B4. Explanatory Note for Variance from Profit Forecast

Not Applicable - no profit forecast was issued by the Group during the period.



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B5. Taxation

	GROUP			
	Individual Period		Cumulative Period	
	3 months ended 31-March -2005 RM'000	3 months ended 31-March-2004 RM'000	12 months ended 31-March -2005 RM'000	12 months ended 31-March –2004 RM'000
Profit before tax	37,232	33,806	122,540	123,777
Current tax: Current tax charge (as previously reported)	(8,208)	(3,266)	(29,616)	(29,696)
Deferred tax: Relating to timing differences	(1,700)	(8,300)	(2,900)	(5,500)
Profit after tax	27,324	22,240	90,023	88,851
<i>Effective tax rate</i>	26.6%	34.2%	26.5%	28.4%

The Group's effective tax rates are lower than the statutory tax rates due to no taxes being estimated for the associate company. The associate is a company incorporated in Labuan, hence the Group's share of the associate's tax is immaterial. Deffered tax asset has not been recognized in respect of the unutilized business loss of the general takaful fund of approximately RM5,736,000 (2004:RM2,311,000) as the tax laws relating to takaful operators carrying out the Al Wakalah business model has not been formulated as of the date of this report.

B6. Profit/(Loss) on sale of unquoted investments and/or properties

There was no sale of unquoted investments and/or properties during the quarter.



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B7. Quoted Securities

The Group's activities are regulated by the Insurance Act 1996, Takaful Act 1984, Offshore Insurance Act 1990 and are subject to supervision by Bank Negara Malaysia. The particulars of investment in quoted securities or any purchase or disposal of quoted securities are therefore, not required.

B8. Status of Corporate Proposals

The proposed corporate restructuring of MNRB that was announced on August 22, 2003, was completed on April 1, 2005, when pursuant to a Vesting Order obtained from the High Court of Malaya in Kuala Lumpur, the Company transferred its reinsurance licence, reinsurance business and net assets of the reinsurance business as a going concern to Malaysian Reinsurance Bhd ("Malaysian Re") for a total purchase consideration of RM400,000,000, satisfied via the issuance of 380,000,000 new ordinary shares of RM1.00 each at an issue price of RM1.00 per new ordinary share in Malaysian Re and the remaining RM20,000,000 as amount owing by Malaysian Re to the Company. As a result of this transfer, the Company changed its name from "Malaysian National Reinsurance Berhad" to "MNRB Holdings Berhad"

B9. Borrowings / debt securities

There were no borrowings or debt securities as at the end of the reporting period.

B10. Off Balance Sheet Financial Instruments

There were no financial instruments with material off balance sheet risk as at the date of the issue of this quarterly report.

B11. Material Litigations

There was no pending material litigation since the last annual balance sheet date up to the date of issue of this quarterly report.



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B12. Dividends

- (a) (i) The Board of Directors, at its meeting held on May 12, 2005, had recommended a final dividend in respect of the financial year ended March 31, 2005, subject to approval by the Shareholders at the forthcoming Annual General Meeting;
 - (ii) The percentage / amount per share: 10% or 10 sen (comprising 6% less 28% tax and 4% Tax-Exempt);
 - (iii) The previous corresponding period: 10% or 10 sen (comprising 6% less 28% tax and 4% Tax-Exempt);
 - (iv) The dividend payment and the book closure dates for the above dividend will be announced at a later date.
- (b) Dividends paid for the current financial year to date are as disclosed under Note A7 above.

B13. Earning Per Share (EPS)

Basic EPS

The basic EPS of the Company is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

Diluted EPS

In a diluted earning per share calculation, the share options are assumed to have been exercised into ordinary shares. A calculation is done to determine the number of shares that could have been acquired at market price (determined as the average share price of the Company's share for the period) based on the monetary value of the subscription rights attached to the outstanding share options. This calculation serves to determine the "unpurchased" share to be added to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to the net profit.



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	Individual period		Cumulative period	
	3 months ended 31-March -2005 RM'000	3 months ended 31-March -2004 RM'000	12 months ended 31-March -2005 RM'000	12 months ended 31-March -2004 RM'000
Net profit for the period (RM'000)	27,324	22,240	90,024	88,581
Weighted average number of ordinary shares in issue ('000)	201,117	194,778	197,179	194,778
Assumed exercise of share options ('000)	96	2,018	96	2,018
Weighted average number of ordinary shares for diluted EPS ('000)	201,213	196,796	197,275	196,796
Basic EPS (sen)	13.59	11.40	45.66	45.48
Diluted EPS/Diluted Loss Per Share (sen)	13.58	11.30	45.63	45.01

By Order of the Board

NORAZMAN BIN HASHIM (MIA 5817)

LENA BTE ABD LATIF (LS 8766)

Company Secretaries

Kuala Lumpur

Dated: May 12, 2005