



**MNRB HOLDING BERHAD**

*(formerly known as Malaysian National Reinsurance Berhad)*

(COMPANY NO. 13487-A)

**INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED JUNE 30, 2005**  
*(The figures have not been audited)*

**CONDENSED CONSOLIDATED INCOME STATEMENT**

	<b>GROUP</b>			
	<b>Individual Period</b>		<b>Cumulative Period</b>	
	3 months ended 30-June-2005 RM'000	3 months ended 30-June-2004 RM'000	3 months ended 30-June-2005 RM'000	3 months ended 30-June-2004 RM'000
Operating Revenue	<u>204,261</u>	<u>193,419</u>	<u>204,261</u>	<u>193,419</u>
Surplus/(Deficit) from Shareholders' Fund	794	(4,744)	794	(4,744)
Surplus/(Deficit) transferred from General Reinsurance Revenue Accounts	10,158	27,741	10,158	27,741
Share of profits/(losses) of an associate company	3,574	3,340	3,574	3,340
Profit Before Tax	14,526	26,337	14,526	26,337
Taxation	(3527)	(6,695)	(3527)	(6,695)
Share of taxation of an associate company	-	-	-	-
Net Profit / (Loss) for the period	10,998	19,642	10,998	19,642
Earnings per share (sen):-				
• Basic	5.57	10.07	5.57	10.07
• Diluted	5.53	10.02	5.53	10.02

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**CONDENSED CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2005**

	<b>GROUP</b>	
	As At 30 June 2005 RM'000	As At 31 March 2005 (Audited) RM'000
<b>ASSETS</b>		
Property, Plant and Equipment	8,816	8,967
Deferred tax assets	8,000	6,500
Investment in Associated Company	120,805	117,231
Investments	757,479	790,642
Deposits & Money Market	554,893	515,083
Loan receivables	14,204	16,827
Receivables	115,137	90,733
Cash and bank balances	1,699	2,227
<b>TOTAL GENERAL REINSURANCE BUSINESS AND SHAREHOLDERS' FUND ASSETS</b>	<b>1,581,033</b>	<b>1,548,210</b>
General Takaful Fund assets	38,516	29,555
Family Takaful Fund assets	41,520	29,432
<b>TOTAL ASSETS</b>	<b>1,661,070</b>	<b>1,607,197</b>
<b>LIABILITIES</b>		
Provision for outstanding claims	611,909	593,830
Payables	33,049	41,261
Taxation	26,404	24,169
<b>TOTAL GENERAL REINSURANCE BUSINESS AND SHAREHOLDERS' FUND LIABILITIES</b>	<b>671,362</b>	<b>659,260</b>
General Takaful Fund liabilities	17,649	10,095
Family Takaful Fund liabilities	5,591	4,072
Unearned Premium Reserves	230,418	223,881
<b>TOTAL LIABILITIES</b>	<b>925,020</b>	<b>897,308</b>
<b>TAKAFUL PARTICIPANTS' FUND</b>		
General Takaful	15,864	14,205
Family Takaful	27,261	18,645
	43,125	32,850
<b>SHAREHOLDERS EQUITY</b>		
Share Capital	204,582	202,880
Reserves	488,343	474,159
	692,925	677,039
<b>TOTAL LIABILITIES, TAKAFUL PARTICIPANTS' &amp; SHAREHOLDERS' FUNDS</b>	<b>1,661,070</b>	<b>1,607,197</b>
Net Tangible Assets/Share (RM)	3.39	3.34

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**CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED JUNE 30, 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, 2005	202,880	86,067	349,750	38,342	677,039
Exercise of ESOS	1,702	3,185	-	-	4,887
Share of accumulated profits in associate	-	-	-	-	-
Profit before Tax	-	-	14,526	-	14,525
Statutory Taxation	-	-	(3,527)	-	(3,527)
Deferred tax assets/(liability)	-	-	-	-	-
Dividends	-	-	-	-	-
As at June 30, 2005	204,582	89,252	360,749	38,342	692,925

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**CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED JUNE 30, 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, 2004	195,934	73,181	309,553	38,342	617,010
Exercise of ESOS	226	423	-	-	649
Share of accumulated profits in associate	-	-	-	-	-
Net Profit for the Period	-	-	26,337	-	26,337
Statutory Taxation	-	-	(5,895)	-	(5,895)
Deferred tax assets/(liability)	-	-	(800)	-	(800)
Dividends	-	-	-	-	-
As at June 30, 2004	196,160	73,604	329,195	38,342	637,301

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>GROUP</b>	
	<b>3 months ended 30-June-2005 RM'000</b>	<b>3 months ended 30-June-2004 RM'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	14,526	26,337
Adjustment for:		
Non-cash items	(9,566)	3,093
Non-cash operating items	(3,574)	(19,315)
Profit from operation before changes in operating assets and liabilities	1,386	10,115
Net change in current assets	(15,833)	(54,641)
Net change in current liabilities	11,148	12,515
Cash operating items	(865)	33,832
Net cash generated from operating activities	(4,164)	1,821
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	(1,208)	(1,844)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	4,844	649
<b>CASH AND BANK BALANCES</b>		
Net increase during the period	(528)	626
Cash and bank balances at the beginning of the period	2,227	993
Cash and bank balances at the end of the period	1,699	1,619

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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, 2005.

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, 2005.

**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 RM202,880 million to RM204,582 million as a result of issuance of 1,702 million new ordinary shares of RM1.00 each to eligible staff who had exercised their options under the Employees Share Option Scheme ("ESOS") of the Company.

**A7. Dividend Paid**

No dividends were paid during the financial year to date.

**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. However, no segmental information is provided in this report as the results of the subsidiary, Takaful Ikhlas Sdn Bhd (Takaful Ikhlas) are as yet 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.

**A10. Subsequent Event**

There were no significant subsequent events from March 31, 2005 to the date of this report.

**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.



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**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.

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

**B1. Review of Performance**

For the three (3) months period ended June 30, 2005, the Group recorded a revenue of RM204.3 million, 5.6% higher than RM193.4 million for the same period in the preceeding year. This was mainly due to the higher wakalah fees earned by Takaful Ikhlas arising from substantial improvement in its gross contribution. The Group's Profit Before Tax of RM14.5 million is 44.9% lower than the RM26.3 million recorded in the same period last year mainly due to higher claims incurred ratio during the period.

**B2. Review of Current Quarter Profitability Against Preceding Quarter**

The Group's Profit Before Tax for the current quarter of RM14.5 million is 61.0% lower than the RM37.2 million recorded during the preceding quarter ended March 31, 2005. The decrease in profit is due to a deterioration in the Company's claims experience.

**B3. Current Year Prospects**

Barring unforeseen circumstances, the Directors expect the Group's performance in the current financial year ending March 31, 2006 to be 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**

	<b>GROUP</b>			
	<b>Individual Period</b>		<b>Cumulative Period</b>	
	3 months ended 30-June-2005 RM'000	3 months ended 30-June-2004 RM'000	3 months ended 30-June-2005 RM'000	3 months ended 30-June-2004 RM'000
Profit before tax	14,526	26,337	14,526	26,337
<b>Current tax:</b>				
Current tax charge (as previously reported)	(4,915)	(5,895)	(4,915)	(5,895)
<b>Deferred tax:</b>				
Relating to timing differences	1,500	(800)	1,500	(800)
<b>Zakat</b>	(112)	-	(112)	-
Profit after tax	10,998	19,642	10,998	19,642
<b>Effective tax rate</b>	<b>24.28%</b>	<b>25.42%</b>	<b>24.28%</b>	<b>25.42%</b>

The Group's effective tax rates are lower than the statutory tax rates due to no taxes being provided for the associate company. The associate company is a company incorporated in Labuan, hence the Group's share of its tax is immaterial. Deferred tax asset has not been recognized in respect of the unutilized business losses 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 have not been finalised as at 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**

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

**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.

**B12. Dividends**

- (a) (i) The Shareholders had, at the 32<sup>nd</sup> Annual General Meeting held on July 28, 2005, approved a final dividend in respect of the financial year ended March 31, 2005.
- (ii) The percentage / amount per share: 10% or 10 sen (comprising 6% / 6 sen less 28% tax and 4% / 4 sen Tax-Exempt);



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- (iii) The previous corresponding period: 10% or 10 sen (comprising 6% / 6 sen less 28% tax and 4% / 4 sen Tax-Exempt);
- (iv) The book closure and dividend payment dates for the above dividend were on August 16, 2005 and August 24, 2005 respectively.

(b) There are no other dividends paid or declared for the current financial year to date.

**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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	<b>Individual period</b>		<b>Cumulative period</b>	
	3 months ended 30-June -2005 RM'000	3 months ended 30-June -2004 RM'000	3 months ended 30-June -2005 RM'000	3 months ended 30-June -2004 RM'000
Net profit for the period (RM'000)	10,998	19,642	10,998	19,642
Weighted average number of ordinary shares in issue ('000)	197,386	194,955	197,386	194,955
Assumed exercise of share options ('000)	10,283	1,861	10,283	1,861
Weighted average number of ordinary shares for diluted EPS ( '000)	198,940	196,072	198,940	196,072
Basic EPS (sen)	5.57	10.07	5.57	10.07
Diluted EPS/Diluted Loss Per Share (sen)	5.53	10.02	5.53	10.02

**By Order of the Board**

**NORAZMAN BIN HASHIM** (MIA 5817)

**LENA BTE ABD LATIF** (LS 8766)

**Company Secretaries**

**Kuala Lumpur**

**Dated: August 26, 2005**