



MNRB HOLDINGS BERHAD

(Formerly known as Malaysian National Reinsurance Berhad)

(COMPANY NO. 13487-A)

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

CONDENSED CONSOLIDATED INCOME STATEMENT

	GROUP			
	Individual Period		Cumulative Period	
	3 months ended 31-December-2005 RM'000	3 months ended 31-December-2004 RM'000	9 months ended 31-December-2005 RM'000	9 months ended 31-December-2004 RM'000
Operating Revenue	<u>193,990</u>	<u>180,178</u>	<u>577,812</u>	<u>539,849</u>
Surplus / (Deficit) from Shareholders' Fund	5,472	(2,598)	7,448	(10,028)
Surplus / (Deficit) transferred from General Reinsurance Revenue Accounts	27,809	31,156	74,509	88,910
Share of profits / (losses) of an associate company	1,451	914	6,939	6,421
Profit Before Tax	34,732	29,472	88,896	85,303
Taxation	(10,087)	(7,623)	(22,334)	(22,603)
Share of taxation of an associate company	-	-	-	-
Net Profit / (Loss) for the period	24,645	21,849	66,562	62,700
Earnings per share (sen):-				
• Basic	11.80	11.09	33.23	31.97
• Diluted	11.73	11.06	33.05	31.89

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CONDENSED CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2005

	GROUP	
	As At 31 December 2005	As At 31 March 2005 (Audited)
	RM'000	RM'000
ASSETS		
Property, Plant and Equipment	7,490	8,967
Deferred tax assets	10,500	6,500
Investment in Associated Company	122,148	117,231
Investments	890,303	790,642
Deposits & Money Market	473,157	515,083
Loan receivables	15,735	16,827
Receivables	95,137	90,733
Cash and bank balances	1,364	2,227
TOTAL GENERAL REINSURANCE BUSINESS AND SHAREHOLDERS' FUND ASSETS	1,615,834	1,548,210
General Takaful Fund assets	48,732	29,555
Family Takaful Fund assets	69,013	29,432
TOTAL ASSETS	1,733,579	1,607,197
LIABILITIES		
Provision for outstanding claims	603,553	593,830
Payables	39,899	41,261
Taxation	38,528	24,169
TOTAL GENERAL REINSURANCE BUSINESS AND SHAREHOLDERS' FUND LIABILITIES	681,980	659,260
General Takaful Fund liabilities	22,050	10,095
Family Takaful Fund liabilities	7,578	4,072
Unearned Premium Reserves	230,662	223,881
TOTAL LIABILITIES	942,270	897,308
TAKAFUL PARTICIPANTS' FUND		
General Takaful	20,177	14,205
Family Takaful	50,192	18,645
	70,369	32,850
SHAREHOLDERS EQUITY		
Share Capital	208,107	202,880
Reserves	512,833	474,159
	720,940	677,039
TOTAL LIABILITIES, TAKAFUL PARTICIPANTS' & SHAREHOLDERS' FUNDS	1,733,579	1,607,197
Net Tangible Assets/Share (RM)	3.46	3.34

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**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED DECEMBER 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, 2005	202,880	86,067	349,750	38,342	677,039
Exercise of ESOS	5,227	9,731	-	-	14,958
Share of Acc. Profit of Assoc. Co.	-	-	6,939	-	6,939
Translation Reserves of Assoc. Co.	-	-	-	240	240
Profit before Tax	-	-	81,957	-	81,957
Statutory Taxation & Zakat	-	-	(26,334)	-	(26,334)
Deferred Tax Asset	-	-	4,000	-	4,000
Dividends	-	-	(37,860)	-	(37,860)
As at December 31, 2005	208,107	95,798	378,453	38,582	720,940

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**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED DECEMBER 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, 2004	195,933	73,181	334,269	38,342	617,100
Exercise of ESOS	4,062	7,570	-	-	11,632
Share of Acc. Profit of Assoc. Co.			6,421		6,421
Net Profit for the Period	-	-	78,882	-	78,882
Statutory Taxation	-	-	(21,403)	-	(21,403)
Deferred Tax Asset / (Liability)	-	-	(1,200)	-	(1,200)
Dividends	-	-	(32,974)	-	(32,974)
As at December 31, 2004	199,996	80,751	363,995	38,342	658,458

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	GROUP	
	9 months ended 31-December-2005 RM'000	9 months ended 31-December-2004 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	88,896	85,303
Adjustment for:		
Non-cash items	(40,648)	(48,696)
Non-cash operating items	(6,939)	(6,420)
Profit from operation before changes in operating assets and liabilities	41,309	30,187
Net change in current assets	(78,211)	(104,277)
Net change in current liabilities	13,639	22,505
Cash operating items	47,359	78,016
Net cash generated from operating activities	24,095	26,808
CASH FLOW FROM INVESTING ACTIVITIES	(2,130)	(2,640)
CASH FLOW FROM FINANCING ACTIVITIES	(22,829)	(21,342)
CASH AND BANK BALANCES		
Net increase during the period	(863)	2,826
Cash and bank balances at the beginning of the period	2,227	993
Cash and bank balances at the end of the period	1,364	3,819

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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.



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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

During the current financial year to date, the Group increased its issued and fully paid up share capital from RM202.9 million to RM208.1 million as a result of issuance of 5.2 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

- i) A final dividend of 10% or 10 sen (comprising 6% less 28% tax and 4% tax-exempt) for the financial year ended March 31, 2005 amounting to RM17 million was paid on August 24, 2005.
- ii) An interim dividend of 10% or 10 sen (tax-exempt) for the financial year ending March 31, 2006 amounting to RM20.8 million was paid on December 23, 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. However, no segmental information is provided in this report as the results of the subsidiary, Takaful Ikhlas Sdn Bhd (Takaful Ikhlas) are not material on a group-wide basis.



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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.

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

The Group recorded a 7.0% increase in revenue from RM539.8 million to RM577.8 million for the nine (9) months period ended December 31, 2005 compared to the same period in the preceding year due mainly to the higher wakalah fees earned by Takaful Ikhlas.

The Group's Profit Before Tax of RM88.9 million is 4.2% higher than the RM85.3 million recorded in the same period last year. This was mainly due to the improvement in the results of Takaful Ikhlas.

B2. Review of Current Quarter Profitability Against Preceding Quarter

The Group's Profit Before Tax decreased by RM4.9 million or 12.4% from RM39.6 million in the preceding quarter to RM34.7 million in the current quarter due mainly to the reduction in the value of quoted securities held as at December 31, 2005.

B3. Current Year Prospects

Given the current trend, the Directors expect the Group's performance in the 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

	GROUP			
	Individual Period		Cumulative Period	
	3 months ended 31-December-2005 RM'000	3 months ended 31-December-2004 RM'000	9 months ended 31-December-2005 RM'000	9 months ended 31-December-2004 RM'000
Profit before tax	34,732	29,472	88,896	85,303
Current tax	(11,274)	(8,023)	(25,996)	(21,403)
Deferred tax	1,300	400	4,000	(1,200)
Zakat	(9,975)	(7,623)	(21,996)	22,603
	(113)	-	(338)	-
	(10,087)	(7,623)	(22,334)	(22,603)
Profit after tax	24,645	21,849	66,562	62,700
<i>Effective tax rate</i>	<i>28.7%</i>	<i>25.9%</i>	<i>24.9%</i>	<i>26.5%</i>

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. Deferred tax asset has not been recognized in respect of the unutilised business losses of the general takaful fund as the tax laws pertaining 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.

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.



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B8. Status of Corporate Proposals

As announced on December 29, 2005, the Company had entered into a conditional Share Sale Agreement ("SSA") with Pac Total Solutions Sdn Bhd and Maphilindo International Sdn Bhd (jointly referred to as "the Vendors") to purchase 40% equity interest in Motordata Research Consortium Sdn Bhd ("MRC") for a total cash consideration of RM1,920,000.

The completion of the SSA is contingent upon the fulfillment of certain conditions precedent, which amongst others, is for the Company to review all the agreements entered into by the Vendors and/or their related parties with MRC and be satisfied with the terms and conditions therein.

The due diligence exercise on the above-mentioned agreements is currently being undertaken by the Company's lawyers.

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) The Board of Directors at its meeting held on February 20, 2006 had declared a second interim dividend;
 - (i) The percentage / amount per share: 10% or 10% tax-exempt;



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- (ii) The previous corresponding period: 10% or 10 sen (6% or 6 sen less 28% tax and 4% or 4 sen tax-exempt);
 - (iii) The date payable: March 30, 2006;
 - (iv) Entitlement to dividends will be determined on the basis of the record of the depositors as at March 16, 2006;
 - (v) A depositor shall qualify for entitlement only in respect of:-
 - Shares transferred into the Depositors' Security Account before 4.00pm on March 16, 2006 in respect of ordinary transfers; and
 - Shares bought on the Bursa Malaysia on a cum entitlement basis according to the rules of the Bursa Malaysia.
- (b) Dividends paid during 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-December-2005 RM'000	3 months ended 31-December-2004 RM'000	9 months ended 31-December-2005 RM'000	9 months ended 31-December-2004 RM'000
Net profit for the period (RM'000)	24,645	21,849	66,562	62,700
Weighted average number of ordinary shares in issue ('000)	199,905	196,959	208,927	196,125
Assumed exercise of share options ('000)	1,099	2,395	1,099	4,062
Weighted average number of ordinary shares for diluted EPS ('000)	200,204	197,458	210,026	196,623
Basic EPS (sen)	11.80	11.09	33.23	31.97
Diluted EPS / Diluted Loss Per Share (sen)	11.73	11.06	33.05	31.89

By Order of the Board

NORAZMAN BIN HASHIM (MIA 5817)

LENA BTE ABD LATIF (LS 8766)

Company Secretaries

Kuala Lumpur

Dated: February 20, 2006