



MNRB HOLDINGS BERHAD

(COMPANY NO. 13487-A)

**INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED MARCH 31, 2006**
(The figures have not been audited)

CONDENSED CONSOLIDATED INCOME STATEMENT

	GROUP			
	Individual Period		Cumulative Period	
	3 months ended 31-March-2006 RM'000	3 months ended 31-March-2005 RM'000	12 months ended 31-March-2006 RM'000	12 months ended 31-March-2005 RM'000
Operating Revenue	<u>181,626</u>	<u>160,956</u>	<u>751,400</u>	<u>719,194</u>
Surplus/(Deficit) from Shareholders' Fund	(931)	(2,390)	6,518	(11,132)
Surplus/(Deficit) transferred from General Reinsurance Revenue Accounts	58,714	34,836	135,484	122,465
Share of profits/(losses) of an associate company	4,819	4,786	11,758	11,207
Profit Before Tax	62,602	37,232	153,760	122,540
Taxation & Zakat	(14,943)	(9,908)	(37,277)	(32,516)
Share of taxation of an associate company	-	-	-	-
Net Profit / (Loss) for the period	47,659	27,324	116,483	90,024
Earnings per share (sen): -				
• Basic	22.3	11.1	58.1	45.7
• Diluted	22.2	11.0	58.0	45.6

The Condensed Financial Statements are to be read in conjunction with the Annual Financial Report for the year ended March 31, 2005



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CONDENSED CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2006

	GROUP	
	As At 31 March 2006 (unaudited) RM'000	As At 31 March 2005 (Audited) RM'000
ASSETS		
Property, Plant and Equipment	12,693	8,967
Deferred tax assets	9,600	6,500
Investment in Associated Company	123,797	117,231
Investments	915,142	790,642
Deposits & Money Market	454,256	515,083
Loan receivables	7,654	16,827
Receivables	111,095	90,733
Cash and bank balances	1,306	2,227
TOTAL GENERAL REINSURANCE BUSINESS AND SHAREHOLDERS' FUND ASSETS	1,635,543	1,548,210
General Takaful Fund assets	54,370	29,555
Family Takaful Fund assets	83,703	29,432
TOTAL ASSETS	1,773,616	1,607,197
LIABILITIES		
Provision for outstanding claims	579,224	593,830
Payables	52,274	41,261
Taxation	34,274	24,169
TOTAL GENERAL REINSURANCE BUSINESS AND SHAREHOLDERS' FUND LIABILITIES	665,772	659,260
General Takaful Fund liabilities	32,178	10,095
Family Takaful Fund liabilities	20,807	4,072
Unearned Premium Reserves	220,667	223,881
TOTAL LIABILITIES	939,424	897,308
TAKAFUL PARTICIPANTS' FUND		
General Takaful	22,193	14,205
Family Takaful	62,896	18,645
	85,089	32,850
SHAREHOLDERS EQUITY		
Share Capital	208,908	202,880
Reserves	540,195	474,159
	749,103	677,039
TOTAL LIABILITIES, TAKAFUL PARTICIPANTS' & SHAREHOLDERS' FUNDS	1,773,616	1,607,197
Net Tangible Assets/Share (RM)	3.59	3.34

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the Annual Financial Report for the year ended March 31, 2005*



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**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2006**

	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	6,028	11,225	-	-	17,253
Translation Reserves of Assoc. Co.	-	-	-	(2,930)	(2,930)
Net profit for the period	-	-	116,483	-	116,483
Dividends (paid during the year)	-	-	(58,742)	-	(58,742)
As at March 31, 2006	208,908	97,292	407,491	35,412	749,103

The Condensed Financial Statements are to be read in conjunction with the Annual Financial Report for the year ended March 31, 2005



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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
Net Profit for the Period	-	-	90,024	-	90,024
Dividends	-	-	(49,827)	-	(49,827)
As at March 31, 2005	202,880	86,067	349,750	38,342	677,039

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the Annual Financial Report for the year ended March 31, 2005*



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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	GROUP	
	12 months ended 31-March-2006 RM'000	12 months ended 31-March-2005 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	153,760	122,540
Adjustment for:		
Non-cash items	(62,334)	(59,288)
Non-cash operating items	(11,758)	(11,207)
Profit from operation before changes in operating assets and liabilities	79,668	52,046
Net change in current assets	(2,958)	(106,407)
Net change in current liabilities	20,719	24,923
Cash operating items	(48,356)	63,747
Net cash generated from operating activities	49,073	34,308
CASH FLOW FROM INVESTING ACTIVITIES	(8,462)	(3,123)
CASH FLOW FROM FINANCING ACTIVITIES	(41,532)	(29,951)
CASH AND BANK BALANCES		
Net increase during the period	(921)	1,234
Cash and bank balances at the beginning of the period	2,227	993
Cash and bank balances at the end of the period	1,306	2,227

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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 RM202.9 million to RM208.9 million as a result of issuance of 6.0 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

- (a) 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 RM17.0 million was paid on August 24, 2005.
- (b) An interim dividend of 10% or 10 sen (all tax-exempt) for the financial year ended March 31, 2006 amounting to RM20.8 million was paid on December 23, 2005.
- (c) A second interim dividend of 10% or 10 sen (all tax-exempt) for the financial year ended March 31, 2006 amounting to RM20.9 million was paid on March 30, 2006.

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.



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Financial Year Ending March 31, 2006

	Reinsurance RM'000	Takaful RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External	684,609	58,220	8,571	-	751,400
Inter-segment	-	-	623	(623)	-
					751,400
RESULTS					
Segment result	120,729	1,266	666	(2,261)	120,400
Management expenses	(41,419)	(3,686)	(3,092)	623	(47,574)
Investment income	57,779	2,847	8,550	-	69,176
Profit from operations					142,002
Share of results of Assoc.	11,758	-	-	-	11,758
Profit before zakat & tax					153,760
Zakat					(7)
Taxation					(37,270)
Net profit for the year					116,483

Financial Year Ending March 31, 2005

	Reinsurance RM'000	Takaful RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External	697,125	22,069	-	-	719,194
Inter-segment	-	-	-	-	-
					719,194
RESULTS					
Segment result	106,755	(11,905)	-	-	94,850
Management expenses	(37,932)	(2,646)	(71)	-	(40,649)
Investment income	56,137	995	-	-	57,132
Profit from operations					111,333
Share of results of Assoc.					11,207
Profit before zakat & tax					122,540
Zakat					-
Taxation					(32,516)
Net profit for the year					90,024



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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, 2006 to the date of this report, other than that disclosed under Note A11 of this report.

A11. Changes in the Composition of the Group

- (a) As announced on December 29, 2005, MNRB Holdings Berhad ("MNRB") had entered into a conditional Share Sale Agreement ("SSA") to purchase 40% equity interest comprising 640,000 ordinary shares and preference shares in the issued and paid-up share capital of Motordata Research Consortium Sdn Bhd ("MRC"). On April 27, 2006, the balance of the purchase consideration had been paid to the Vendors per the SSA and the Proposed Purchase duly completed.
- (b) On 12 April 2006, MNRB acquired 100% of the issued and paid-up share capital of MMIP Services Sdn. Bhd. ("MMIP") for a cash consideration of RM2.00. The authorised share capital of MMIP is RM100,000 divided into 100,000 ordinary shares of RM1.00 each and its issued and paid-up share capital is RM2.00, comprising 2 ordinary shares of RM1.00 each.

Other than the above, there were no changes to the composition of the Group during the financial year 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, 2006, the Group recorded a revenue of RM751.4 million, 4.5% higher than RM719.2 million for the same period in the preceding year. This was mainly due to the higher investment income earned by Malaysian Reinsurance Berhad (“Malaysian Re”) and higher wakalah fees earned by Takaful Ikhlas Sdn. Bhd. (“Takaful Ikhlas”) arising from substantial improvement in its gross contribution.

The Group’s Profit Before Tax of RM153.8 million is 25.5% higher than the RM122.5 million recorded in the same period last year. This was mainly due to the improved underwriting results of Malaysian Re as well as the improvement in the results of Takaful Ikhlas.

B2. Review of Current Quarter Profitability Against Preceding Quarter

The Group’s Profit Before Tax increased by RM27.9 million or 80.2% from RM34.7 million in the preceding quarter to RM62.6 million in the current quarter due mainly to the improvement in the value of quoted securities held as at March 31, 2006 and increased in the underwriting contribution of Malaysian Re.

B3. Current Year Prospects

The Directors are of the opinion that the Group’s performance in the current financial year ending March 31, 2007 is expected to show further improvement.

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-2006 RM'000	3 months ended 31-March-2006 RM'000	12 months ended 31-March-2006 RM'000	12 months ended 31-March-2005 RM'000
Profit before tax	62,602	37,232	153,760	122,540
Current tax	(14,374)	(8,208)	(40,370)	(29,916)
Deferred tax	(900)	(1,700)	3,100	(2,900)
	(15,274)	(9,908)	(37,270)	(32,516)
Zakat	331	-	(7)	-
	(14,943)	(9,908)	(37,277)	(32,516)
Profit after tax	47,659	27,324	116,483	90,024
<i>Effective tax rate</i>	24.4%	26.6%	24.2%	26.5%

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.



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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

- (a) As announced on December 29, 2005, MNRB had on December 29, 2005 entered into a conditional SSA to purchase 40% equity interest on MRC for a total cash consideration of RM1,920,000 ("Purchase Consideration").

On 27 April 2006, the balance of the Purchase Consideration had been paid to the Vendors per the SSA and the Proposed Purchase duly completed.

- (b) On 12 April 2006, MNRB acquired 100% of the issued and paid-up share capital of MMIP for a cash consideration of RM2.00. The authorised share capital of MMIP is RM100,000 divided into 100,000 ordinary shares of RM1.00 each and its issued and paid-up share capital is RM2.00, comprising 2 ordinary shares of RM1.00 each.

The principal objective of MMIP is to manage the Malaysian Motor Insurance Pool, which was established by local insurance companies to provide motor insurance to vehicle owners who cannot readily find an insurer to provide insurance protection for their vehicles. The pool members comprise all general insurance companies registered under the Insurance Act, 1996.

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.



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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 Board of Directors at its meeting held on May 26, 2006 had recommended a final dividend in respect of the financial year ended March 31, 2006, subject to the approval by the Shareholders at the forthcoming Annual General Meeting;
 - (ii) The percentage / amount per share: 20% or 20 sen (less 28% tax);
 - (iii) The previous corresponding period: 10% or 10 sen (6% or 6 sen less 28% tax and 4% or 4 sen 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 is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.



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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.

	GROUP			
	Individual period		Cumulative period	
	3 months ended 31-March-2006 RM'000	3 months ended 31-March-2005 RM'000	12 months ended 31-March-2006 RM'000	12 months ended 31-March-2005 RM'000
Net profit for the period (RM'000)	47,659	27,324	116,483	90,024
Weighted average number of ordinary shares in issue ('000)	214,155	201,117	200,394	197,179
Assumed exercise of share options ('000)	934	96	934	96
Weighted average number of ordinary shares for diluted EPS ('000)	215,089	201,213	201,328	197,275
Basic EPS (sen)	22.3	11.1	58.1	45.7
Diluted EPS/Diluted Loss Per Share (sen)	22.2	11.0	58.0	45.6



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By Order of the Board

NORAZMAN BIN HASHIM (MIA 5817)

LENA BTE ABD LATIF (LS 8766)

Company Secretaries

Kuala Lumpur

Dated: May 26, 2006