



**MNRB HOLDINGS BERHAD**

(COMPANY NO. 13487-A)

**INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 JUNE 2007**

*(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 2007 RM'000	3 months ended 30 June 2006 RM'000	3 months ended 30 June 2007 RM'000	3 months ended 30 June 2006 RM'000
<b>Operating revenue</b>	245,308	218,173	245,308	218,173
Surplus from Shareholders' fund	76,829	928	76,829	928
Surplus transferred from General Reinsurance Revenue Account	28,260	23,295	28,260	23,295
Share of profits of associates	1,537	2,697	1,537	2,697
<b>Profit before zakat and taxation</b>	<b>106,626</b>	<b>26,920</b>	<b>106,626</b>	<b>26,920</b>
Zakat	-	(3)	-	(3)
Taxation	(7,735)	(5,627)	(7,735)	(5,627)
<b>Net profit for the period</b>	<b>98,891</b>	<b>21,290</b>	<b>98,891</b>	<b>21,290</b>
<b>Earnings per share attributable to equity holders of the Company (sen):</b>				
• Basic	46.7	10.6	46.7	10.6
• Diluted	46.5	10.6	46.5	10.6

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**MNRB HOLDINGS BERHAD**

(COMPANY NO. 13487-A)

**INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 JUNE 2007**

*(The figures have not been audited)*

**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2007**

	<b>GROUP</b>	
	Unaudited 30 June 2007 RM'000	Audited 31 March 2007 RM'000
<b>ASSETS</b>		
Property, plant and equipment	114,821	116,049
Investment properties	32,400	32,400
Prepaid lease payments	5,282	5,306
Intangible assets	11,969	11,022
Deferred tax assets	11,287	10,587
Investment in associate	124,261	121,867
Deposits and placements with financial institutions	518,519	387,870
Other investments	810,505	875,068
Loan receivable	13,378	14,041
Receivables	173,816	126,865
Tax recoverable	202	198
Cash and bank balances	1,927	1,055
Total general reinsurance business and shareholders' fund assets	1,818,367	1,702,328
General takaful fund assets	94,101	76,821
Family takaful fund assets	213,994	183,887
<b>Total assets</b>	<b>2,126,462</b>	<b>1,963,036</b>
<b>LIABILITIES</b>		
Provision for outstanding claims	596,707	596,261
Payables	52,616	52,061
Provision for taxation	2,259	4,298
Zakat	13	13
Total general reinsurance business and shareholders' fund liabilities	651,595	652,633
General takaful fund liabilities	45,456	42,442
Family takaful fund liabilities	30,859	28,591
Unearned premium reserves	257,594	241,218
<b>Total liabilities</b>	<b>985,504</b>	<b>964,884</b>
<b>FINANCED BY:</b>		
Share capital	212,197	211,866
Reserves	696,981	596,611
<b>Total shareholders' funds</b>	<b>909,178</b>	<b>808,477</b>
<b>TAKAFUL FUND</b>		
General takaful fund	48,645	34,379
Family takaful fund	183,135	155,296
<b>Total takaful funds</b>	<b>231,780</b>	<b>189,675</b>
<b>Total liabilities, shareholders' and takaful funds</b>	<b>2,126,462</b>	<b>1,963,036</b>
Net assets per share (RM)	4.28	3.82

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**MNRB HOLDINGS BERHAD**

(COMPANY NO. 13487-A)

**INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 JUNE 2007**

*(The figures have not been audited)*

**CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2007**

	GROUP						
	Attributable to Equity Holder of the Company						
	Share capital RM'000	Reserves			Retained profits brought forward RM'000	Net profit for the period RM'000	Total RM'000
		Non- distributable		Distributable			
Share premium RM'000		Foreign exchange translation reserve RM'000					
At 1 April 2007	211,866	102,803	27,976	465,832	-	808,477	
Exercise of share options	331	622	-	-	-	953	
Profit for the period, representing total recognised income and expenses for the period	-	-	-	-	98,891	98,891	
Dividends	-	-	-	-	-	-	
Effects of post acquisition foreign exchange translation reserve on investment in associate	-	-	857	-	-	857	
At 30 June 2007	212,197	103,425	28,833	465,832	98,891	909,178	

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**MNRB HOLDINGS BERHAD**

(COMPANY NO. 13487-A)

**INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 JUNE 2007**

*(The figures have not been audited)*

**CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2006**

	GROUP							Total RM'000
	Attributable to Equity Holder of the Company							
	Share capital RM'000	Reserves					Net profit for the period RM'000	
		Non- distributable			Distributable			
Share premium RM'000		Revaluation reserve RM'000	Foreign exchange translation reserve RM'000	Retained profits RM'000				
At 1 April 2006	208,908	97,293	-	35,411	406,191	-	747,803	
Exercise of share options	1,181	2,197	-	-	-	-	3,378	
Surplus on revaluation of properties	-	-	282	-	-	-	282	
Profit for the period, representing total recognised income and expenses for the period	-	-	-	-	-	21,290	21,290	
Dividends	-	-	-	-	-	-	-	
Effects of post acquisition foreign exchange translation reserve on investment in associate	-	-	-	(1,569)	-	-	(1,569)	
At 30 June 2006	210,089	99,490	282	33,842	406,191	21,290	771,184	

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**MNRB HOLDINGS BERHAD**

(COMPANY NO. 13487-A)

**INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 JUNE 2007**

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>GROUP</b>	
	3 months ended 30 June 2007 RM'000	3 months ended 30 June 2006 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before zakat and taxation	106,626	26,920
Adjustments for:		
Non-cash items	(70,081)	(10,489)
Non-cash operating items	(1,537)	(2,697)
Profit from operations before changes in operating assets and liabilities	35,008	13,734
Net change in current assets	(37,609)	5,139
Net change in current liabilities	(1,241)	6,525
Cash operating items	5,959	(26,200)
Net cash generated from operating activities	2,117	(802)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	(2,198)	(2,167)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	953	3,379
<b>CASH AND BANK BALANCES</b>		
Net increase during the period	872	410
Cash and bank balances at the beginning of the period	1,055	1,306
Cash and bank balances at the end of the period	1,927	1,716

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**MNRB HOLDINGS BERHAD**

(COMPANY NO. 13487-A)

**INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 JUNE 2007**

*(The figures have not been audited)*

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

**A1. Basis of preparation**

The interim financial report has been prepared in accordance with FRS134 on “Interim Financial Reporting” that was issued by the Malaysian Accounting Standards Board (“MASB”) 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 31 March 2007.

The significant accounting policies and methods of computation adopted in the interim financial statements are consistent with those adopted in the audited financial statements for the year ended 31 March 2007 except for the adoption of FRS124 on “Related Party Disclosures” that is applicable for the Group’s financial period beginning 1 April 2007.

The adoption of FRS124 does not have any significant impact on the Group’s financial results.

**A2. Auditors’ Report on preceding annual financial statements**

The auditors’ report on the audited financial statements for the financial year ended 31 March 2007 was not subject to any qualification.

**A3. Seasonal or cyclical factors**

During the period ended 30 June 2007, the operations of the Group were not materially affected by any seasonal factors. With regards to cyclical factors, the performance of the Group is directly correlated with the industry cycle and the economic performance of the countries in which the Group operates.

**A4. 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 June 2007.

**A5. Changes in estimates**

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



**MNRB HOLDINGS BERHAD**

(COMPANY NO. 13487-A)

**INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 JUNE 2007**  
*(The figures have not been audited)*

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

The issued and paid-up ordinary share capital of the Company has increased from RM211.9 million since the financial year ended 31 March 2007 to RM212.2 million as at 30 June 2007 arising from the issuance of 0.3 million new ordinary shares of RM1.00 each to eligible staff of the Group who had exercised their options under the Employees Share Option Scheme (“ESOS”) of the Company.

**A7. Dividend paid**

No dividend was paid during the first quarter ended 30 June 2007.

**A8. Segmental reporting**

Financial period ended 30 June 2007

	Investment Holding RM'000	Reinsurance RM'000	Takaful Operator RM'000	Others RM'000	Inter-Group Adjustments RM'000	Consolidated RM'000
<b>Revenue</b>						
External	1,108	220,510	23,690	-	-	245,308
Inter-segment	206	-	-	-	(206)	-
	1,314	220,510	23,690	-	(206)	245,308
<b>Results</b>						
Segment results	361	22,125	23,550	-	(206)	45,830
Management expenses	(1,351)	(10,114)	(23,239)	(156)	182	(34,678)
Investment income	952	14,339	722	-	-	16,013
Other income/(expenses)	75,386	2,675	(137)	-	-	77,924
Profit from operations	75,348	29,025	896	(156)	(24)	105,089
Share of results of associate	(24)	1,561	-	-	-	1,537
Profit before zakat and taxation	75,324	30,586	896	(156)	(24)	106,626
Zakat	-	-	-	-	-	-
Taxation	(35)	(7,700)	-	-	-	(7,735)
Net profit for the period	75,289	22,886	896	(156)	(24)	98,891



**MNRB HOLDINGS BERHAD**

(COMPANY NO. 13487-A)

**INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 JUNE 2007**  
*(The figures have not been audited)*

**A8. Segmental reporting**

Financial period ended 30 June 2006

	Investment Holding RM'000	Reinsurance RM'000	Takaful Operator RM'000	Others RM'000	Inter-Group Adjustments RM'000	Consolidated RM'000
<b>Revenue</b>						
External	1,818	199,514	16,841	-	-	218,173
Inter-segment	192	2,739	-	-	(2,931)	-
	2,010	202,253	16,841	-	(2,931)	218,173
<b>Results</b>						
Segment results	206	24,499	16,115	-	(192)	40,628
Management expenses	(944)	(10,471)	(16,979)	-	192	(28,202)
Investment income	1,818	12,183	535	-	(2,739)	11,797
Profit from operations	1,080	26,211	(329)	-	(2,739)	24,223
Share of results of associate	107	2,590	-	-	-	2,697
Profit before zakat and taxation	1,187	28,801	(329)	-	(2,739)	26,920
Zakat	-	-	(3)	-	-	(3)
Taxation	(300)	(5,126)	(201)	-	-	(5,627)
Net profit for the period	887	23,675	(533)	-	(2,739)	21,290

**A9. Carrying amount of revalued properties**

The valuations of property, plant and equipment and investment properties have been brought forward, without any change from the financial statements for the year ended 31 March 2007.

**A10. Subsequent events**

- (a) Bank Negara Malaysia had on 31 July 2007 granted its approval under Section 8 of the Takaful Act, 1984 for the retakaful subsidiary, MNRB Retakaful Berhad ("MNRB Retakaful"), to conduct general and family retakaful business effective from 1 August 2007.
- (b) On 6 August 2007, MNRB increased its investment in its wholly-owned subsidiary, MNRB Retakaful to RM100.0 million, satisfied by the issuance of 99,999,998 new ordinary shares of RM1.00 each in MNRB Retakaful at an issue price of RM1.00 per share.

Other than the above, there were no significant subsequent events from 30 June 2007 to the date of this report.





**MNRB HOLDINGS BERHAD**  
(COMPANY NO. 13487-A)  
**INTERIM FINANCIAL REPORT**  
**FOR THE PERIOD ENDED 30 JUNE 2007**  
*(The figures have not been audited)*

**A11. Changes in the composition of the Group**

On 26 June 2007, MNRB increased its investment in its wholly-owned subsidiary, Takaful Ikhlas Sdn Bhd (“Takaful Ikhlas”) by RM15.0 million, satisfied by the issuance of 15.0 million new ordinary shares of RM1.00 each in Takaful Ikhlas at an issue price of RM1.00 per share.

There were no other changes in composition of the Group during the current financial period ended 30 June 2007.

**A12. Capital Commitments**

The amount of capital commitments of the Group as at 30 June 2007 are as follows:

	RM'000
Authorised and contracted for:	
Intangible assets*	6,907
Subscription of additional redeemable preference shares in Inflexion PEF Sdn Bhd	<u>6,217</u>

\* Relating to purchase of new reinsurance system for reinsurance subsidiary and takaful system for takaful operator.

**A13. 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.



**MNRB HOLDINGS BERHAD**  
(COMPANY NO. 13487-A)  
**INTERIM FINANCIAL REPORT**  
**FOR THE PERIOD ENDED 30 JUNE 2007**  
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**PART B – ADDITIONAL INFORMATION REQUIRED BY THE  
LISTING REQUIREMENTS OF BURSA MALAYSIA**

**B1. Review of Performance**

For the three (3) months period ended 30 June 2007, the Group recorded a revenue of RM245.3 million, 12% higher than RM218.2 million for the same period in the preceding year. The higher revenue was a result of the increase in the gross premium written by the reinsurance subsidiary and the increase in the wakalah fees earned by the takaful operator.

The Group's profit before zakat and taxation increased by 296% from RM26.9 million to RM106.7 million in the same period last year. The higher Group's profit before zakat and taxation was mainly due to disposal of 3.24% direct equity interests in Malaysian Oxygen Berhad ("MOX") by MNRB via acceptance of the conditional take over offer made by Aga Aktiebolag for a cash consideration of RM17.00 per share. The total net profit attributable to the said disposal was RM75,381,537.

**B2. Review of current quarter profitability against preceding quarter**

The Group's profit before zakat and taxation increased by RM57.6 million or 54% from RM49.1 million in the preceding quarter to RM106.6 million in the current quarter. This was mainly due to disposal of 3.24% direct equity interests in MOX by MNRB via acceptance of the conditional take over offer made by Aga Aktiebolag for a cash consideration of RM17.00 per share. The total net profit attributable to the said disposal was RM75,381,537.

However, the above increase is partly offset by the lower underwriting contribution from the reinsurance subsidiary due to higher incurred claims.

**B3. Current year prospects**

For the financial year ending 31 March 2008, the Directors expect the current good results to be maintained.

**B4. Explanatory note for variance from profit forecast**

There was no profit forecast issued by the Group during the financial period ended 30 June 2007.



**MNRB HOLDINGS BERHAD**  
(COMPANY NO. 13487-A)  
**INTERIM FINANCIAL REPORT**  
**FOR THE PERIOD ENDED 30 JUNE 2007**  
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**B5. Taxation**

	<b>GROUP</b>			
	<b>Individual Period</b>		<b>Cumulative Period</b>	
	3 months ended 30 June 2007 RM'000	3 months ended 30 June 2006 RM'000	3 months ended 30 June 2007 RM'000	3 months ended 30 June 2006 RM'000
Profit before zakat and taxation	106,626	26,920	106,626	26,920
Current tax	(8,435)	(9,027)	(8,435)	(9,027)
Deferred tax	700	3,400	700	3,400
	(7,735)	(5,627)	(7,735)	(5,627)
Zakat	-	(3)	-	(3)
		(5,630)		(5,630)
Net profit for the year	98,891	21,290	98,891	21,290
<i>Effective tax rate</i>	<i>7.25%</i>	<i>20.90%</i>	<i>7.25%</i>	<i>20.90%</i>

The effective tax rate for the current quarter ended 30 June 2007 and for the financial period to date was lower than the statutory tax rate of 27% mainly due to gain on disposal of its long term investment in shares of MOX amounting to RM75,381,537, being considered capital in nature and hence not subject to income tax.

The lower tax rate is also contributed by effects of different tax rate in respect of offshore reinsurance business and on the Associate Company which is incorporated in Labuan.

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

There was no sale of unquoted investments and/or properties during the financial period ended 30 June 2007.

**B7. Quoted securities**

The reinsurance subsidiary, takaful operator and retakaful subsidiary's activities are regulated by the Insurance Act 1996, Takaful Act 1984 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.

The information on quoted securities by the Group other than in respect of above subsidiaries are as follow:



**MNRB HOLDINGS BERHAD**  
(COMPANY NO. 13487-A)  
**INTERIM FINANCIAL REPORT**  
**FOR THE PERIOD ENDED 30 JUNE 2007**  
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**B7. Quoted securities (Cont'd)**

(a) Purchase and disposal of quoted securities

	<b>Group</b>			
	<b>Individual Period</b>		<b>Cumulative Period</b>	
	3 months ended 30 June 2007 RM'000	3 months ended 30 June 2006 RM'000	3 months ended 30 June 2007 RM'000	3 months ended 30 June 2006 RM'000
Total purchase consideration	-	-	-	-
Total sale proceeds	76,160	-	76,160	-
Total gain on disposal	75,382	-	75,382	-

(b) Investment in quoted securities as at 30 June 2007

	<b>Group</b>
	30 June 2007 RM'000
At cost	979
At carrying value/book value	979
At market value	895

**B8. Status of corporate proposals**

As disclosed under Note A10(a), Bank Negara Malaysia had on 31 July 2007 granted its approval under Section 8 of the Takaful Act, 1984 for the retakaful subsidiary to conduct general and family retakaful business effective from 1 August 2007.

Other than the above, 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 financial period ended 30 June 2007.

**B10. Off balance sheet financial instruments**

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



**MNRB HOLDINGS BERHAD**  
(COMPANY NO. 13487-A)  
**INTERIM FINANCIAL REPORT**  
**FOR THE PERIOD ENDED 30 JUNE 2007**  
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**B11. Material litigation**

There was no material litigation pending as at the date of this report.

**B12. Dividends**

- (a) (i) The Shareholders had, at the 34<sup>th</sup> Annual General Meeting held on 30 July 2007, approved a final dividend in respect of the financial year ended 31 March 2007.
  - (ii) The percentage / amount per share: 26% or 26 sen (less 27% tax);
  - (iii) The previous corresponding period: 20% or 20 sen (less 28% tax);
  - (iv) The book closure date for the above dividend was on 20 August 2007. The dividend would be paid on 28 August 2007.
- (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 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.



**MNRB HOLDINGS BERHAD**

(COMPANY NO. 13487-A)

**INTERIM FINANCIAL REPORT  
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	<b>GROUP</b>			
	<b>Individual Period</b>		<b>Cumulative Period</b>	
	3 months ended 30 June 2007	3 months ended 30 June 2006	3 months ended 30 June 2007	3 months ended 30 June 2006
Net profit for the period (RM'000)	98,891	21,290	98,891	21,290
Weighted average number of ordinary shares in issue ('000)	211,963	200,605	211,963	200,605
Assumed exercise of share options ('000)	510	883	510	883
Weighted average number of ordinary shares for diluted EPS ('000)	212,473	201,488	212,473	201,488
Basic EPS (sen)	46.7	10.6	46.7	10.6
Diluted EPS/Diluted Loss Per Share (sen)	46.5	10.6	46.5	10.6

**By Order of the Board**

**NORAZMAN BIN HASHIM** (MIA 5817)

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

**Company Secretaries**

**Kuala Lumpur**

**Dated: 27 August 2007**