

Company No.

38000	U
-------	---

RHB INSURANCE BERHAD

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2011

Company No.

38000

U

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011

CONTENTS	PAGE
STATEMENT OF FINANCIAL POSITION	1
INCOME STATEMENT	2
STATEMENT OF COMPREHENSIVE INCOME	3
STATEMENT OF CHANGES IN EQUITY	4
STATEMENT OF CASH FLOW	5
NOTES TO THE INTERIM FINANCIAL STATEMENTS	6 - 14

Company No.

38000	U
-------	---

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

	<u>Note</u>	<u>Unaudited 30 June 2011</u> RM	<u>Audited 31 Dec 2010</u> RM
ASSETS			
Property, plant and equipment		3,433,504	2,690,867
Investment	8	447,524,752	423,973,774
- Debt securities		15,109,171	15,109,687
- Equities securities		83,679,560	69,895,935
- Unit and property trust funds		234,767,899	169,554,634
- Loans		816,621	759,583
- Fixed and call deposits		113,151,501	168,653,935
Deferred tax assets		660,000	572,000
Reinsurance assets	9	164,926,227	146,119,401
Insurance receivables		61,147,739	54,566,432
Other receivables		18,516,727	14,564,508
Cash and cash equivalents		2,839,737	4,281,710
Total assets		<u>699,048,686</u>	<u>646,768,692</u>
LIABILITIES			
Insurance contract liabilities	10	411,173,029	369,975,166
Insurance payables		49,585,569	49,102,205
Other payables		22,955,603	21,305,900
Current tax liabilities		2,608,690	2,121,512
Total liabilities		<u>486,322,891</u>	<u>442,504,783</u>
SHAREHOLDERS' FUND			
Share capital		100,000,000	100,000,000
Retained profits		112,698,174	103,575,787
Available-for-sale reserve		27,621	688,122
		<u>212,725,795</u>	<u>204,263,909</u>
Total liabilities and shareholders' fund		<u>699,048,686</u>	<u>646,768,692</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.

Company No.

38000	U
-------	---

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2011

	<u>6 Months ended</u> <u>30 June 2011</u> RM	<u>6 Months ended</u> <u>30 June 2010</u> RM
Operating revenue	203,928,396	155,856,031
Gross earned premium	169,380,640	144,388,280
Premium ceded to reinsurers	(53,766,897)	(40,077,695)
Net earned premium	115,613,743	104,310,585
Investment income	9,249,255	6,122,741
Realised gains	2,141,687	3,332,495
Fair value gains/(losses)	1,709,037	(1,390,707)
Reinsurance commission income	14,020,508	10,046,372
Other operating revenue	96,234	52,438
Other revenue	27,216,721	18,163,339
Gross claims paid	(64,573,964)	(59,414,306)
Claims ceded to reinsurers	14,397,686	14,878,440
Gross change to contract liabilities	(17,855,016)	(20,121,392)
Change in contract liabilities ceded to reinsurers	10,587,708	8,100,912
Net claims	(57,443,586)	(56,556,346)
Commission expense	(26,536,978)	(21,090,965)
Management expenses	(23,373,049)	(15,787,170)
Other operating expenses	(15,464)	(21,047)
Other expenses	(49,925,491)	(36,899,182)
Profit before taxation	35,461,387	29,018,396
Taxation	(7,589,000)	(7,255,000)
Net profit for the financial period	27,872,387	21,763,396
Basic Earnings per share (sen)	27.87	21.76

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.

Company No.

38000	U
-------	---

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2011

	<u>6 Months ended</u> <u>30 June 2011</u> RM	<u>6 Months ended</u> <u>30 June 2010</u> RM
Net profit for the financial period	27,872,387	21,763,396
Other comprehensive income/(loss):		
Available-for-sale ('AFS') reserve		
- Net gain arising during the financial period	(881,501)	3,873,465
- Net realised gain transfer to Income Statement	-	(179,144)
	<hr/>	<hr/>
	(881,501)	3,694,321
Income tax relating to components of other comprehensive income/(loss)	221,000	(923,000)
	<hr/>	<hr/>
	(660,501)	2,771,321
	<hr/>	<hr/>
Total comprehensive income for the financial period	<u>27,211,886</u>	<u>24,534,717</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.

Company No.

38000	U
-------	---

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2011**

	Issued and fully paid ordinary shares	<u>RM1 each</u> Nominal value RM	<u>Distributable</u> Retained profits RM	<u>Non- distributable</u> AFS reserve RM	<u>Total</u> RM
	<u>No. of shares</u>				
Balance as at 1 January 2011	100,000,000	100,000,000	103,575,787	688,122	204,263,909
Total comprehensive income / (loss) for the financial period	-	-	27,872,387	(660,501)	27,211,886
Ordinary dividends	-	-	(18,750,000)	-	(18,750,000)
Balance as at 30 June 2011	<u>100,000,000</u>	<u>100,000,000</u>	<u>112,698,174</u>	<u>27,621</u>	<u>212,725,795</u>
Balance as at 1 January 2010	100,000,000	100,000,000	57,891,366	355,724	158,247,090
Total comprehensive income for the financial period	-	-	21,763,396	2,771,321	24,534,717
Ordinary dividends	-	-	(3,750,000)	-	(3,750,000)
Balance as at 30 June 2010	<u>100,000,000</u>	<u>100,000,000</u>	<u>75,904,762</u>	<u>3,127,045</u>	<u>179,031,807</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.

Company No.

38000	U
-------	---

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOW
FOR THE SIX MONTHS ENDED 30 JUNE 2011

	<u>6 Months ended</u> <u>30 June 2011</u> RM	<u>6 Months ended</u> <u>30 June 2010</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	35,461,387	29,018,396
Adjustments for investing and financing items and other items not involving the movement of cash and cash equivalents	(12,226,830)	(11,246,196)
Operating profit before working capital changes	23,234,557	17,772,200
Operating changes in operating assets	(41,125,225)	(37,681,241)
Operating changes in operating liabilities	36,362,108	26,026,800
Net cash generated from operating activities	18,471,440	6,117,759
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,267,023)	(215,123)
Proceeds from sale of property, plant and equipment	104,250	-
Net cash used in investing activities	(1,162,773)	(215,123)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(18,750,000)	(3,750,000)
Net cash used in financing activities	(18,750,000)	(3,750,000)
Effect on exchange rate changes on cash and cash equivalents	(640)	(8,170)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,441,973)	2,144,466
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	4,281,710	123,320
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	2,839,737	2,267,786

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.

Company No.

38000	U
-------	---

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011

1 BASIS OF PREPARATION

The interim financial statements are unaudited and has been prepared in compliance with Financial Reporting Standard ('FRS') 134, 'Interim Financial Reporting' issued by the Malaysian Accounting Standards Board ('MASB') and Guidelines / Circulars issued by Bank Negara Malaysia ("BNM") and should be read in conjunction with the audited financial statements of the Company for the last financial year ended 31 December 2010.

The accounting policies and presentation adopted by the Company for the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2010, except for the adoption of the following accounting standards, amendments to published accounting standards and interpretations to existing accounting standards which are effective from 1 January 2011:

Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 132	Financial Instruments: Presentation -Classification of Rights Issues
IC Interpretation 4	Determining Whether an Arrangement contains a Lease
Improvements to FRSs (2010)	
- FRS 3	Business Combinations
- FRS 127	Consolidated and Separate Financial Statements
- FRS 101	Presentation of financial statements
- FRS 138	Intangible Assets
- IC Interpretations 9	Reassessment of Embedded Derivatives
- Amendments of FRS 138	Intangible Assets
- Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

The adoption of the above accounting standards, amendments to published accounting standards and interpretations to existing accounting standards does not give rise to any material financial effects to the Company.

Company No.

38000	U
-------	---

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011

2 AUDITORS' REPORT

The auditors' report for the financial year ended 31 December 2010 was not subject to any qualification

3 SEASONAL OR CYCLICAL FACTORS

The business operations of the Company have not been affected by any material seasonal or cyclical factors

4 EXCEPTIONAL OR UNUSUAL ITEMS

There were no exceptional or unusual items for the six months ended 30 June 2011.

5 CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in prior financial years that have a material effect for the six months ended 30 June 2011

6 CHANGES IN DEBT AND EQUITY SECURITIES

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period under review

7 DIVDENDS PAID

During the six months ended 30 June 2011, the Company has paid a final dividend of 25% less 25% income tax amounting to RM18,750,000 in respect of the financial year ended 31 December 2010 on 31 March 2011.

Company No.

38000	U
-------	---

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011

8 INVESTMENT

	<u>Unaudited</u> 30 June 2011	<u>Audited</u> 31 Dec 2010
	RM	RM
Debt securities	15,109,171	15,109,687
Equities securities	83,679,560	69,895,935
Wholesale unit trust funds and property trust funds	234,767,899	169,554,634
Loans	816,621	759,583
Fixed and call deposits	113,151,501	168,653,935
	<u>447,524,752</u>	<u>423,973,774</u>

The Company's investments are summarised by categories as follows:

	<u>Unaudited</u> 30 June 2011	<u>Audited</u> 31 Dec 2010
	RM	RM
Fair value through profit or loss	84,774,465	70,955,088
Held-to-maturity	15,109,171	15,109,687
Loans and receivables	113,968,122	169,413,518
Available-for-sale	233,672,994	168,495,481
	<u>447,524,752</u>	<u>423,973,774</u>

Company No.

38000	U
-------	---

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011

8	INVESTMENT (CONTINUED)	<u>Unaudited</u> 30 June 2011 RM	<u>Audited</u> 31 Dec 2010 RM
	a) Fair value through profit or loss <u>At fair value</u> Quoted in Malaysia:		
	Held-for-trading ('HFT')		
	- Equities securities	83,679,560	69,895,935
	- Property trust funds	1,094,905	1,059,153
		<u>84,774,465</u>	<u>70,955,088</u>
	b) Held-to-maturity ('HTM') <u>At amortised cost</u> Unquoted in Malaysia:		
	Debt securities	15,109,171	15,109,687
		<u>15,109,171</u>	<u>15,109,687</u>
	c) Loans and receivables ('LAR') <u>At amortised cost</u>		
	Loans	816,621	759,583
	Fixed and call deposits	113,151,501	168,653,935
		<u>113,968,122</u>	<u>169,413,518</u>
	d) Available-for-sale ('AFS') <u>At fair value</u> Quoted in Malaysia:		
	Wholesale unit trust fund	233,672,994	168,495,481
		<u>233,672,994</u>	<u>168,495,481</u>

The underlying assets for the wholesale unit trust fund are as follows:

	<u>Unaudited</u> 30 June 2011 RM	<u>Audited</u> 31 Dec 2010 RM
Malaysian Government Securities	15,063,174	15,097,373
Debt securities	150,304,588	142,570,057
Call deposits	68,477,134	10,966,791
Cash equivalents	114,814	112,383
Payables	(286,716)	(251,123)
	<u>233,672,994</u>	<u>168,495,481</u>

Company No.

38000	U
-------	---

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011

9 REINSURANCE ASSETS

	<u>Unaudited</u> 30 June 2011 RM	<u>Audited</u> 31 Dec 2010 RM
Claims liabilities	114,232,560	105,600,506
Premium liabilities	50,693,667	40,518,895
	<u>164,926,227</u>	<u>146,119,401</u>

10 INSURANCE CONTRACT LIABILITIES

Unaudited
30 June 2011

	<u>Gross</u> RM	<u>Reinsurance</u> RM	<u>Net</u> RM
Claims reported by policyholders	196,354,190	(94,797,942)	101,556,248
Incurred but not reported claims ("IBNR")	68,095,659	(19,434,618)	48,661,041
	<u>264,449,849</u>	<u>(114,232,560)</u>	<u>150,217,289</u>
Claims liabilities (note (a))	264,449,849	(114,232,560)	150,217,289
Premium liabilities (note (b))	146,723,180	(50,693,667)	96,029,513
	<u>411,173,029</u>	<u>(164,926,227)</u>	<u>246,246,802</u>

Audited
31 December 2010

	<u>Gross</u> RM	<u>Reinsurance</u> RM	<u>Net</u> RM
Claims reported by policyholders	187,973,997	(87,625,771)	100,348,226
Incurred but not reported claims ("IBNR")	60,576,490	(17,974,735)	42,601,755
	<u>248,550,487</u>	<u>(105,600,506)</u>	<u>142,949,981</u>
Claims liabilities (note (a))	248,550,487	(105,600,506)	142,949,981
Premium liabilities (note (b))	121,424,679	(40,518,895)	80,905,784
	<u>369,975,166</u>	<u>(146,119,401)</u>	<u>223,855,765</u>

Company No.

38000	U
-------	---

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011**

10 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(a) Claims liabilities

	<u>Gross</u> RM	<u>Reinsurance</u> RM	<u>Net</u> RM
<u>Unaudited</u>			
<u>30 June 2011</u>			
Balance as at 1 January 2011	248,550,487	(105,600,506)	142,949,981
Claims incurred in current financial accident period	90,466,937	(29,537,563)	60,929,374
Adjustment to claims incurred in prior accident financial year			
- case reserve	(17,512,780)	7,967,706	(9,545,074)
- IBNR	7,519,169	(1,459,883)	6,059,286
Claims paid during the financial period	(64,573,964)	14,397,686	(50,176,278)
Balance as at 30 June 2011	<u>264,449,849</u>	<u>(114,232,560)</u>	<u>150,217,289</u>
<u>Audited</u>			
<u>31 December 2010</u>			
Balance as at 1 January 2010	225,653,920	(99,118,920)	126,535,000
Claims incurred in current accident financial year	156,257,569	(41,853,007)	114,404,562
Adjustment to claims incurred in prior accident year			
- case reserve	(16,056,898)	7,405,644	(8,651,254)
- IBNR	5,680,971	1,534,342	7,215,313
Claims paid during the financial year	(122,985,075)	26,431,435	(96,553,640)
Balance as at 31 December 2010	<u>248,550,487</u>	<u>(105,600,506)</u>	<u>142,949,981</u>

Company No.

38000	U
-------	---

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011

10 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(b) Premium liabilities

	<u>Gross</u> RM	<u>Reinsurance</u> RM	<u>Net</u> RM
<u>Unaudited</u> 30 June 2011			
Balance as at 1 January 2011	121,424,679	(40,518,895)	80,905,784
Premium written for the financial period	194,679,141	(63,941,669)	130,737,472
Premium earned during the financial period	<u>(169,380,640)</u>	<u>53,766,897</u>	<u>(115,613,743)</u>
Balance as at 30 June 2011	<u><u>146,723,180</u></u>	<u><u>(50,693,667)</u></u>	<u><u>96,029,513</u></u>
<u>Audited</u> 31 December 2010			
Balance as at 1 January 2010	109,190,728	(34,556,845)	74,633,883
Premium written for the financial period	305,370,094	(90,162,150)	215,207,944
Premium earned during the financial period	<u>(293,136,143)</u>	<u>84,200,100</u>	<u>(208,936,043)</u>
Balance as at 31 December 2010	<u><u>121,424,679</u></u>	<u><u>(40,518,895)</u></u>	<u><u>80,905,784</u></u>

Company No.

38000	U
-------	---

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011

11 CAPITAL COMMITMENTS

	<u>Unaudited</u> <u>30 June 2011</u>	<u>Audited</u> <u>31 Dec 2010</u>
	RM	RM
Capital expenditure on property, plant and equipment:		
Authorised and contracted for	1,186,450	228,727
Authorised but not contracted for	228,578	1,357,931
	<u>1,415,028</u>	<u>1,586,658</u>

12 REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 30 June 2011, as prescribed under the RBC Framework is provided below:

	<u>Unaudited</u> <u>30 June 2011</u>	<u>Audited</u> <u>31 Dec 2010</u>
	RM	RM
<u>Eligible Tier I capital</u>		
Paid-up ordinary share capital	100,000,000	100,000,000
Retained profits	112,698,174	103,575,787
	<u>212,698,174</u>	<u>203,575,787</u>
<u>Tier 2 capital</u>		
Available-for sale reserve	27,621	688,122
	<u>(660,000)</u>	<u>(572,000)</u>
	<u>212,065,795</u>	<u>203,691,909</u>

Company No.

38000	U
-------	---

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011

13 Material Events Subsequent to the Balance Sheet Date

There were no material events subsequent to the balance sheet date that have not been reflected in the financial statements.