

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

RHB INSURANCE BERHAD (38000-U)
(Incorporated in Malaysia)

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RHB INSURANCE BERHAD (38000-U)
(Incorporated in Malaysia)

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013**

	<u>Note</u>	Unaudited 30 June 2013	Audited 31 December 2012
		RM '000	RM '000
ASSETS			
Property, plant and equipment		6,363	6,741
Intangible asset - computer software		463	385
Investments	10	604,472	569,234
- Held-to-maturity		15,107	15,107
- Fair value through profit or loss		83,968	75,388
- Available-for-sale		360,656	344,217
- Loans and receivables		144,741	134,522
Reinsurance assets	11	222,627	191,147
Insurance receivables		63,206	58,200
Other receivables		40,765	28,025
Cash and cash equivalents		1,325	1,091
Total assets		939,221	854,823
LIABILITIES			
Insurance contract liabilities	12	588,251	517,285
Insurance payables		45,604	35,798
Other payables		26,410	31,300
Deferred tax liabilities		4	103
Current tax liabilities		2,876	4,459
Total liabilities		663,145	588,945
SHAREHOLDERS' FUND			
Share capital		100,000	100,000
Retained earnings		175,793	165,322
Available-for-sale reserve		283	556
		276,076	265,878
Total liabilities and shareholders' fund		939,221	854,823

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012.

RHB INSURANCE BERHAD (38000-U)
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**INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

	<u>Note</u>	6 Months ended 30 June 2013 RM '000	6 Months ended 30 June 2012 RM '000
Operating revenue		274,435	243,635
Gross earned premium		236,598	209,076
Premium ceded to reinsurers		(85,483)	(66,594)
Net earned premium		151,115	142,482
Investment income		11,955	9,583
Realised gains		2,808	2,637
Fair value gains		1,828	1,519
Reinsurance commission income		20,191	17,218
Other operating income		549	568
Other income		37,331	31,525
Gross claims paid	12(a)	(96,953)	(82,733)
Claims ceded to reinsurers	12(a)	29,886	25,277
Gross change to claims liabilities	12(a)	(45,084)	(43,457)
Change in claims liabilities ceded to reinsurers	12(a)	23,503	16,288
Net claims		(88,648)	(84,625)
Commission expense		(35,588)	(31,797)
Management expenses		(31,950)	(27,278)
Other expenses		(67,538)	(59,075)
Profit before taxation		32,260	30,307
Taxation		(3,039)	(5,714)
Profit for the financial period		29,221	24,593
Basic earnings per share (sen)		29.22	24.59

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012.

RHB INSURANCE BERHAD (38000-U)
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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

	6 Months ended <u>30 June 2013</u> RM '000	6 Months ended <u>30 June 2012</u> RM '000
Profit for the financial period	29,221	24,593
Other comprehensive income/(loss):		
Available-for-sale reserve		
- Net (loss)/gain arising during the financial period	(364)	123
Income tax relating to components of other comprehensive (loss)/income	91	(31)
	<u>(273)</u>	<u>92</u>
Total comprehensive income for the financial period	<u><u>28,948</u></u>	<u><u>24,685</u></u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012.

**STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

	Issued and fully paid ordinary shares		Distributable	Non - distributable	Total
	RM1 each				
	<u>No. of shares</u> '000 units	<u>Nominal value</u> RM '000	<u>Retained earnings</u> RM '000	<u>AFS reserve</u> RM '000	<u>Total</u> RM '000
Balance as at 1 January 2013	100,000	100,000	165,322	556	265,878
Total comprehensive income for the financial period	-	-	29,221	(273)	28,948
Ordinary dividends	-	-	(18,750)	-	(18,750)
Balance as at 30 June 2013	100,000	100,000	175,793	283	276,076
Balance as at 1 January 2012	100,000	100,000	124,588	364	224,952
Total comprehensive income for the financial period	-	-	24,593	92	24,685
Ordinary dividends	-	-	(18,750)	-	(18,750)
Balance as at 30 June 2012	100,000	100,000	130,431	456	230,887

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012.

RHB INSURANCE BERHAD (38000-U)
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**STATEMENT OF CASH FLOW
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

	6 Months ended 30 June 2013	6 Months ended 30 June 2012
	RM '000	RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	32,260	30,307
Adjustments for investing and financing items and other not involving the movement of cash and cash	(15,541)	(12,609)
Operating profit before working capital changes	16,719	17,698
Operating changes in operating assets	(68,555)	(45,251)
Operating changes in operating liabilities	71,253	51,092
Net cash generated from operating activities	19,417	23,539
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(432)	(3,476)
Net cash used in investing activities	(432)	(3,476)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(18,750)	(18,750)
Net cash used in financing activities	(18,750)	(18,750)
Effect on exchange rate changes on cash and cash equivalents	(1)	-
Net Increase In Cash And Cash Equivalents	234	1,313
Cash And Cash Equivalents At Beginning Of Financial Year	1,091	401
Cash And Cash Equivalents At End Of Financial Period	1,325	1,714

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

1. BASIS OF PREPARATION

The interim financial statements are unaudited and has been prepared in compliance with Malaysian Financial Reporting Standard ('MFRS') 134, 'Interim Financial Reporting' issued by MASB and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2012.

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 2012, except for the adoption of the following relevant accounting standards, amendments to published accounting standards and interpretations to existing accounting standards which are effective from 1 January 2013:

MFRS 13	Fair Value Measurement
Amendment to MFRS 101	Presentation of Items of Other Comprehensive Income
Amendment to MFRS 7	Financial instruments: Disclosures

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.

2. AUDITORS' REPORT

The auditors' report for the financial year ended 31 December 2012 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 2013.

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 2013.

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013 (Continued)

7. DIVIDENDS PAID

During the six months ended 30 June 2013, 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 2012 on 10 June 2013.

8. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The Company does not have any contingent assets or contingent liabilities that may significantly render the financial results reported misleading or inappropriate.

9. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013 (Continued)

10. INVESTMENT

	Unaudited	Audited
	30 June 2013	31 December 2012
	RM '000	RM '000
Debt securities	15,107	15,107
Equities securities	78,595	71,278
Wholesale unit trust funds and property trust funds	441,564	348,327
Staff loans	225	284
Fixed and call deposits	68,981	134,238
	<u>604,472</u>	<u>569,234</u>

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

Held-to-maturity	15,107	15,107
Fair value through profit or loss	83,968	75,388
Available-for-sale	360,656	344,217
Loans and receivables	144,741	134,522
	<u>604,472</u>	<u>569,234</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013 (Continued)**

10. INVESTMENT (continued)

	Unaudited	Audited
	30 June 2013	31 December 2012
	RM '000	RM '000
a) Held-to-maturity		
<u>At amortised cost</u>		
Unquoted in Malaysia:		
- Debt securities	15,107	15,107
	<hr/>	<hr/>
	15,107	15,107
	<hr/> <hr/>	<hr/> <hr/>
b) Fair value through profit or loss		
<u>At fair value</u>		
Quoted in Malaysia:		
Held-for-trading		
- Equities securities	78,595	71,278
- Property trust funds	5,373	4,110
	<hr/>	<hr/>
	83,968	75,388
	<hr/> <hr/>	<hr/> <hr/>
c) Available-for-sale		
<u>At fair value</u>		
Unquoted in Malaysia:		
- Wholesale unit trust funds	360,656	344,217
	<hr/>	<hr/>
	360,656	344,217
	<hr/> <hr/>	<hr/> <hr/>
d) Loans and receivables		
<u>At amortised cost</u>		
- Loans	225	284
- Fixed and call deposits	68,981	134,238
- Wholesale unit trust funds	75,535	-
	<hr/>	<hr/>
	144,741	134,522
	<hr/> <hr/>	<hr/> <hr/>

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

Malaysian Government Securities	-	1,532
Debt securities	314,872	290,327
Call deposits	119,326	49,113
Cash equivalents	16	3
Receivables/payables	1,977	3,242
	<hr/>	<hr/>
	436,191	344,217
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013 (Continued)

10. **INVESTMENT (Continued)**

e) Carrying value of financial instruments

	Fair value through profit or loss	Held-to- maturity	Loans and receivables	Available- for-sale	Total
	RM '000	RM '000	RM '000	RM '000	RM '000
At 1 January 2012	71,432	15,109	140,149	278,883	505,573
Purchases	39,936	-	55,820	65,078	160,834
Maturities	-	-	(61,447)	-	(61,447)
Disposals	(39,323)	-	-	-	(39,323)
Recovery of fully impaired unsecured corporate debts	-	-	-	(5)	(5)
Fair value gains recorded in Income Statement	3,343	-	-	-	3,343
Fair value gains recorded in Other Comprehensive Income	-	-	-	256	256
Movement in impairment allowance	-	-	-	5	5
Amortisation charge	-	(2)	-	-	(2)
At 31 December 2012	75,388	15,107	134,522	344,217	569,234
Purchases	23,919	-	81,609	16,613	122,141
Maturities	-	-	(71,390)	-	(71,390)
Disposals	(17,167)	-	-	-	(17,167)
Fair value gains recorded in Income Statement	1,828	-	-	190	2,018
Fair value gains recorded in Other Comprehensive Income	-	-	-	(364)	(364)
At 30 June 2013	83,968	15,107	144,741	360,656	604,472

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013 (Continued)**

10. INVESTMENT (Continued)

f) Fair value investments

	Fair value through profit or loss	Available- for-sale	Total
	RM '000	RM '000	RM '000
Unaudited			
<u>At 30 June 2013</u>			
Quoted market price	83,968	-	83,968
Valuation techniques – market observable inputs	-	360,656	360,656
	<u>83,968</u>	<u>360,656</u>	<u>444,624</u>
Audited			
<u>At 31 December 2012</u>			
Quoted market price	75,388	-	75,388
Valuation techniques – market observable inputs	-	344,217	344,217
	<u>75,388</u>	<u>344,217</u>	<u>419,605</u>

11. REINSURANCE ASSETS

	Unaudited 30 June 2013	Audited 31 December 2012
	RM '000	RM '000
Claims liabilities	147,391	123,888
Premium liabilities	75,236	67,259
	<u>222,627</u>	<u>191,147</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013 (Continued)**

12. INSURANCE CONTRACT LIABILITIES

	<u>Gross</u> RM '000	<u>Reinsurance</u> RM '000	<u>Net</u> RM '000
<u>Unaudited</u>			
<u>30 June 2013</u>			
Claims reported	267,997	(108,120)	159,877
Incurred but not reported claims ("IBNR")	105,249	(39,271)	65,978
	<hr/>	<hr/>	<hr/>
Claims liabilities (note(a))	373,246	(147,391)	225,855
Premium liabilities (note(a))	215,005	(75,236)	139,769
	<hr/>	<hr/>	<hr/>
	588,251	(222,627)	365,624
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>Audited</u>			
<u>31 December 2012</u>			
Claims reported	234,273	(91,357)	142,916
Incurred but not reported claims ("IBNR")	93,889	(32,531)	61,358
	<hr/>	<hr/>	<hr/>
Claims liabilities (note(a))	328,162	(123,888)	204,274
Premium liabilities (note(a))	189,123	(67,259)	121,864
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	517,285	(191,147)	326,138
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013 (Continued)**

12. INSURANCE CONTRACT LIABILITIES (Continued)

(a) Claims liabilities

	<u>Gross</u> RM '000	<u>Reinsurance</u> RM '000	<u>Net</u> RM '000
Unaudited			
<u>30 June 2013</u>			
Balance as at 1 January 2013	328,162	(123,888)	204,274
Claims incurred in current accident year			
- Paid	14,202	(3,274)	10,928
- Case reserves	73,563	(32,903)	40,660
- IBNR	51,990	(19,751)	32,239
Claims incurred in prior accident year			
- Paid	82,751	(26,612)	56,139
- Case reserves	(136,792)	46,025	(90,767)
- IBNR	(40,630)	13,012	(27,618)
Balance as at 30 June 2013	373,246	(147,391)	225,855
Audited			
<u>31 December 2012</u>			
Balance as at 1 January 2012	281,748	(111,260)	170,488
Claims incurred in current accident year			
- Paid	66,947	(17,801)	49,146
- Case reserves	102,474	(39,668)	62,806
- IBNR	65,219	(22,804)	42,415
Claims incurred in prior accident year			
- Paid	111,167	(38,557)	72,610
- Case reserves	(251,694)	94,193	(157,501)
- IBNR	(47,699)	12,009	(35,690)
Balance as at 31 December 2012	328,162	(123,888)	204,274

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013 (Continued)

12. INSURANCE CONTRACT LIABILITIES (Continued)

(b) Premium liabilities

	<u>Gross</u> RM '000	<u>Reinsurance</u> RM '000	<u>Net</u> RM '000
Unaudited			
<u>30 June 2013</u>			
Balance as at 1 January 2013	189,123	(67,259)	121,864
Premium written for the financial period	262,480	(93,460)	169,020
Premium earned during the financial period	(236,598)	85,483	(151,115)
Balance as at 30 June 2013	<u>215,005</u>	<u>(75,236)</u>	<u>139,769</u>
Audited			
<u>31 December 2012</u>			
Balance as at 1 January 2012	152,185	(51,115)	101,070
Premium written for the financial period	467,061	(156,520)	310,541
Premium earned during the financial period	(430,123)	140,376	(289,747)
Balance as at 31 December 2012	<u>189,123</u>	<u>(67,259)</u>	<u>121,864</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013 (Continued)

13. CAPITAL COMMITMENTS

	Unaudited <u>30 June 2013</u> RM '000	Audited <u>31 December 2012</u> RM '000
Capital expenditure on property, plant and equipment:		
Authorised and contracted for	597	1,520
Authorised but not contracted for	954	918
	<u>1,551</u>	<u>2,438</u>

14. REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 30 June 2013, as prescribed under the RBC Framework is provided below:

	Unaudited <u>30 June 2013</u> RM '000	Audited <u>31 December 2012</u> RM '000
<u>Eligible Tier 1 Capital</u>		
Share capital (paid-up)	100,000	100,000
Retained earnings	175,793	165,322
	<u>275,793</u>	<u>265,322</u>
<u>Tier 2 Capital</u>		
Available-for-sale reserve	283	557
<u>Deductions</u>		
Amount deducted from Capital	-	-
	<u>276,076</u>	<u>265,879</u>
Total Capital Available	<u><u>276,076</u></u>	<u><u>265,879</u></u>