

RHB INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

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 2015**

	<u>Note</u>	Unaudited 30 June 2015 RM '000	Audited 31 December 2014 RM '000
ASSETS			
Property, plant and equipment		8,825	8,146
Intangible asset - computer software		3,463	2,434
Investments	10	763,411	740,857
- Held-to-maturity		15,395	15,400
- Fair value through profit or loss		103,017	112,475
- Available-for-sale		546,817	518,886
- Loans and receivables		98,182	94,096
Deferred tax assets		5,251	2,378
Reinsurance assets	11	343,413	332,113
Insurance receivables	12	83,182	72,060
Other receivables		75,676	70,209
Cash and cash equivalents		5,263	13,885
Total assets		1,288,484	1,242,082
LIABILITIES			
Insurance contract liabilities	13	829,702	775,699
Insurance payables		41,905	50,296
Other payables		30,978	36,874
Current tax liabilities		4,733	6,652
Total liabilities		907,318	869,521
SHAREHOLDERS' FUND			
Share capital		100,000	100,000
Retained earnings		280,790	273,356
Available-for-sale reserve		376	(795)
		381,166	372,561
Total liabilities and shareholders' fund		1,288,484	1,242,082

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

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

**INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	<u>Note</u>	6 Months ended 30 June 2015	6 Months ended 30 June 2014
		RM '000	RM '000
Operating revenue		317,481	285,899
Gross earned premium		298,809	271,194
Premium ceded to reinsurers		(101,833)	(93,137)
Net earned premium		196,976	178,057
Investment income		15,091	12,222
Realised gains		8,986	4,260
Fair value gains		(10,938)	(1,151)
Reinsurance commission income		20,243	20,469
Other operating income		917	532
Other income		34,299	36,332
Gross claims paid	13(a)	(125,436)	(111,176)
Claims ceded to reinsurers	13(a)	49,774	32,014
Gross change to claims liabilities	13(a)	(50,422)	(40,908)
Change in claims liabilities ceded to reinsurers	13(a)	21,531	26,347
Net claims		(104,553)	(93,723)
Commission expense		(39,728)	(38,156)
Management expenses		(47,654)	(37,938)
Other operating expenses		-	-
Other expenses		(87,382)	(76,094)
Profit before taxation		39,340	44,572
Taxation		(6,907)	(8,329)
Profit for the financial period		32,433	36,243
Basic earnings per share (sen)		32.43	36.24

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

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

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	6 Months ended 30 June 2015	6 Months ended 30 June 2014
	RM '000	RM '000
Profit for the financial period	32,433	36,243
Other comprehensive income/(loss):		
Available-for-sale reserve		
- Net (loss)/gain arising during the financial period	1,564	(265)
Income tax relating to components of other comprehensive (loss)/income	(392)	66
	<hr/> 1,172	<hr/> (199)
	<hr/>	<hr/>
Total comprehensive income for the financial period	<hr/> <hr/> 33,605	<hr/> <hr/> 36,044

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

**STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	Issued and fully paid ordinary shares RM1 each		Distributable	Non - distributable	
	No. of shares '000 units	Nominal value RM '000	Retained earnings RM '000	AFS reserve RM '000	Total RM '000
Balance as at 1 January 2015	100,000	100,000	273,356	(795)	372,561
Total comprehensive income for the financial period	-	-	32,433	1,172	-
Ordinary dividends	-	-	(25,000)	-	33,605
Balance as at 30 June 2015	100,000	100,000	280,789	377	(25,000)
Balance as at 1 January 2014	100,000	100,000	217,672	(731)	316,941
Total comprehensive income for the financial period	-	-	36,243	(199)	-
Ordinary dividends	-	-	(18,750)	-	36,044
Balance as at 30 June 2014	100,000	100,000	235,165	(930)	(18,750)

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

**STATEMENT OF CASH FLOW
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	6 Months ended 30 June 2015	6 Months ended 30 June 2014
	RM '000	RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	32,434	36,243
Adjustments for investing and financing items and other non - cash items	(5,071)	(6,945)
	<hr/>	<hr/>
Operating profit before changes in working capital	27,363	29,298
Net changes in operating assets	(35,374)	(38,779)
Net changes in operating liabilities	27,626	30,909
	<hr/>	<hr/>
Net cash generated from operating activities	19,615	21,428
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,302)	(2,939)
	<hr/>	<hr/>
Net cash used in investing activities	(3,302)	(2,939)
	<hr/>	<hr/>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(25,000)	(18,750)
	<hr/>	<hr/>
Net cash used in financing activities	(25,000)	(18,750)
	<hr/>	<hr/>
Effect on exchange rate changes on cash and cash equivalents	65	12
	<hr/>	<hr/>
Net Increase In Cash And Cash Equivalents	(8,622)	(249)
Cash And Cash Equivalents At Beginning Of Financial Year	13,885	9,231
	<hr/>	<hr/>
Cash And Cash Equivalents At End Of Financial Period	5,263	8,982
	<hr/> <hr/>	<hr/> <hr/>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

1. BASIS OF PREPARATION

The financial statements are unaudited and has been prepared in compliance with Malaysian Financial Reporting Standard ('MFRS') 134, 'Interim Financial Reporting' issued by Malaysian Accounting Standards Boards ('MASB') and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2014.

The accounting policies and presentation adopted by the Company for the financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2014, except for the adoption of the following relevant accounting standards, amendments to published standards and interpretations to existing accounting standards which are effective from annual periods beginning on or after 1 July 2014:

Annual Improvements to MFRS 2010 - 2012 Cycle
Annual Improvements to MFRS 2011 - 2013 Cycle

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

2. AUDITORS' REPORT

The auditors' report for the financial year ended 31 December 2014 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 2015.

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 2015.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015 (Continued)

7. DIVIDENDS PAID

During the six months ended 30 June 2015, the Company paid a single tier dividend of 25.0% amounting to RM25,000,000 in respect of the financial year ended 31 December 2014 on 8 April 2015.

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. STATUS OF CORPORATE PROPOSAL

Subsequent to the announcement made previously by RHB Capital on 13 April 2015, it had submitted an application to Bursa Securities for the listing of and quotation for the Rights Shares to be issued pursuant to the Proposed Rights Issue. RHB Capital had also submitted an application to SC to seek approval for the Proposed Internal Reorganisation, Proposed Distribution and Capital Repayment and Proposed Transfer of Listing Status ('SC Application') on 28 May 2015.

Pursuant to the amendments to the Capital Markets and Services Act 2007 which was gazetted on 12 June 2015 and came into operation on 15 June 2015, the approval of the SC is no longer required for the Proposed Internal Reorganisation, Proposed Distribution and Capital Repayment and Proposed Transfer of Listing Status. As such, the SC Application has been withdrawn by RHB Capital.

On 30 June 2015, RHB Capital had submitted an application to Bursa Securities for the Proposed Transfer of Listing Status.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015 (Continued)

10. INVESTMENT

	Unaudited	Audited
	<u>30 June 2015</u>	<u>31 December 2014</u>
	RM '000	RM '000
Debt securities	15,395	15,400
Equities securities	101,933	112,475
Wholesale unit trust funds and property trust funds	547,901	518,886
Staff loans	43	68
Fixed and call deposits	98,139	94,028
	<u>763,411</u>	<u>740,857</u>
	<u><u>763,411</u></u>	<u><u>740,857</u></u>

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

Held-to-maturity	15,395	15,400
Fair value through profit or loss	103,017	112,475
Available-for-sale	546,817	518,886
Loans and receivables	98,182	94,096
	<u>763,411</u>	<u>740,857</u>
	<u><u>763,411</u></u>	<u><u>740,857</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015 (Continued)

10. **INVESTMENT (continued)**

	Unaudited	Audited
	30 June 2015	31 December 2014
	RM '000	RM '000
a) Held-to-maturity		
<u>At amortised cost</u>		
Unquoted in Malaysia:		
- Debt securities	15,395	15,400
	<u>15,395</u>	<u>15,400</u>
b) Fair value through profit or loss		
<u>At fair value</u>		
Quoted in Malaysia:		
Held-for-trading		
- Equities securities	101,933	112,475
- Property trust funds	1,084	-
	<u>103,017</u>	<u>112,475</u>
c) Available-for-sale		
<u>At fair value</u>		
Unquoted in Malaysia:		
- Wholesale unit trust funds	546,817	518,886
	<u>546,817</u>	<u>518,886</u>
d) Loans and receivables		
<u>At amortised cost</u>		
- Loans	43	68
- Fixed and call deposits	98,139	94,028
	<u>98,182</u>	<u>94,096</u>

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

Malaysian Government Securities	-	-
Debt securities	390,724	384,190
Call deposits	145,081	130,209
Cash equivalents	5	7
Receivables/payables	11,007	4,480
	<u>546,817</u>	<u>518,886</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015 (Continued)

10. **INVESTMENT (Continued)**

e) **Carrying value of financial instruments**

	<u>Fair value through profit or loss</u>	<u>Held-to- maturity</u>	<u>Loans and receivables</u>	<u>Available- for-sale</u>	<u>Total</u>
	RM '000	RM '000	RM '000	RM '000	RM '000
At 1 January 2014	121,017	15,400	82,505	454,883	673,805
Purchases	108,392	-	26,745	64,088	199,225
Maturities	-	-	(15,158)	-	(15,158)
Disposals	(99,629)	-	-	-	(99,629)
Recovery of fully impaired unsecured corporate debts	-	-	-	(21)	(21)
Fair value gains recorded in Income Statement	(17,305)	-	-	-	(17,305)
Fair value gains recorded in Other Comprehensive Income	-	-	-	(85)	(85)
Movement in impairment allowance	-	-	-	21	21
Amortisation charge	-	(1)	-	-	(1)
Movement in accrued interest	-	1	4	-	5
At 31 December 2014	<u>112,475</u>	<u>15,400</u>	<u>94,096</u>	<u>518,886</u>	<u>740,857</u>
Purchases	68,384	-	33,584	26,367	128,335
Maturities	-	-	(29,498)	-	(29,498)
Disposals	(66,904)	-	-	-	(66,904)
Recovery of fully impaired unsecured corporate debts	-	-	-	-	-
Fair value gains recorded in Income Statement	(10,938)	-	-	-	(10,938)
Fair value gains recorded in Other Comprehensive Income	-	-	-	1,564	1,564
Movement in impairment allowance	-	-	-	-	-
Amortisation charge	-	(1)	-	-	(1)
Movement in accrued interest	-	(4)	-	-	(4)
At 30 June 2015	<u><u>103,017</u></u>	<u><u>15,395</u></u>	<u><u>98,182</u></u>	<u><u>546,817</u></u>	<u><u>763,411</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015 (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 2015</u>			
Quoted market price	103,017	-	103,017
Valuation techniques – market observable inputs	-	546,817	546,817
	<u>103,017</u>	<u>546,817</u>	<u>649,834</u>
	<u><u>103,017</u></u>	<u><u>546,817</u></u>	<u><u>649,834</u></u>
Audited			
<u>At 31 December 2014</u>			
Quoted market price	112,475	-	112,475
Valuation techniques – market observable inputs	-	518,886	518,886
	<u>112,475</u>	<u>518,886</u>	<u>631,361</u>
	<u><u>112,475</u></u>	<u><u>518,886</u></u>	<u><u>631,361</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015 (Continued)

11. REINSURANCE ASSETS

	Unaudited 30 June 2015	Audited 31 December 2014
	RM '000	RM '000
Claims liabilities	263,177	241,647
Premium liabilities	80,236	90,466
	<hr/>	<hr/>
	343,413	332,113
	<hr/> <hr/>	<hr/> <hr/>

12. INSURANCE RECEIVABLES

	Unaudited 30 June 2015	Audited 31 December 2014
	RM '000	RM '000
Due premiums including agents, brokers and co-insurers balances	84,217	71,135
Due from reinsurers and cedants	4,659	6,986
	<hr/>	<hr/>
	88,876	78,121
Allowance for doubtful debts	(5,694)	(6,061)
	<hr/>	<hr/>
	83,182	72,060
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015 (Continued)**

13. INSURANCE CONTRACT LIABILITIES

	<u>Gross</u> RM '000	<u>Reinsurance</u> RM '000	<u>Net</u> RM '000
<u>Unaudited</u>			
<u>30 June 2015</u>			
Claims reported	402,759	(191,685)	211,074
Incurred but not reported claims ("IBNR")	162,623	(71,492)	91,131
	<hr/>	<hr/>	<hr/>
Claims liabilities (note(a))	565,382	(263,177)	302,205
Premium liabilities (note(b))	264,320	(80,236)	184,084
	<hr/>	<hr/>	<hr/>
	829,702	(343,413)	486,289
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>Audited</u>			
<u>31 December 2014</u>			
Claims reported	365,757	(173,795)	191,962
Incurred but not reported claims ("IBNR")	149,203	(67,852)	81,351
	<hr/>	<hr/>	<hr/>
Claims liabilities (note(a))	514,960	(241,647)	273,313
Premium liabilities (note(b))	260,739	(90,466)	170,273
	<hr/>	<hr/>	<hr/>
	775,699	(332,113)	443,586
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015 (Continued)**

13. INSURANCE CONTRACT LIABILITIES (Continued)

(a) Claims liabilities

	<u>Gross</u>	<u>Reinsurance</u>	<u>Net</u>
	RM '000	RM '000	RM '000
Unaudited			
<u>30 June 2015</u>			
Balance as at 1 January 2015	514,960	(241,647)	273,313
Claims incurred in current accident year			
- Paid	21,035	(4,629)	16,406
- Case reserves	85,524	(34,381)	51,143
- IBNR	73,468	(28,674)	44,794
Claims incurred in prior accident year			
- Paid	104,401	(45,145)	59,256
- Case reserves	(173,958)	66,266	(107,692)
- IBNR	(60,048)	25,033	(35,015)
Balance as at 30 June 2015	<u><u>565,382</u></u>	<u><u>(263,177)</u></u>	<u><u>302,205</u></u>
Audited			
<u>31 December 2014</u>			
Balance as at 1 January 2014	429,021	(181,673)	247,348
Claims incurred in current accident year			
- Paid	91,538	(25,607)	65,931
- Case reserves	157,602	(87,922)	69,680
- IBNR	114,355	(52,516)	61,839
Claims incurred in prior accident year			
- Paid	144,440	(54,855)	89,585
- Case reserves	(343,047)	132,074	(210,973)
- IBNR	(78,949)	28,852	(50,097)
Balance as at 31 December 2014	<u><u>514,960</u></u>	<u><u>(241,647)</u></u>	<u><u>273,313</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015 (Continued)

13. 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 2015</u>			
Balance as at 1 January 2015	260,739	(90,466)	170,273
Premium written for the financial period	302,390	(91,603)	210,787
Premium earned during the financial period	(298,809)	101,833	(196,976)
Balance as at 30 June 2015	<u><u>264,320</u></u>	<u><u>(80,236)</u></u>	<u><u>184,084</u></u>
Audited			
<u>31 December 2014</u>			
Balance as at 1 January 2014	229,502	(79,491)	150,011
Premium written for the financial period	585,429	(205,086)	380,343
Premium earned during the financial period	(554,192)	194,111	(360,081)
Balance as at 31 December 2014	<u><u>260,739</u></u>	<u><u>(90,466)</u></u>	<u><u>170,273</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015 (Continued)**

14. CAPITAL COMMITMENTS

	Unaudited 30 June 2015 RM '000	Audited 31 December 2014 RM '000
Capital expenditure on property, plant and equipment:		
Authorised and contracted for	8,066	657
Authorised but not contracted for	34,480	1,384
	<u>42,546</u>	<u>2,041</u>

15. REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 30 June 2015, as prescribed under the RBC Framework is provided below:

	Unaudited 30 June 2015 RM '000	Audited 31 December 2014 RM '000
<u>Eligible Tier 1 Capital</u>		
Share capital (paid-up)	100,000	100,000
Retained earnings	280,790	273,357
	<u>380,790</u>	<u>373,357</u>
<u>Tier 2 Capital</u>		
Available-for-sale reserve	376	(796)
<u>Deductions</u>		
Amount deducted from Capital	(5,251)	(2,378)
Total Capital Available	<u><u>375,915</u></u>	<u><u>370,183</u></u>