

**RHB INSURANCE BERHAD**  
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2014

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

UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2014

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

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2014**

	<u>Note</u>	<b>Unaudited 30 June 2014</b>	<b>Audited 31 December 2013</b>
		RM '000	RM '000
<b>ASSETS</b>			
Property, plant and equipment		7,222	5,821
Intangible asset - computer software		1,390	1,022
Investments	10	703,976	673,805
- Held-to-maturity		15,397	15,400
- Fair value through profit or loss		116,842	121,017
- Available-for-sale		372,589	366,052
- Loans and receivables		199,148	171,336
Tax recoverable		-	-
Reinsurance assets	11	281,902	261,164
Insurance receivables		68,558	66,228
Other receivables		60,216	58,528
Cash and cash equivalents		8,982	9,231
<b>Total assets</b>		<b>1,132,246</b>	<b>1,075,799</b>
<b>LIABILITIES</b>			
Insurance contract liabilities	12	701,914	658,523
Insurance payables		54,679	63,385
Other payables		33,777	32,876
Deferred tax liabilities		616	1,196
Current tax liabilities		7,025	2,878
<b>Total liabilities</b>		<b>798,011</b>	<b>758,858</b>
<b>SHAREHOLDERS' FUND</b>			
Share capital		100,000	100,000
Retained earnings		235,165	217,672
Available-for-sale reserve		(930)	(731)
		<b>334,235</b>	<b>316,941</b>
<b>Total liabilities and shareholders' fund</b>		<b>1,132,246</b>	<b>1,075,799</b>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.

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

**INCOME STATEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

	<u>Note</u>	<b>6 Months ended 30 June 2014</b>	<b>6 Months ended 30 June 2013</b>
		RM '000	RM '000
<b>Operating revenue</b>		285,899	274,434
Gross earned premium		271,194	236,597
Premium ceded to reinsurers		(93,137)	(85,483)
<b>Net earned premium</b>		178,057	151,114
Investment income		12,222	11,954
Realised gains		4,260	2,809
Fair value gains		(1,151)	1,828
Reinsurance commission income		20,469	20,191
Other operating income		532	549
<b>Other income</b>		36,332	37,331
Gross claims paid	12(a)	(111,176)	(96,953)
Claims ceded to reinsurers	12(a)	32,014	29,886
Gross change to claims liabilities	12(a)	(40,908)	(45,084)
Change in claims liabilities ceded to reinsurers	12(a)	26,347	23,503
<b>Net claims</b>		(93,723)	(88,648)
Commission expense		(38,156)	(35,588)
Management expenses		(37,938)	(31,949)
Other operating expenses		-	-
<b>Other expenses</b>		(76,094)	(67,537)
Profit before taxation		44,572	32,260
Taxation		(8,329)	(3,039)
<b>Profit for the financial period</b>		36,243	29,221
Basic earnings per share (sen)		36.24	29.22

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.

**RHB INSURANCE BERHAD (38000-U)**

(Incorporated in Malaysia)

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

	<b>6 Months ended 30 June 2014</b>	<b>6 Months ended 30 June 2013</b>
	RM '000	RM '000
<b>Profit for the financial period</b>	36,243	29,221
<b>Other comprehensive income/(loss):</b>		
Available-for-sale reserve		
- Net (loss)/gain arising during the financial period	(265)	(365)
Income tax relating to components of other comprehensive (loss)/income	66	91
	<u>(199)</u>	<u>(274)</u>
<b>Total comprehensive income for the financial period</b>	<u>36,044</u>	<u>28,947</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

	<b>Issued and fully paid ordinary shares RM1 each</b>	<b>Distributable</b>	<b>Non - distributable</b>		
	<b><u>No. of shares</u> '000 units</b>	<b><u>Nominal value</u> RM '000</b>	<b><u>Retained earnings</u> RM '000</b>	<b><u>AFS reserve</u> RM '000</b>	<b><u>Total</u> RM '000</b>
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)	36,044
Ordinary dividends	-	-	(18,750)	-	(18,750)
<b>Balance as at 30 June 2014</b>	<b>100,000</b>	<b>100,000</b>	<b>235,165</b>	<b>(930)</b>	<b>334,235</b>
Balance as at 1 January 2013	100,000	100,000	165,322	556	265,878
Total comprehensive income for the financial period	-	-	29,221	(274)	28,947
Ordinary dividends	-	-	(18,750)	-	(18,750)
<b>Balance as at 30 June 2013</b>	<b>100,000</b>	<b>100,000</b>	<b>175,793</b>	<b>282</b>	<b>276,075</b>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.

**RHB INSURANCE BERHAD** (38000-U)  
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**STATEMENT OF CASH FLOW  
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

	<b>6 Months ended 30 June 2014</b>	<b>6 Months ended 30 June 2013</b>
	RM '000	RM '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	44,572	32,260
Adjustments for investing and financing items and other non - cash items	(15,274)	(15,541)
	<hr/>	<hr/>
Operating profit before changes in working capital	29,298	16,719
Net changes in operating assets	(38,779)	(68,555)
Net changes in operating liabilities	30,909	71,253
	<hr/>	<hr/>
Net cash generated from operating activities	21,428	19,417
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(2,938)	(432)
	<hr/>	<hr/>
Net cash used in investing activities	(2,938)	(432)
	<hr/>	<hr/>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividends paid	(18,750)	(18,750)
	<hr/>	<hr/>
Net cash used in financing activities	(18,750)	(18,750)
	<hr/>	<hr/>
Effect on exchange rate changes on cash and cash equivalents	11	(1)
	<hr/>	<hr/>
Net Increase In Cash And Cash Equivalents	(249)	234
Cash And Cash Equivalents At Beginning Of Financial	9,231	1,091
	<hr/>	<hr/>
<b>Cash And Cash Equivalents At End Of Financial Period</b>	<b>8,982</b>	<b>1,325</b>
	<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 2013.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

**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 2013.

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 2013, 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 2014:

Amendments to MFRS 10,	
MFRS 12 and MFRS 127	Investment Entities
Amendments to MFR 132	Offsetting Financial Assets and Financial Liabilities
Amendments to MFR 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFR 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

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 2013 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 2014.

**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 2014.

**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.



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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2014 (Continued)**

**7. DIVIDENDS PAID**

During the six months ended 30 June 2014, the Company paid a final single tier dividend of 18.75% amounting to RM18,750,000 in respect of the financial year ended 31 December 2013 on 23 May 2014.

**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.

**RHB INSURANCE BERHAD** (38000-U)  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2014 (Continued)**

10. INVESTMENT

	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June 2014</b>	<b>31 December 2013</b>
	RM '000	RM '000
Debt securities	15,397	15,400
Equities securities	116,842	119,180
Wholesale unit trust funds and property trust funds	478,114	456,720
Staff loans	129	180
Fixed and call deposits	93,494	82,325
	<u>703,976</u>	<u>673,805</u>
	<u><u>703,976</u></u>	<u><u>673,805</u></u>

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

Held-to-maturity	15,397	15,400
Fair value through profit or loss	116,842	121,017
Available-for-sale	372,589	366,052
Loans and receivables	199,148	171,336
	<u>703,976</u>	<u>673,805</u>
	<u><u>703,976</u></u>	<u><u>673,805</u></u>

**RHB INSURANCE BERHAD** (38000-U)  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2014 (Continued)**

**10. INVESTMENT (continued)**

	<b>Unaudited 30 June 2014</b>	<b>Audited 31 December 2013</b>
	RM '000	RM '000
<b>a) Held-to-maturity</b>		
<u>At amortised cost</u>		
Unquoted in Malaysia:		
- Debt securities	15,397	15,400
	<hr/>	<hr/>
	<b>15,397</b>	<b>15,400</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>b) Fair value through profit or loss</b>		
<u>At fair value</u>		
Quoted in Malaysia:		
Held-for-trading		
- Equities securities	116,842	119,180
- Property trust funds	-	1,837
	<hr/>	<hr/>
	<b>116,842</b>	<b>121,017</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>c) Available-for-sale</b>		
<u>At fair value</u>		
Unquoted in Malaysia:		
- Wholesale unit trust funds	372,589	366,052
	<hr/>	<hr/>
	<b>372,589</b>	<b>366,052</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>d) Loans and receivables</b>		
<u>At amortised cost</u>		
- Loans	129	180
- Fixed and call deposits	93,494	82,325
- Wholesale unit trust funds	105,525	88,831
	<hr/>	<hr/>
	<b>199,148</b>	<b>171,336</b>
	<hr/> <hr/>	<hr/> <hr/>

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

Malaysian Government Securities	-	-
Debt securities	341,240	323,601
Call deposits	131,628	128,214
Cash equivalents	53	25
Receivables/payables	5,193	3,043
	<hr/>	<hr/>
	<b>478,114</b>	<b>454,883</b>
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2014 (Continued)**

10. **INVESTMENT (Continued)**

**e) Carrying value of financial instruments**

	<b>Fair value through profit or loss</b>	<b>Held-to- maturity</b>	<b>Loans and receivables</b>	<b>Available- for-sale</b>	<b>Total</b>
	RM '000	RM '000	RM '000	RM '000	RM '000
At 1 January 2013	75,388	15,398	135,141	344,217	570,144
Purchases	80,136	-	53,800	112,123	246,059
Maturities	-	-	(105,992)	-	(105,992)
Disposals	(42,098)	-	-	-	(42,098)
Recovery of fully impaired unsecured corporate debts	-	-	-	(8)	(8)
Fair value gains recorded in Income Statement	7,591	-	-	259	7,850
Fair value gains recorded in Other Comprehensive Income	-	-	-	(1,716)	(1,716)
Movement in impairment allowance	-	-	-	8	8
Amortisation charge	-	(1)	-	-	(1)
Movement in accrued interest	-	3	(444)	-	(441)
<b>At 31 December 2013</b>	<b>121,017</b>	<b>15,400</b>	<b>82,505</b>	<b>454,883</b>	<b>673,805</b>
Purchases	40,684	-	114,189	(82,030)	72,843
Maturities	-	-	2,454	-	2,454
Disposals	(43,687)	-	-	-	(43,687)
Recovery of fully impaired unsecured corporate debts	-	-	-	(21)	(21)
Fair value gains recorded in Income Statement	(1,172)	-	-	-	(1,172)
Fair value gains recorded in Other Comprehensive Income	-	-	-	(264)	(264)
Movement in impairment allowance	-	-	-	21	21
Amortisation charge	-	(3)	-	-	(3)
<b>At 30 June 2014</b>	<b>116,842</b>	<b>15,397</b>	<b>199,148</b>	<b>372,589</b>	<b>703,976</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2014 (Continued)**

10. INVESTMENT (Continued)

f) Fair value investments

	<b>Fair value through profit or loss</b>	<b>Available- for-sale</b>	<b>Total</b>
	RM '000	RM '000	RM '000
<b>Unaudited</b>			
<b><u>At 30 June 2014</u></b>			
Quoted market price	116,842	-	116,842
Valuation techniques – market observable inputs	-	372,589	372,589
	<u>116,842</u>	<u>372,589</u>	<u>489,431</u>
	<u><u>116,842</u></u>	<u><u>372,589</u></u>	<u><u>489,431</u></u>
<b>Audited</b>			
<b><u>At 31 December 2013</u></b>			
Quoted market price	121,017	-	121,017
Valuation techniques – market observable inputs	-	454,883	454,883
	<u>121,017</u>	<u>454,883</u>	<u>575,900</u>
	<u><u>121,017</u></u>	<u><u>454,883</u></u>	<u><u>575,900</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2014 (Continued)**

**11. REINSURANCE ASSETS**

	<b>Unaudited</b> <b>30 June 2014</b>	<b>Audited</b> <b>31 December 2013</b>
	RM '000	RM '000
Claims liabilities	208,019	181,673
Premium liabilities	73,883	79,491
	<hr/>	<hr/>
	281,902	261,164
	<hr/> <hr/>	<hr/> <hr/>

**12. INSURANCE RECEIVABLES**

	<b>Unaudited</b> <b>30 June 2014</b>	<b>Audited</b> <b>31 December 2013</b>
	RM '000	RM '000
Due premiums including agents, brokers and co-insurers balances	68,443	66,709
Due from reinsurers and cedants	5,704	6,086
	<hr/>	<hr/>
	74,147	72,795
Allowance for doubtful debts	(5,589)	(6,567)
	<hr/>	<hr/>
	68,558	66,228
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2014 (Continued)**

**12. INSURANCE CONTRACT LIABILITIES**

	<u>Gross</u> RM '000	<u>Reinsurance</u> RM '000	<u>Net</u> RM '000
<b><u>Unaudited</u></b>			
<b><u>30 June 2014</u></b>			
Claims reported	336,962	(152,686)	184,276
Incurred but not reported claims ("IBNR")	132,967	(55,333)	77,634
	<hr/>	<hr/>	<hr/>
Claims liabilities (note(a))	469,929	(208,019)	261,910
Premium liabilities (note(b))	231,985	(73,883)	158,102
	<hr/>	<hr/>	<hr/>
	701,914	(281,902)	420,012
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b><u>Audited</u></b>			
<b><u>31 December 2013</u></b>			
Claims reported	315,224	(137,485)	177,739
Incurred but not reported claims ("IBNR")	113,797	(44,188)	69,609
	<hr/>	<hr/>	<hr/>
Claims liabilities (note(a))	429,021	(181,673)	247,348
Premium liabilities (note(b))	229,502	(79,491)	150,011
	<hr/>	<hr/>	<hr/>
	658,523	(261,164)	397,359
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2014 (Continued)**

**12. INSURANCE CONTRACT LIABILITIES (Continued)**

**(a) Claims liabilities**

	<u>Gross</u> RM '000	<u>Reinsurance</u> RM '000	<u>Net</u> RM '000
<b><u>Unaudited</u></b>			
<b><u>30 June 2014</u></b>			
Balance as at 1 January 2014	429,021	(181,673)	247,348
Claims incurred in current accident year			
- Paid	21,428	(4,658)	16,770
- Case reserves	80,285	(38,949)	41,336
- IBNR	67,707	(27,976)	39,731
Claims incurred in prior accident year			
- Paid	89,748	(27,356)	62,392
- Case reserves	(169,723)	55,762	(113,961)
- IBNR	(48,537)	16,831	(31,706)
<b>Balance as at 30 June 2014</b>	<b>469,929</b>	<b>(208,019)</b>	<b>261,910</b>
<b><u>Audited</u></b>			
<b><u>31 December 2013</u></b>			
Balance as at 1 January 2013	328,162	(123,888)	204,274
Claims incurred in current accident year			
- Paid	75,616	(19,895)	55,721
- Case reserves	147,496	(77,923)	69,573
- IBNR	80,708	(32,324)	48,384
Claims incurred in prior accident year			
- Paid	118,324	(38,327)	79,997
- Case reserves	(260,067)	90,016	(170,051)
- IBNR	(61,218)	20,668	(40,550)
<b>Balance as at 31 December 2013</b>	<b>429,021</b>	<b>(181,673)</b>	<b>247,348</b>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2014 (Continued)**

**12. INSURANCE CONTRACT LIABILITIES (Continued)**

**(b) Premium liabilities**

	<u>Gross</u> RM '000	<u>Reinsurance</u> RM '000	<u>Net</u> RM '000
<b>Unaudited</b>			
<b><u>30 June 2014</u></b>			
Balance as at 1 January 2014	229,502	(79,491)	150,011
Premium written for the financial period	273,677	(87,529)	186,148
Premium earned during the financial period	(271,194)	93,137	(178,057)
<b>Balance as at 30 June 2014</b>	<u>231,985</u>	<u>(73,883)</u>	<u>158,102</u>
<b>Audited</b>			
<b><u>31 December 2013</u></b>			
Balance as at 1 January 2013	189,123	(67,259)	121,864
Premium written for the financial period	535,681	(190,366)	345,315
Premium earned during the financial period	(495,302)	178,134	(317,168)
<b>Balance as at 31 December 2013</b>	<u>229,502</u>	<u>(79,491)</u>	<u>150,011</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2014 (Continued)**

**13. CAPITAL COMMITMENTS**

	<b>Unaudited 30 June 2014</b>	<b>Audited 31 December 2013</b>
	RM '000	RM '000
Capital expenditure on property, plant and equipment:		
Authorised and contracted for	697	571
Authorised but not contracted for	1,666	447
	<u>2,363</u>	<u>1,018</u>

**14. REGULATORY CAPITAL REQUIREMENTS**

The capital structure of the Company as at 30 June 2014, as prescribed under the RBC Framework is provided below:

	<b>Unaudited 30 June 2014</b>	<b>Audited 31 December 2013</b>
	RM '000	RM '000
<b><u>Eligible Tier 1 Capital</u></b>		
Share capital (paid-up)	100,000	100,000
Retained earnings	235,165	217,672
	<u>335,165</u>	<u>317,672</u>
<b><u>Tier 2 Capital</u></b>		
Available-for-sale reserve	(930)	(731)
<b><u>Deductions</u></b>		
Amount deducted from Capital	-	-
<b>Total Capital Available</b>	<u>334,235</u>	<u>316,941</u>