

QBE Insurance (Malaysia) Berhad (Reg. No.: 161086-D)
(Licensed under the Financial Services Act 2013 and regulated by Bank Negara Malaysia)
No. 638, Level 6, Block B1, Leisure Commerce Square, No. 9, Jalan PJS 8/9, 46150 Petaling Jaya,
Postal Address P.O. Box 10637, 50720 Kuala Lumpur, Malaysia.
telephone +603 7861 8400 • facsimile +603 7873 7430
GST Reg No.: 002077360128
www.qbe.com.my e-mail: info.mal@qbe.com



Company No.

161086	D
--------	---

QBE INSURANCE (MALAYSIA) BERHAD
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS

For the Financial Period from 1 January 2015 to 30 June 2015



Company No.

161086	D
--------	---

QBE INSURANCE (MALAYSIA) BERHAD
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS
For the financial period from 1 January 2015 to 30 June 2015

Contents	Page
Unaudited Statement of Financial Position	1
Unaudited Statement of Comprehensive Income	2
Unaudited Statement of Changes in Equity	3
Unaudited Cash Flow Statement	4 – 5
Notes to the Financial Statements (Unaudited)	6 - 11



QBE INSURANCE (MALAYSIA) BERHAD
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

ASSETS	Note	30.06.2015 RM	31.12.2014 RM
Property, plant and equipment		13,716,107	9,938,520
Investment property	10	370,000	370,000
Investments	11	370,870,754	365,470,052
Fair value through profit and loss		85,482,260	111,521,067
Loans and receivables		285,388,494	253,948,985
Reinsurance assets	12	28,259,530	22,482,369
Insurance receivables		106,015,947	60,593,354
Other receivables		73,891,355	65,200,611
Deferred tax asset		2,276,836	1,986,984
Tax recoverable		-	523,256
Cash and bank balances		13,857,522	7,537,644
TOTAL ASSETS		609,258,051	534,102,790
LIABILITIES			
Insurance contract liabilities	12	350,148,689	295,788,353
Insurance payables		48,349,119	36,457,432
Tax payable		420,008	-
Other payables		24,972,553	22,409,185
TOTAL LIABILITIES		423,890,369	354,654,970
SHAREHOLDERS' EQUITY			
Share capital		108,000,000	108,000,000
Retained earnings		77,367,682	71,447,820
		185,367,682	179,447,820
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		609,258,051	534,102,790

The accompanying notes are an integral part of these financial statements



QBE INSURANCE (MALAYSIA) BERHAD
(Incorporated in Malaysia)

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2015**

	2015 6 months period RM	2014 6 months period RM
Gross earned premiums	147,839,479	123,385,380
Premium ceded to reinsurers	<u>(46,025,668)</u>	<u>(37,347,554)</u>
Net earned premiums	101,813,811	86,037,826
Investment income	8,896,302	3,572,010
Gains/ losses on disposal of property, plant and equipment	(13,159)	351
Fair value gains on investments	<u>722,580</u>	<u>2,328,820</u>
Total revenue	<u>111,419,534</u>	<u>91,939,007</u>
Gross claims paid	(38,315,661)	(35,059,742)
Claims recoveries from reinsurers	1,600,835	5,884,365
Gross change to claims liabilities	(22,999,097)	(1,690,929)
Change in claims liabilities ceded to reinsurers	<u>3,652,223</u>	<u>(9,971,349)</u>
Net claims	<u>(56,061,700)</u>	<u>(40,837,655)</u>
Fee and commission expense	(21,953,700)	(19,189,826)
Management expenses	<u>(24,610,860)</u>	<u>(22,352,986)</u>
Other expenses	<u>(46,564,560)</u>	<u>(41,542,812)</u>
Profit before taxation	8,793,274	9,558,540
Taxation	(2,873,412)	(2,974,206)
Net profit for the period/ total comprehensive income for the period	<u>5,919,862</u>	<u>6,584,334</u>
EARNINGS PER SHARE (SEN)	2.74	3.05



QBE INSURANCE (MALAYSIA) BERHAD
(Incorporated in Malaysia)

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2015**

	Share Capital RM	Distributable Retained Earnings RM	Total RM
At 1 January 2014	108,000,000	58,543,939	166,543,939
Total comprehensive income for the financial period	-	6,584,334	6,584,334
At 30 June 2014	<u>108,000,000</u>	<u>65,128,273</u>	<u>173,128,273</u>
At 1 January 2015	108,000,000	71,447,820	179,447,820
Total comprehensive income for the financial period	<u>-</u>	<u>5,919,862</u>	<u>5,919,862</u>
At 30 June 2015	<u>108,000,000</u>	<u>77,367,682</u>	<u>185,367,682</u>



QBE INSURANCE (MALAYSIA) BERHAD

(Incorporated in Malaysia)

UNAUDITED CASH FLOW STATEMENT FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2015

	6 months period ended 30.06.2015	6 months period ended 30.06.2014
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial period	5,919,862	6,584,334
Adjustments for:		
Depreciation on property, plant and equipment	812,113	557,398
(Gains)/ losses on disposal of property, plant and equipment	13,159	(351)
Gain on disposal of investments	21,000	(2,145,373)
Unrealised gain/ (loss) on investments	(743,580)	(183,447)
Allowance of impairment on insurance receivables	-	-
Bad debts written off	149,339	-
Bad debts recovery	-	(6,964)
Interest income	(6,948,455)	(3,554,886)
Rental income	(675)	(10,675)
Dividend income	(272,199)	(6,449)
Increase in premium liabilities	29,236,301	23,964,619
Taxation	2,873,412	2,974,206
Profit from operations before changes in operating assets and liabilities	<u>31,060,277</u>	<u>28,172,412</u>
Proceeds from maturity of FVTPL investments	30,375,000	302,860,000
Purchase of FVTPL investments	(3,982,000)	(140,945,232)
Increase in LAR investments	(29,000,000)	(190,000,000)
Increase in claims liabilities	19,346,874	11,662,278
Increase in insurance receivables	(45,571,932)	(21,286,945)
Increase in other receivables	(8,690,744)	(1,919,535)
Increase in insurance payables	11,891,687	8,044,521
Increase in other payables	2,563,368	4,967,127
Income taxes paid	(2,220,000)	(2,149,168)
Interest income received	4,877,334	3,581,012
Rental income received	675	10,675
Dividend income received	272,199	6,449
Net cash generated from operating activities	<u>10,922,738</u>	<u>3,003,594</u>



QBE INSURANCE (MALAYSIA) BERHAD
(Incorporated in Malaysia)

UNAUDITED CASH FLOW STATEMENT
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2015 (CONTINUED)

	6 months period ended 30.06.2015	6 months period ended 30.06.2014
	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	31,810	81,789
Purchase of property, plant and equipment	<u>(4,634,669)</u>	<u>(848,161)</u>
Net cash used in investing activities	<u>(4,602,859)</u>	<u>(766,372)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net cash used in financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	6,319,878	2,237,222
Cash and cash equivalents at 1 January	<u>7,537,644</u>	<u>4,076,533</u>
Cash and cash equivalents at 30 June	<u><u>13,857,522</u></u>	<u><u>6,313,755</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	<u><u>13,857,522</u></u>	<u><u>6,313,755</u></u>



QBE INSURANCE (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

Statement of compliance

The condensed interim financial statements of the Company are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Company's audited annual financial statements for the year ended 31 December 2014.

The accounting policies and presentation adopted by the Company for the condensed interim financial statements are consistent with those adopted in the Company's audited financial statements for the financial year ended 31 December 2014, except for the adoption of the following:

MFRSs, Interpretations and amendments	Effective date
MFRS 9, <i>Financial Instruments will replace MFRS 139</i>	1 January 2018

The initial application of the abovementioned and all other standards, amendments to the published standards and interpretations that are effective for the current financial year are not expected to have any material impacts to the current and prior periods financial statements upon their first adoption.

2. COMMENTS ON SEASONALITY OR CYCLICALITY

The business operations of the Company were not significantly affected by seasonality or cyclical factors for the period under review.

3. UNUSUAL ITEM AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There were no items affecting assets, liabilities, equity, net income or cash flows which are unusual because of their nature, size or incidence in the current interim period ended 30 June 2015.



QBE INSURANCE (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

4. CHANGES IN ESTIMATES

There was no material changes in the basis used for accounting estimates for the current interim period ended 30 June 2015.

5. ISSUES, REPURCHASES AND REPAYMENTS OF DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities by the Company in the current interim period ended 30 June 2015.

6. DIVIDEND PAID

No dividend has been paid by the Company in the current interim period ended 30 June 2015.

7. EVENTS AFTER THE INTERIM PERIOD

There were no material events after the interim period that has not been reflected in the condensed interim financial statements for the period to date.

8. EFFECT OF CHANGES IN THE COMPOSITION OF THE COMPANY

There were no changes in the composition of the Company during the period under review.

9. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

At the date of this report, there does not exist any contingent liability of the Company which has arisen since the end of the interim period under review.

For the purpose of this paragraph, contingent liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Company.



QBE INSURANCE (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

10. INVESTMENTS PROPERTY

	2015 RM	2014 RM
As at 1 January	370,000	370,000
Fair value changes	-	-
As at 30 June\ 31 December	<u>370,000</u>	<u>370,000</u>

The fair value of the property is estimated at RM370,000. The fair value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The following are recognised in the profit or loss in respect of investment property:

	6 months period ended 30.06.2015	6 months period ended 30.06.2014
	RM	RM
Rental income	8,000	18,000
Direct operating expenses	<u>7,325</u>	<u>7,325</u>

11. INVESTMENTS

	30.06.2015 RM	31.12.2014 RM
The Company's investments are summarised as follows:		
Fair value through profit or loss ("FVTPL")	84,752,080	110,422,500
Accrued interest	<u>730,180</u>	<u>1,098,567</u>
	<u>85,482,260</u>	<u>111,521,067</u>
Loans and receivables ("LAR")	282,000,000	253,000,000
Accrued interest	<u>3,388,494</u>	<u>948,985</u>
	<u>285,388,494</u>	<u>253,948,985</u>
Total investments	<u>370,870,754</u>	<u>365,470,052</u>

The Company's investments for the current period are all short term investments.



QBE INSURANCE (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

11. INVESTMENTS (CONTINUED)

(a) FVTPL

	30.06.2015 RM	31.12.2014 RM
Fair value		
Malaysian Government Securities	84,752,080	110,422,500
Accrued interest	730,180	1,098,567
Total investment at FVTPL	<u>85,482,260</u>	<u>111,521,067</u>

(b) LAR

	30.06.2015 RM	31.12.2014 RM
Amortised cost		
Deposits with financial institutions	282,000,000	253,000,000
Accrued interest	3,388,494	948,985
Total investments at LAR	<u>285,388,494</u>	<u>253,948,985</u>

(c) Carrying Values of Financial Instruments

	FVTPL RM	LAR RM	Total RM
At 1 January 2014	204,584,670	109,774,767	314,359,437
Purchase/deposit	314,252,806	1,009,000,000	1,323,252,806
Maturities	(410,669,804)	(865,000,000)	(1,275,669,804)
Fair value gains recorded in profit or loss	2,428,360	-	2,428,360
Accrued interest	925,035	174,218	1,099,253
At 31 December 2014	<u>111,521,067</u>	<u>253,948,985</u>	<u>365,470,052</u>
Purchase	3,982,000	322,000,000	325,982,000
Maturities	(30,375,000)	(293,000,000)	(323,375,000)
Fair value gains recorded in profit or loss	722,580	-	722,580
Accrued interest	(368,387)	2,439,510	2,071,123
At 30 June 2015	<u>85,482,260</u>	<u>285,388,495</u>	<u>370,870,755</u>



QBE INSURANCE (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

11. INVESTMENTS (CONTINUED)

(d) Fair Values of Financial Instruments

The following table shows financial instruments recorded at fair value analysed as follows:

	FVTPL RM
30 June 2015	
Level 2 - Valuation techniques - market observable input	<u>85,482,260</u>
31 December 2014	
Level 2 - Valuation techniques - market observable input	<u>111,521,067</u>

Financial instruments, which are under Level 2 of the fair value hierarchy are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are instruments for which pricing is obtained via pricing services but where prices have not been determined in an active market and instruments with fair values based on broker quotes.

12. INSURANCE CONTRACT LIABILITIES

	Gross RM	Reinsurance RM	Net RM
At 30 June 2015			
Claims liabilities	208,988,566	(19,034,314)	189,954,252
Premium liabilities	141,160,123	(9,225,216)	131,934,907
	<u>350,148,689</u>	<u>(28,259,530)</u>	<u>321,889,159</u>
At 31 December 2014			
Claims liabilities	185,989,468	(15,382,090)	170,607,378
Premium liabilities	109,798,885	(7,100,279)	102,698,606
	<u>295,788,353</u>	<u>(22,482,369)</u>	<u>273,305,984</u>



QBE INSURANCE (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

12. INSURANCE CONTRACT LIABILITIES (CONTINUED)

	30.06.2015			31.12.2014		
	Gross RM	Reinsurance RM	Net RM	Gross RM	Reinsurance RM	Net RM
Provision for outstanding claims	165,065,260	(17,616,314)	147,448,946	139,667,469	(13,653,090)	126,014,379
Provision for incurred but not reported claims ("IBNR")	43,923,306	(1,418,000)	42,505,306	46,322,000	(1,729,000)	44,593,000
Claims liabilities	<u>208,988,566</u>	<u>(19,034,314)</u>	<u>189,954,252</u>	<u>185,989,469</u>	<u>(15,382,090)</u>	<u>170,607,379</u>
Premium liabilities	141,160,123	(9,225,216)	131,934,907	109,798,885	(7,100,279)	102,698,606
	<u>350,148,689</u>	<u>(28,259,530)</u>	<u>321,889,159</u>	<u>295,788,354</u>	<u>(22,482,369)</u>	<u>273,305,985</u>

NON-CANCELLABLE OPERATING LEASE COMMITMENTS

	Future minimum lease payments	
	30.06.2015 RM	31.12.2014 RM
Not later than 1 year	65,655	78,633
Later than 1 year and not later than 5 years	68,680	97,002
	<u>134,335</u>	<u>175,635</u>

13. REGULATORY CAPITAL REQUIREMENTS

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

	30.06.2015	31.12.2014
	RM	RM
Eligible Tier 1 Capital		
Share capital (paid-up)	108,000,000	108,000,000
Reserves, including retained earnings	77,367,682	71,447,820
	<u>185,367,682</u>	<u>179,447,820</u>
Amounts deducted from Capital	(6,684,046)	(1,986,984)
Total Capital Available	<u>178,683,636</u>	<u>177,460,836</u>