

**OVERSEAS ASSURANCE CORPORATION (MALAYSIA) BERHAD  
(102249-P)  
(A Member of Great Eastern Holdings Limited)  
UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2012**

**OVERSEAS ASSURANCE CORPORATION (MALAYSIA) BERHAD**  
**(Incorporated in Malaysia)**

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**OVERSEAS ASSURANCE CORPORATION (MALAYSIA) BERHAD**  
**(Incorporated in Malaysia)**

**INTERIM BALANCE SHEET**  
**AS AT 30 JUNE 2012**

	Note	30.06.2012 RM	31.12.2011 RM	1.1.2011 RM
<b>Assets</b>				
Property and equipment		17,808,282	17,290,907	1,356,111
Investment properties		4,401,528	12,251,528	-
Goodwill		18,182,598	18,182,598	-
Investments	11	536,883,196	519,268,488	426,702,544
Malaysian government securities		177,535,018	138,214,848	139,204,207
Debt securities		316,264,081	313,532,200	216,724,249
Equity securities		19,109,686	16,399,437	16,875,749
Unit and property trust funds		3,924,269	3,534,633	2,212,363
Loans		9,480,142	9,857,370	10,527,976
Deposits with financial institutions		10,570,000	37,730,000	41,158,000
Reinsurance assets	12	150,129,689	130,747,758	115,296,216
Insurance receivables		35,754,889	37,639,215	22,433,692
Other receivables		47,566,300	40,434,206	35,223,541
Cash and bank balances		31,860,958	31,832,888	12,956,464
Assets held for sale		7,850,000	10,900,000	-
<b>Total assets</b>		<u>850,437,440</u>	<u>818,547,588</u>	<u>613,968,568</u>
<b>Equity</b>				
Share capital		100,000,000	100,000,000	100,000,000
Retained earnings		152,272,383	170,627,536	116,946,236
Available for sale fair value reserves		14,307,572	11,908,441	11,513,888
<b>Total equity</b>		<u>266,579,955</u>	<u>282,535,977</u>	<u>228,460,124</u>
<b>Liabilities</b>				
Insurance contract liabilities	13	483,265,931	439,243,287	280,422,514
Deferred tax liabilities		4,095,938	3,078,560	3,613,105
Deposits from reinsurers		1,184,730	1,266,066	898,431
Insurance payables		37,778,829	31,579,768	22,571,806
Provision for taxation		13,811,943	15,892,105	10,332,801
Other payables		43,720,114	44,951,825	67,669,787
<b>Total liabilities</b>		<u>583,857,485</u>	<u>536,011,611</u>	<u>385,508,444</u>
<b>Total equity and liabilities</b>		<u>850,437,440</u>	<u>818,547,588</u>	<u>613,968,568</u>

The accompanying notes form an integral part of the financial statements.

**OVERSEAS ASSURANCE CORPORATION (MALAYSIA) BERHAD**  
**(Incorporated in Malaysia)**

**INTERIM INCOME STATEMENT**  
**FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2012**

	Note	6 months period ended 30.6.2012 RM	6 months period ended 30.06.2011 RM
<b>Operating revenue</b>		<u>188,949,739</u>	<u>171,482,560</u>
Gross earned premiums		176,932,915	159,014,209
Premiums ceded to reinsurers		<u>(56,723,732)</u>	<u>(55,215,445)</u>
<b>Net earned premiums</b>		<u>120,209,183</u>	<u>103,798,764</u>
Investment income		12,016,824	12,468,352
Realised gains and losses		3,563,489	2,167,508
Fair value gains and losses		94,969	2,192,265
Fee and commission income		16,391,256	15,490,970
Other operating revenue		664,881	346,001
<b>Other revenue</b>		<u>32,731,419</u>	<u>32,665,097</u>
Gross claims paid		(79,519,422)	(95,649,566)
Claims ceded to reinsurers		15,124,253	31,112,240
Gross change to contract liabilities		(33,701,010)	(9,950,586)
Change in contract liabilities ceded to reinsurers		<u>20,877,609</u>	<u>17,137,930</u>
<b>Net claims</b>		<u>(77,218,570)</u>	<u>(57,349,981)</u>
Fee and commission expense		(29,240,324)	(24,805,890)
Management expenses		(29,613,294)	(25,279,795)
Other operating expenses		<u>(29,639)</u>	<u>(33,376)</u>
<b>Other expenses</b>		<u>(58,883,257)</u>	<u>(50,119,061)</u>
<b>Profit before taxation</b>		16,838,775	28,994,819
Taxation	14	<u>(4,818,928)</u>	<u>(8,258,913)</u>
<b>Net profit for the period</b>		<u>12,019,847</u>	<u>20,735,906</u>
<b>Earnings per share (sen)</b>			
<b>Basic and diluted</b>	15	<u>12.02</u>	<u>20.74</u>

The accompanying notes form an integral part of the financial statements.

**OVERSEAS ASSURANCE CORPORATION (MALAYSIA) BERHAD**  
**(Incorporated in Malaysia)**

**INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2012**

	<b>6 months period ended 30.6.2012 RM</b>	<b>6 months period ended 30.06.2011 RM</b>
<b>Net profit for the period</b>	12,019,847	20,735,906
Other comprehensive income:		
Available for sale fair value reserves:		
Gain on fair value changes	5,957,617	3,415,898
Realised gain transferred to income statement	(2,723,749)	(4,383,658)
	3,233,868	(967,760)
Tax effect	(834,737)	348,706
	<u>2,399,131</u>	<u>(619,054)</u>
<b>Total comprehensive income for the period</b>	<u>14,418,978</u>	<u>20,116,852</u>

The accompanying notes form an integral part of the financial statements.

**OVERSEAS ASSURANCE CORPORATION (MALAYSIA) BERHAD**  
(Incorporated in Malaysia)

**INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2012**

	Share capital RM	Non - Distributable	Distributable	Total equity RM
	Available-for - sale fair value reserves RM	Retained earnings RM		
<b>At 1 January 2011</b>	100,000,000	11,513,888	116,946,236	228,460,124
Total comprehensive income for the period	(619,054)	20,735,906		20,116,852
<b>At 30 June 2011</b>	100,000,000	10,894,834	137,682,142	248,576,976
<b>At 1 January 2012</b>	100,000,000	11,908,441	170,627,536	282,535,977
Total comprehensive income for the period	-	2,399,131	12,019,847	14,418,978
Dividend paid during the period	-	-	(30,375,000)	(30,375,000)
<b>At 30 June 2012</b>	100,000,000	14,307,572	152,272,383	266,579,955

The accompanying notes form an integral part of the financial statements.

**OVERSEAS ASSURANCE CORPORATION (MALAYSIA) BERHAD**  
**(Incorporated in Malaysia)**

**INTERIM CASH FLOW STATEMENT**  
**FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2012**

	Note	6 months ended 30.06.2012 RM	6 months ended 30.06.2011 RM
<b>Operating activities</b>			
Cash generated from/(used in) operating activities	17	27,206,009	(17,343,475)
Dividend income received		361,373	8,180,205
Interest income received		10,913,868	2,525,637
Rental income received		213,223	723,678
Income tax paid		(6,716,449)	(6,499,355)
<b>Net cash flows from operating activities</b>		<u>31,978,024</u>	<u>(12,413,310)</u>
<b>Investing activities</b>			
Acquisition of assets and liabilities of Tahan, net of cash acquired		-	20,576,126
Proceeds from disposal of property and equipment		715	2,100
Purchase of property and equipment		(1,575,669)	(1,073,113)
<b>Net cash flows from investing activities</b>		<u>(1,574,954)</u>	<u>19,505,113</u>
<b>Financing activities</b>			
Dividend paid		(30,375,000)	-
<b>Net cash flows from financing activities</b>		<u>(30,375,000)</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>		28,070	7,091,803
<b>Cash and cash equivalents at beginning of period</b>		<u>31,832,888</u>	<u>12,956,464</u>
<b>Cash and cash equivalents at end of period</b>		<u>31,860,958</u>	<u>20,048,267</u>

The accompanying notes form an integral part of the financial statements.

**OVERSEAS ASSURANCE CORPORATION (MALAYSIA) BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2012**

**1. CORPORATE INFORMATION**

The Company is a public limited company incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 20, Menara Great Eastern, 303 Jalan Ampang, 50450 Kuala Lumpur.

The principal activity of the Company is the underwriting of all classes of general insurance business.

There has been no significant change in the nature of the activity during the financial period.

The immediate holding company is Overseas Assurance Corporation (Holdings) Berhad, which is incorporated in Malaysia. The intermediate holding company is Overseas Assurance Corporation Limited, a company incorporated in the Republic of Singapore. The ultimate holding company is Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), a public-listed company incorporated in the Republic of Singapore.

**2. BASIS OF PREPARATION**

The interim financial statements of the Company are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), the Companies Act 1965 and Guidelines/Circulars issued by Bank Negara Malaysia ("BNM"). The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited financial statements for the financial year ended 31 December 2011.

The notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial statements of the company since the financial year ended 31 December 2011.

The interim financial statements of the Company are the first set of financial statements prepared in accordance with MFRSs, including MFRS 1 'First-time adoption of MFRS'. The transition to MFRS framework does not have any financial impact to the financial statement of the Company.



### **3. UNUSUAL ITEMS**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current financial period ended 30 June 2012.

### **4. CHANGE IN ESTIMATES**

There were no changes in the basis used for accounting estimates for the current financial period to date.

### **5. DEBT AND EQUITY SECURITIES**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current financial period.

### **6. DIVIDENDS**

During the interim period ended 30 June 2012, the Company paid a final dividend of 40.5% less 25% tax on 100,000,000 ordinary shares, amounting to RM30,375,000 in respect of the financial year ended 31 December 2011.

### **7. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD**

There is no material event subsequent to the end of the period under review that has not been reported in the interim financial statements for the current financial period to date.

### **8. VALUATION OF LAND AND BUILDINGS AND INVESTMENT PROPERTIES**

The land and buildings and investments properties of the Company were last revalued in December 2011.

### **9. CONTINGENT LIABILITIES**

There were no contingent liabilities as at the date of this report since the last annual balance sheet date.

**10. PROFIT/LOSS ON SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES**

The Company has disposed unquoted investments amounting to RM115,675,857 in the current financial period which have given rise to a realised gains of RM2,205,479.

The Company has disposed investment properties amounting to RM10,900,000 in the current financial period which have given rise to a net realised gains of RM1,007,000.

**11. INVESTMENTS**

	<b>30.06.2012</b>	<b>31.12.2011</b>
	<b>RM</b>	<b>RM</b>
Malaysian government securities	177,535,018	138,214,848
Debt securities	316,264,081	313,532,200
Equity securities	19,109,686	16,399,437
Unit and property trust funds	3,924,269	3,534,633
Loans	9,480,142	9,857,370
Deposits with financial institutions	10,570,000	37,730,000
	<u>536,883,196</u>	<u>519,268,488</u>

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

	<b>30.06.2012</b>	<b>31.12.2011</b>
	<b>RM</b>	<b>RM</b>
LAR	20,050,142	47,587,370
AFS financial assets	516,833,054	471,681,118
	<u>536,883,196</u>	<u>519,268,488</u>

The following investments mature after 12 months:

	<b>30.06.2012</b>	<b>31.12.2011</b>
	<b>RM</b>	<b>RM</b>
LAR	8,166,709	9,177,846
AFS financial assets	489,892,295	422,768,295
	<u>498,059,004</u>	<u>431,946,141</u>

**11. INVESTMENTS (CONT'D)****(a) LAR**

	<b>30.06.2012</b>	<b>31.12.2011</b>
	<b>RM</b>	<b>RM</b>
<b>At amortised cost</b>		
Fixed and call deposits		
with licensed financial institutions	10,570,000	37,730,000
Loans :	9,480,142	9,857,370
Mortgage loans	583,437	584,470
Secured loans	7,402,000	7,792,000
Other loans	1,494,705	1,480,900
	<u>20,050,142</u>	<u>47,587,370</u>

	<b>30.06.2012</b>	<b>31.12.2011</b>
	<b>RM</b>	<b>RM</b>
<b>At fair value</b>		
Fixed and call deposits		
with licensed financial institutions	10,570,000	37,730,000
Loans :	9,524,203	9,907,696
Mortgage loans	583,437	584,470
Secured loans	7,446,061	7,842,326
Other loans	1,494,705	1,480,900
	<u>20,094,203</u>	<u>47,637,696</u>

The fair values of the LAR have been established by comparing current market interest rates for similar financial instruments to the rates offered when the LAR were first recognised together with appropriate market credit adjustments.

**(b) AFS financial assets**

	<b>30.06.2012</b>	<b>31.12.2011</b>
	<b>RM</b>	<b>RM</b>
<b>At fair value</b>		
Malaysian government securities	177,535,018	138,214,848
Debt securities:		
Quoted in Malaysia	140,591	140,591
Unquoted in Malaysia	316,123,490	313,391,609
Equity securities:		
Quoted in Malaysia	12,880,758	10,996,684
Quoted outside Malaysia	6,228,928	5,402,753
Unit and property trust funds:		
Quoted in Malaysia	3,924,269	3,534,633
	<u>516,833,054</u>	<u>471,681,118</u>

**11. INVESTMENTS (CONT'D)****(c) Carrying Values of Financial Instruments**

	LAR RM	AFS RM	Total RM
<b>At 1 January 2011</b>	51,685,976	375,016,568	426,702,544
Arising from acquisition of business	95,712	84,901,100	84,996,812
Purchases	2,629,778,037	305,148,513	2,934,926,550
Maturities/disposals	(2,633,972,355)	(297,195,045)	(2,931,167,400)
Fair value gains recorded in other comprehensive income	-	641,424	641,424
Unrealised gains recorded in income statement	-	2,985,458	2,985,458
Accretion adjustments	-	183,100	183,100
<b>At 31 December 2011/ 1 January 2012</b>	<b>47,587,370</b>	<b>471,681,118</b>	<b>519,268,488</b>
Purchases	1,774,869,488	155,403,686	1,930,273,174
Maturities/disposals	(1,802,406,716)	(113,630,186)	(1,916,036,902)
Fair value gains recorded in other comprehensive income	-	3,233,868	3,233,868
Unrealised gains recorded in income statement	-	94,969	94,969
Accretion adjustments	-	49,599	49,599
<b>At 30 June 2012</b>	<b>20,050,142</b>	<b>516,833,054</b>	<b>536,883,196</b>

**12. REINSURANCE ASSETS**

	30.06.2012 RM	31.12.2011 RM
Reinsurance of claims liabilities (Note 13)	110,611,882	89,734,273
Reinsurance of premiums liabilities (Note 13)	39,517,807	41,013,485
	<u>150,129,689</u>	<u>130,747,758</u>

## 13. INSURANCE CONTRACT LIABILITIES

	30.06.2012		31.12.2011		
	Gross RM	Re- insurance RM	Net RM	Re- insurance RM	
Provision for claims reported by policyholders	252,775,837	(89,710,964)	163,064,873	(87,786,365)	158,168,421
Provision for incurred but not reported claims ("IBNR") and provision for risk margin for adverse deviations ("PRAD")	75,344,978	(20,900,918)	54,444,060	48,465,020	46,517,112
Claim liabilities (i)	328,120,815	(110,611,882)	217,508,933	(89,734,273)	204,685,533
Premiums liabilities (ii)	155,145,116	(39,517,807)	115,627,309	144,823,481	103,809,996
	483,265,931	(150,129,689)	333,136,242	(41,013,485)	308,495,529



**14. TAXATION**

	<b>30.06.2012</b>	<b>30.06.2011</b>
	<b>RM</b>	<b>RM</b>
Current income tax:		
Malaysian income tax	4,636,285	7,854,706
	<u>4,636,285</u>	<u>7,854,706</u>
Deferred tax:		
Relating to origination and reversal of temporary differences	221,297	418,722
Under provision in prior year	(38,654)	(14,515)
	<u>4,818,928</u>	<u>8,258,913</u>

The income tax is based on the tax rate of 25% (2011: 25%) of the estimated assessable profit for the financial period.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expenses at the effective income tax rate is as follows:

	<b>30.06.2012</b>	<b>30.06.2011</b>
	<b>RM</b>	<b>RM</b>
Profit before taxation	<u>16,838,775</u>	<u>28,994,819</u>
Taxation at Malaysian statutory tax rate of 25%	4,209,694	7,248,705
Income not subject to tax	(427,294)	(205,931)
Underprovision of deferred tax in prior year	(38,654)	(14,515)
Expenses not deductible for tax purposes	1,075,182	1,230,654
Tax expense for the year	<u>4,818,928</u>	<u>8,258,913</u>

**15. EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the profit for the financial period attributed to ordinary equity holders of the Company by weighted average of Ordinary Shares in issue during the financial period.

	<b>30.06.2012</b>	<b>30.06.2011</b>
	<b>RM</b>	<b>RM</b>
Profit attributable to Ordinary equity holders	12,019,847	20,735,906
Number of shares in issue ('000)	100,000	100,000
Basic earnings per share (sen)	<u>12.02</u>	<u>20.74</u>

**16. EARNINGS PER SHARE (CONT'D.)**

There have been no other transactions involving Ordinary Shares between the reporting date and the date of completion of these financial statements.

**17. CASH FLOWS**

	<b>30.06.2012</b>	<b>30.06.2011</b>
	<b>RM</b>	<b>RM</b>
<b>Profit before taxation</b>	16,838,775	28,994,819
Investment income	(12,100,821)	(12,207,634)
Realised gains on AFS financial assets	(2,618,671)	(2,176,034)
Realised gains on investment properties	(1,250,000)	-
Unrealised gains recorded in income statement	(94,969)	(2,192,266)
Purchases of AFS financial assets	(153,356,756)	(159,106,493)
Proceeds from maturities/disposal of AFS financial assets	114,085,082	201,365,197
Proceeds from disposal of investment properties	12,150,000	-
(Increase)/decrease in LAR	27,524,028	(31,652,874)
<b>Non-cash items:</b>		
Depreciation of property and equipment	995,397	654,311
Loss on disposal of property and equipment	62,182	8,526
Provision for/(reversal of) impairment losses on insurance receivable	619,496	(1,396,640)
Bad debts written off	142,402	
Net amortisation of premium/(accretion of discounts)	80,448	(265,258)
<b>Changes in working capital:</b>		
Reinsurance assets	(19,369,962)	(29,326,102)
Insurance receivables	(3,587,746)	(20,361,112)
Other receivables	(6,180,110)	12,986,645
Insurance contract liabilities	44,010,676	29,935,866
Deposit from reinsurers	(81,336)	327,884
Insurance payables	10,909,235	7,906,789
Other payables	(1,571,341)	(40,839,099)
Cash generated from/(used in) operating activities	<u>27,206,009</u>	<u>(17,343,475)</u>

The Company classifies the cash flows from the acquisition and disposal of financial assets as operating cash flows, as the purchases are funded from cash flows associated with the origination of insurance contract, net of the cash flows for payments of claim incurred for insurance contracts, which are respectively treated under operating activities.



**18. CAPITAL COMMITMENTS**

	<b>30.06.2012</b>	<b>31.12.2011</b>
	<b>RM</b>	<b>RM</b>
Capital expenditure		
Approved and contracted for:		
Property and equipment	-	-
Approved but not contracted for:		
Property and equipment	5,047,362	2,566,086
	<u>5,047,362</u>	<u>2,566,086</u>

**19. OPERATING LEASE ARRANGEMENTS****(a) The Company as lessee**

The Company has entered into a lease agreement for rental of equipment, software and services and office premises.

The future aggregate minimum lease payments under operating lease contracted for as at the reporting date but not recognised as liabilities are as follows:

**Future minimum rental payments:**

	<b>30.06.2012</b>	<b>31.12.2011</b>
	<b>RM</b>	<b>RM</b>
<b>Rental of equipment, software and services:</b>		
Not later than 1 year	205,102	292,704
Later than 1 year and not later than 5 years	533,769	256,310
	<u>738,871</u>	<u>549,014</u>
<b>Rental of office premises:</b>		
Not later than 1 year	1,326,775	2,358,327
Later than 1 year and not later than 5 years	2,737,595	2,078,121
	<u>4,064,370</u>	<u>4,436,448</u>

**(b) The Company as lessor**

The Company has entered into operating lease agreements on its investment properties portfolio. These leases have remaining lease term of between 1 and 2 years.

The future minimum lease receivables under the operating lease contracted for as at the balance sheet date but not recognised as receivables, are as follow:

	<b>30.06.2012</b>	<b>31.12.2011</b>
	<b>RM</b>	<b>RM</b>
Not later than 1 year	458,060	1,148,745
Later than 1 year and not later than 5 years	-	58,200
	<u>458,060</u>	<u>1,206,945</u>

**20. REGULATORY CAPITAL REQUIREMENTS**

The capital structure of the Company as at 30 June 2012, as prescribed under the Risk Based Capital Framework is provided below:

	<b>30.06.2012</b>	<b>31.12.2011</b>
	<b>RM</b>	<b>RM</b>
Eligible Tier 1 Capital		
Share capital (paid up)	100,000,000	100,000,000
Reserves, including retained earnings	152,272,383	170,627,536
	<u>252,272,383</u>	<u>270,627,536</u>
Tier 2 Capital		
Eligible Reserves	14,307,572	11,908,441
Total Capital Available	<u>266,579,955</u>	<u>282,535,977</u>