

**OVERSEAS ASSURANCE CORPORATION (MALAYSIA) BERHAD
(102249-P)
(A Member of Great Eastern Holdings Limited)**

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2016

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

Interim condensed financial statements for the six months ended 30 June 2016

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

CONDENSED BALANCE SHEET
AS AT 30 JUNE 2016

	Note	30.06.2016 RM	31.12.2015 RM
Assets			
Property and equipment		23,910,540	23,937,209
Goodwill		18,182,598	18,182,598
Investments	9	595,906,882	559,384,948
Reinsurance assets	10	254,275,718	258,603,443
Insurance receivables		93,553,081	102,870,653
Deferred tax assets		-	205,032
Other receivables		83,468,158	87,052,789
Cash and bank balances		22,736,747	18,947,010
Total assets		<u>1,092,033,724</u>	<u>1,069,183,682</u>
Equity			
Share capital		100,000,000	100,000,000
Retained earnings		274,423,609	253,776,961
Available for sale fair value reserves		9,846,245	3,577,553
Total equity		<u>384,269,854</u>	<u>357,354,514</u>
Liabilities			
Insurance contract liabilities	11	605,445,913	606,798,334
Deferred tax liabilities		1,963,366	-
Deposits from reinsurers		231,944	96,917
Insurance payables		61,443,545	61,406,135
Provision for taxation		8,690,014	7,806,306
Other payables		29,989,088	35,721,476
Total liabilities		<u>707,763,870</u>	<u>711,829,168</u>
Total equity and liabilities		<u>1,092,033,724</u>	<u>1,069,183,682</u>

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

OVERSEAS ASSURANCE CORPORATION (MALAYSIA) BERHAD
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CONDENSED INCOME STATEMENT
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2016

	Note	6 months period ended 30.06.2016 RM	6 months period ended 30.06.2015 RM
Gross earned premiums		231,695,077	203,531,429
Premiums ceded to reinsurers		(81,922,066)	(63,217,859)
Net earned premiums		<u>149,773,011</u>	<u>140,313,570</u>
Investment income		14,276,034	13,417,470
Realised gains		2,247,003	2,135,293
Fair value gains		184,146	358,424
Fee and commission income		17,818,853	18,410,124
Other operating revenue		2,747,121	824,186
Other revenue		<u>37,273,157</u>	<u>35,145,497</u>
Gross claims paid		(99,105,781)	(106,590,183)
Claims ceded to reinsurers		24,259,950	38,563,243
Gross change to contract liabilities		(7,279,370)	7,555,699
Change in contract liabilities ceded to reinsurers		11,950,579	(14,677,213)
Net claims		<u>(70,174,622)</u>	<u>(75,148,454)</u>
Fee and commission expense		(35,397,069)	(34,283,879)
Management expenses		(39,714,276)	(37,189,842)
Other operating expenses		-	(788)
Other expenses		<u>(75,111,345)</u>	<u>(71,474,509)</u>
Profit before taxation		41,760,201	28,836,104
Taxation	12	(10,113,553)	(6,490,635)
Net profit for the period		<u>31,646,648</u>	<u>22,345,469</u>
Earnings per share (sen)			
Basic and diluted	13	<u>31.65</u>	<u>22.35</u>

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

OVERSEAS ASSURANCE CORPORATION (MALAYSIA) BERHAD
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CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2016

	6 months period ended 30.06.2016 RM	6 months period ended 30.06.2015 RM
Net profit for the period	31,646,648	22,345,469
Other comprehensive income:		
<u>Items that may be reclassified to income statement in subsequent periods:</u>		
Available-for-sale fair value reserves:		
Gain on fair value changes	10,494,372	7,367,323
Realised gain transferred to income statement	(2,246,094)	(2,135,293)
	8,248,278	5,232,030
Tax effect	(1,979,586)	(1,263,482)
	<u>6,268,692</u>	<u>3,968,548</u>
Total comprehensive income for the period	<u>37,915,340</u>	<u>26,314,017</u>

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

OVERSEAS ASSURANCE CORPORATION (MALAYSIA) BERHAD
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CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2016

	Non-distributable		Distributable	
	Share	Available-for-sale	Retained	Total equity
	capital	fair value reserves	earnings	RM
	RM	RM	RM	RM
At 1 January 2015	100,000,000	(584,636)	229,349,851	328,765,215
Total comprehensive income for the period	-	3,968,548	22,345,469	26,314,017
Dividend paid during the period	-	-	(19,000,000)	(19,000,000)
At 30 June 2015	<u>100,000,000</u>	<u>3,383,912</u>	<u>232,695,320</u>	<u>336,079,232</u>
At 1 January 2016	100,000,000	3,577,553	253,776,961	357,354,514
Total comprehensive income for the period	-	6,268,692	31,646,648	37,915,340
Dividend paid during the period	-	-	(11,000,000)	(11,000,000)
At 30 June 2016	<u>100,000,000</u>	<u>9,846,245</u>	<u>274,423,609</u>	<u>384,269,854</u>

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

OVERSEAS ASSURANCE CORPORATION (MALAYSIA) BERHAD
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CONDENSED CASH FLOW STATEMENT
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2016

	Note	6 months ended 30.06.2016 RM	6 months ended 30.06.2015 RM
Operating activities			
Cash generated from operating activities	14	27,596,164	5,375,920
Dividend income received		634,721	651,294
Interest income received		13,084,983	12,192,193
Income tax paid		(9,041,033)	(7,254,742)
Net cash flows generated from operating activities		<u>32,274,835</u>	<u>10,964,665</u>
Investing activities			
Purchase of property and equipment		(2,016,548)	(3,079,973)
Proceeds from disposal of property and equipment		1,450	-
Net cash flows used in investing activities		<u>(2,015,098)</u>	<u>(3,079,973)</u>
Financing activity			
Dividend paid		(11,000,000)	(19,000,000)
Net cash flows used in financing activity		<u>(11,000,000)</u>	<u>(19,000,000)</u>
Net increase/(decrease) in cash and cash equivalents		19,259,737	(11,115,308)
Cash and cash equivalents at beginning of period		<u>39,327,010</u>	<u>48,605,581</u>
Cash and cash equivalents at end of period		<u>58,586,747</u>	<u>37,490,273</u>
Cash and cash equivalents comprise:			
Cash and bank balances		22,736,747	26,090,273
Deposits with financial institutions	9(a)	35,850,000	11,400,000
		<u>58,586,747</u>	<u>37,490,273</u>

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

OVERSEAS ASSURANCE CORPORATION (MALAYSIA) BERHAD
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

The interim condensed financial statements of the Company are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 - Interim Financial Reporting, and International Accounting Standards ("IAS") 34 - Interim Financial Reporting. The interim condensed 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 2015.

The notes attached to the interim condensed 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 2015.

1.2 CHANGES IN ACCOUNTING POLICIES

(a) New and amended standards and interpretations

The significant accounting policies in these interim condensed financial statements are consistent with those adopted in the financial statements for the financial year ended 31 December 2015, except for the adoption of the following MFRS, Amendments and Improvements to MFRSs:

Standards effective for financial periods beginning on or after 1 January 2016

Annual Improvements to MFRSs 2012-2014 Cycle: Amendments to MFRS 5

Non-current Assets Held for Sale and Discontinued Operations

Annual Improvements to MFRSs 2012-2014 Cycle: Amendments to MFRS 7

Financial Instruments: Disclosures

Annual Improvements to MFRSs 2012-2014 Cycle: Amendments to MFRS 119

Employee Benefits

Annual Improvements to MFRSs 2012-2014 Cycle: Amendments to MFRS 134

Interim Financial Reporting

Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of*

Depreciation and Amortisation

Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*

Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*

Amendments to MFRS 127 *Equity Method in Separate Financial Statements*

Amendments to MFRS 101 *Disclosure Initiatives*

Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities:*

Applying the Consolidation Exception

MFRS 14 *Regulatory Deferral Accounts*

The adoption of the above did not have any significant effects on the interim condensed financial statements upon their initial application.

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1. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

1.2 CHANGES IN ACCOUNTING POLICIES (CONTD.)

(b) Standards issued but not yet effective

The following are MFRSs and Amendments to MFRSs issued by MASB that will be effective for the Company in future years. The Company intends to adopt the following relevant standards when they become effective.

Effective for financial periods beginning on or after 1 January 2017

Amendments to MFRS 107 *Disclosure Initiatives*

Amendments to MFRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*

Effective for financial periods beginning on or after 1 January 2018

MFRS 9 *Financial Instruments*

MFRS 15 *Revenue from Contracts with Customers*

Effective for financial periods beginning on or after 1 January 2019

MFRS 16 *Leases*

Deferred

Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The management expects that the adoption of the above standards and annual improvements to standards issued by MASB, but not yet effective, will have no material impact on the financial statements in the period of initial application except as discussed below:

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but restatement of comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015.

MFRS 9 Financial Instruments ("MFRS 9")

MFRS 9 is issued by the MASB in respect of its application in Malaysia. It is equivalent to IFRS 9 as issued by IASB, including the effective and issuance dates. The areas with expected significant impact from application of MFRS 9 are summarized below:

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1. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

1.2 CHANGES IN ACCOUNTING POLICIES (CONTD.)

(b) Standards issued but not yet effective (cont'd)

MFRS 9 Financial Instruments ("MFRS 9") (cont'd)

(a) Classification and measurement

The classification and measurement of financial assets is determined on the basis of the contractual cash flow characteristics and the objective of the business model associated with holding the asset. Key changes include:

- The held-to-maturity ("HTM") and available-for-sale ("AFS") asset categories will be removed;
- A new asset category measured at fair value through other comprehensive income ("FVOCI") is introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principle and interest and held in a model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- A new asset category for non-traded equity investments measured at FVOCI is introduced; and
- Classification of financial liabilities will remain largely unchanged, other than the fair value gains and losses attributable to changes in 'own credit risk' for financial liabilities designated and measured at fair value through profit or loss to be presented in other comprehensive income.

The adoption of MFRS 9 will have an effect on the classification and measurement of the Company's financial assets, and may have no impact on the classification and measurement of the Company's financial liabilities.

(b) Impairment

The MFRS 9 impairment requirements are based on an expected credit loss model ("ECL") that replaces the incurred loss model under the current accounting standard. The Company will be generally required to recognise either a 12-month or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. The ECL model will apply to financial assets measured at amortised cost or at FVOCI, irrevocable loan commitments and financial guarantee contracts, which will include loans, advances and financing and debt instruments held by the Company. MFRS 9 will change the Company's current methodology for calculating allowances for impairment, in particular for individual and collective assessment and provisioning.

(c) Hedge accounting

The requirements for general hedge accounting have been simplified for hedge effectiveness testing and may result in more designations of hedged items for accounting purposes.

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1. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

1.2 CHANGES IN ACCOUNTING POLICIES (CONTD.)

(b) Standards issued but not yet effective (cont'd)

MFRS 9 Financial Instruments ("MFRS 9") (cont'd)

(c) Hedge accounting

However, it is not practicable to provide a reasonable estimate of the effect of MFRS 9 until the Company undertakes a detailed review.

2. SEASONALITY OF OPERATIONS

The business and operations of the Company was not materially affected by any seasonal or cyclical fluctuations during the interim financial period.

3. UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim financial period ended 30 June 2016.

4. CHANGE IN ESTIMATES

There were no changes in the basis used for accounting estimates for the interim financial period.

5. DEBT AND EQUITY SECURITIES

There were no issuance, repurchase and repayment of debt and equity securities by the Company during the interim financial period.

6. DIVIDENDS

During the interim period ended 30 June 2016, the Company paid a final single-tier dividend of RM0.11 per ordinary shares on 100,000,000 ordinary shares, amounting to RM11,000,000 in respect of the financial year ended 31 December 2015 on 28 April 2016.

7. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

There is no material event subsequent to the end of the interim reporting period that has not been reported in the interim condensed financial statements.

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8. CHANGES IN THE COMPOSITION OF THE COMPANY

There is no change in the composition of the Company during the interim financial period.

9. INVESTMENTS

	30.06.2016	31.12.2015
	RM	RM
Malaysian government securities	22,566,072	81,036,306
Debt securities	474,906,687	398,652,829
Equity securities	39,264,457	37,353,206
Unit and property trust funds	1,580,355	-
Loans	21,739,311	21,962,607
Deposits with financial institutions	35,850,000	20,380,000
	595,906,882	559,384,948

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

	30.06.2016	31.12.2015
	RM	RM
LAR	57,589,311	42,342,607
AFS financial assets	534,208,634	497,558,221
FVTPL financial assets	4,108,937	19,484,120
	595,906,882	559,384,948

The following investments mature after 12 months:

	30.06.2016	31.12.2015
	RM	RM
LAR	21,638,364	21,852,575
AFS financial assets	453,590,215	442,785,410
FVTPL financial assets	4,108,937	19,484,120
	479,337,516	484,122,105

(a) LAR

	30.06.2016	31.12.2015
	RM	RM
At amortised cost/cost:		
Fixed and call deposits with licensed financial institutions	35,850,000	20,380,000
Loans :	21,739,311	21,962,607
Mortgage loans	159,987	198,403
Corporate loans	20,035,744	20,039,908
Other loans	1,543,580	1,724,296
	57,589,311	42,342,607

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9. INVESTMENTS (CONT'D)

The carrying value of the fixed and call deposits approximate their fair values due to the relatively short term maturities.

The carrying value of the mortgage loans and other loans are reasonable approximations of fair values due to the insignificant impact of discounting.

(b) AFS financial assets

	30.06.2016	31.12.2015
	RM	RM
At fair value:		
Malaysian government securities	22,566,072	81,036,306
Debt securities:		
Unquoted in Malaysia	470,903,879	379,228,900
Equity securities:		
Quoted in Malaysia	39,158,328	37,293,015
Quoted unit and property trust funds in Malaysia	1,580,355	-
	<u>534,208,634</u>	<u>497,558,221</u>

(c) FVTPL

	30.06.2016	31.12.2015
	RM	RM
At fair value:		
Debt securities:		
Unquoted in Malaysia	4,002,808	19,423,929
Equity securities:		
Quoted in Malaysia	106,129	60,191
	<u>4,108,937</u>	<u>19,484,120</u>

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9. INVESTMENTS (CONT'D)

(d) Carrying Values of Investments

	LAR RM	AFS RM	FVTPL RM	TOTAL RM
At 1 January 2015	43,703,428	500,861,001	19,452,124	564,016,553
Purchases	1,836,369,709	378,934,519	15,000,000	2,230,304,228
Maturities/disposals	(1,837,722,366)	(385,565,742)	(15,147,989)	(2,238,436,097)
Fair value gains recorded in other comprehensive income	-	5,486,826	-	5,486,826
Fair value gains recorded in income statement	-	-	179,985	179,985
Impairment losses on investments	-	(2,729,639)	-	(2,729,639)
(Amortisation)/Accretion adjustments	(8,164)	571,256	-	563,092
At 31 December 2015	<u>42,342,607</u>	<u>497,558,221</u>	<u>19,484,120</u>	<u>559,384,948</u>
Purchases	943,339,400	264,044,512	3,007,771	1,210,391,683
Maturities/disposals	(928,088,530)	(235,606,905)	(19,000,000)	(1,182,695,435)
Fair value gains recorded in other comprehensive income	-	8,248,278	-	8,248,278
Fair value gains recorded in income statement	-	-	617,046	617,046
Impairment losses on investments	-	(432,901)	-	(432,901)
(Amortisation)/Accretion adjustments	(4,165)	397,429	-	393,264
At 30 June 2016	<u>57,589,311</u>	<u>534,208,634</u>	<u>4,108,937</u>	<u>595,906,882</u>

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10. REINSURANCE ASSETS

	30.06.2016	31.12.2015
	RM	RM
Reinsurers' share of claims liabilities (Note 11)	196,330,195	184,379,617
Reinsurers' share of premiums liabilities (Note 11)	57,945,523	74,223,826
	<u>254,275,718</u>	<u>258,603,443</u>

Movement of accumulated impairment losses account:

	Individually Impaired	
	30.06.2016	31.12.2015
	RM	RM
At beginning of year	1,413,846	2,008,711
Provision for impairment losses	(300,682)	(594,865)
At end of period/year	<u>1,113,165</u>	<u>1,413,846</u>

At end of period, the Company made impairment losses of RM1,113,165 in respect of certain claim recoveries related to a reinsurer of which balances are doubtful of recovery due to its deteriorating financial performance and credit rating.

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11. INSURANCE CONTRACT LIABILITIES

	Gross	30.06.2016	Net	Gross	31.12.2015	Net
	RM	Reinsurance	RM	RM	Reinsurance	RM
		RM			RM	
Provision for claims reported by policyholders	372,690,857	(191,441,462)	181,249,395	352,834,223	(178,445,082)	174,389,141
Provision for incurred but not reported claims ("IBNR") and provision for risk margin for adverse deviations ("PRAD")	39,173,069	(4,888,733)	34,284,337	51,750,334	(5,934,535)	45,815,799
Claim liabilities (i)	411,863,926	(196,330,194)	215,533,732	404,584,557	(184,379,617)	220,204,940
Premiums liabilities (ii)	193,581,987	(57,945,523)	135,636,463	202,213,777	(74,223,826)	127,989,951
	605,445,913	(254,275,718)	351,170,195	606,798,334	(258,603,443)	348,194,891
(i) Claims Liabilities						
At beginning of period/year	404,584,557	(184,379,617)	220,204,940	393,398,157	(182,416,099)	210,982,058
Claims incurred in the current accident period (direct and facultative)	116,320,471	(32,941,852)	83,378,619	272,290,730	(127,049,447)	145,241,283
Adjustment to claims incurred in prior accident year due to changes in assumption						
- change in link ratios used in IBNR estimation	7,655,682	(9,689,431)	(2,033,749)	(39,463,099)	29,859,457	(9,603,642)
Movement in PRAD of claims liabilities	(7,411,461)	1,250,011	(6,161,450)	(10,176,215)	530,820	(9,645,395)
Movement in claims handling expenses (i.e. ULAE)	(746,002)	-	(746,002)	(1,302,658)	-	(1,302,658)
Other movement in claims incurred in prior accident years (direct and facultative)	(3,254,715)	5,170,744	1,916,029	(9,807,883)	8,342,262	(1,465,621)
Movement in claims incurred (treaty inwards claims)	(6,178,824)	-	(6,178,824)	19,515,768	(137,605)	19,378,163
Claims paid during the period	(99,105,781)	24,259,950	(74,845,831)	(219,870,243)	86,490,995	(133,379,248)
At end of period/year	411,863,927	(196,330,194)	215,533,732	404,584,557	(184,379,617)	220,204,940
(ii) Premium Liabilities						
At beginning of period/year	202,213,777	(74,223,826)	127,989,951	166,330,753	(53,036,841)	113,293,912
Premiums written in the period	223,063,287	(65,643,763)	157,419,523	448,995,224	(158,733,686)	290,261,538
Premiums earned during the period	(231,695,078)	81,922,067	(149,773,010)	(413,112,200)	137,546,701	(275,565,499)
At end of period/year	193,581,986	(57,945,522)	135,636,464	202,213,777	(74,223,826)	127,989,951

As at 30 June 2016, the insurance contract liabilities above includes the Company's share of MMIP's claims and premium liabilities amounting to RM58,163,922 (2015: RM67,974,678) and RM4,721,603 (2015: RM7,208,744).

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12. TAXATION

	30.06.2016	30.06.2015
	RM	RM
Current income tax:		
Malaysian income tax	9,924,741	7,416,294
Overprovision of income tax	-	(909,429)
	<u>9,924,741</u>	<u>6,506,865</u>
Deferred tax:		
Relating to origination and reversal of temporary differences	188,812	(16,230)
	<u>188,812</u>	<u>(16,230)</u>
	<u>10,113,553</u>	<u>6,490,635</u>

The income tax is based on the tax rate of 24% (2015: 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:

	30.06.2016	30.06.2015
	RM	RM
Profit before taxation	<u>41,760,201</u>	<u>28,836,104</u>
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	10,022,448	7,209,026
Income not subject to tax	(254,052)	(160,194)
Expenses not deductible for tax purposes	345,157	360,150
Transfer from/(to) deferred tax	-	(16,230)
Tax rate changes	-	7,312
Overprovision in prior year	-	(909,429)
Tax expense for the year	<u>10,113,553</u>	<u>6,490,635</u>

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13. EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit for the financial period attributable to ordinary equity holders of the Company by the number of ordinary shares in issue during the financial period.

	30.06.2016	30.06.2015
	RM	RM
Profit attributable to ordinary equity holders	31,646,648	22,345,469
Number of ordinary shares in issue during the period	100,000,000	100,000,000
Basic earnings per share (sen)	<u>31.65</u>	<u>22.35</u>

There were no dilutive potential ordinary shares as at the reporting date. There have been no other transactions involving ordinary shares between the reporting date and the date of completion of the financial statements.

14. CASH GENERATED FROM OPERATING ACTIVITIES

	30.06.2016	30.06.2015
	RM	RM
Profit before taxation	41,760,201	28,836,104
Investment income	(13,575,681)	(12,939,868)
Realised gains on AFS and FVTPL financial assets	(2,246,094)	(2,135,293)
Fair value gains recorded in income statement	(184,146)	(358,424)
Purchases of AFS financial assets	(264,044,512)	(191,655,929)
Purchases of FVTPL financial assets	(3,007,770)	(10,000,000)
Proceeds from maturities/disposal of AFS financial assets	237,852,999	213,996,626
Proceeds from maturities/disposal of FVTPL financial assets	19,000,000	10,215,665
Decrease/(Increase) in LAR	219,130	(147,282)
Non-cash items:		
Depreciation of property and equipment	2,042,577	1,333,621
Gain on disposal of property and equipment	(909)	-
Provision for impairment losses		
on insurance receivable	148,359	22,422
Bad debts written off	11,344	-
Property and equipment written off	99	258
Net accretion of discounts	(393,264)	(157,908)

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14. CASH GENERATED FROM OPERATING ACTIVITIES (CONT'D.)

	30.06.2016	30.06.2015
	RM	RM
Changes in working capital:		
Reinsurance assets	4,327,725	9,218,060
Insurance receivables	9,157,869	(31,415,667)
Other receivables	3,440,608	(592,220)
Insurance contract liabilities	(1,352,421)	10,555,929
Deposit from reinsurers	135,027	(79,570)
Insurance payables	37,410	(12,546,996)
Other payables	(5,732,387)	(6,773,608)
Cash generated from operating activities	<u>27,596,164</u>	<u>5,375,920</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 contracts, net of the cash flows for payments of claims incurred for insurance contracts, which are classified under operating activities.

15. CAPITAL COMMITMENTS

	30.06.2016	31.12.2015
	RM	RM
Capital expenditure		
Approved and contracted for:		
Property and equipment	4,461,177	6,606,334
Approved but not contracted for:		
Property and equipment	255,749	729,922
	<u>4,716,926</u>	<u>7,336,256</u>

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16. OPERATING LEASE ARRANGEMENTS

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:

	30.06.2016	31.12.2015
	RM	RM
Rental of equipment, software and services:		
Not later than 1 year	379,968	376,658
Later than 1 year and not later than 5 years	505,200	560,225
	<u>885,168</u>	<u>936,883</u>
Rental of office premises:		
Not later than 1 year	1,916,306	1,825,627
Later than 1 year and not later than 5 years	695,822	1,130,602
	<u>2,612,128</u>	<u>2,956,229</u>

17. REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 30 June 2016, as prescribed under the Risk Based Capital Framework is provided below:

	30.06.2016	31.12.2015
	RM	RM
Eligible Tier 1 Capital		
Share capital (paid up)	100,000,000	100,000,000
Reserves, including retained earnings	231,774,581	214,307,812
	<u>331,774,581</u>	<u>314,307,812</u>
Tier 2 Capital		
Eligible Reserves	<u>8,853,992</u>	<u>3,480,405</u>
Deductions	<u>(18,182,598)</u>	<u>(18,418,740)</u>
Total Capital Available	<u>322,445,975</u>	<u>299,369,477</u>