



UNAUDITED INTERIM FINANCIAL REPORT FOR THE 6 MONTHS ENDED 30 JUNE 2012

30686 K

**ORIENTAL CAPITAL ASSURANCE BERHAD**  
**(Incorporated in Malaysia)**

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**ORIENTAL CAPITAL ASSURANCE BERHAD**  
(Incorporated in Malaysia)

**INTERIM STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2012**

	Note	Group and Company		
		30.06.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
<b>Assets</b>				
Property and equipment		10,164	10,267	12,433
Investment property		2,406	2,417	2,439
Intangible assets		153	153	115
Investments	3	443,675	430,686	384,157
Malaysian government securities		-	-	30,135
Debt securities		133,609	131,581	126,328
Equity securities		21,041	26,508	21,709
Unit and property trust funds		19,791	27,813	24,905
Loans		771	821	913
Deposit with financial institutions		268,463	243,963	180,167
Investment in subsidiary		-	-	-
Reinsurance Assets	4	153,537	157,966	183,333
Insurance receivables		51,722	36,805	36,630
Other receivables		25,981	22,825	17,346
Deferred tax assets		-	-	39
Cash and bank balances		7,289	5,152	3,142
<b>Total assets</b>		<b>694,927</b>	<b>666,271</b>	<b>639,634</b>
<b>Equity and liabilities</b>				
Share capital		100,013	100,013	100,013
Share premium account		3,335	3,335	3,335
Retained earnings		54,246	51,505	25,252
Available-for-sale fair value reserves		6,011	7,128	6,690
<b>Total equity</b>		<b>163,605</b>	<b>161,981</b>	<b>135,290</b>
Insurance contract liabilities	5	447,877	433,817	429,724
Deferred tax liabilities		1,047	1,266	-
Insurance payables		61,807	51,053	49,305
Other payables		19,522	16,818	23,767
Retirement benefits		1,069	1,336	1,548
<b>Total liabilities</b>		<b>531,322</b>	<b>504,290</b>	<b>504,344</b>
<b>Total equity and liabilities</b>		<b>694,927</b>	<b>666,271</b>	<b>639,634</b>

The Interim Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011.

**ORIENTAL CAPITAL ASSURANCE BERHAD**  
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**INTERIM INCOME STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2012**

Group and Company		6 months ended	6 months ended
	Note	30.06.2012 RM'000	30.06.2011 RM'000
<b>Operating revenue</b>		<u>131,165</u>	<u>150,471</u>
Gross earned premiums	6 (a)	135,663	114,208
Premiums ceded to reinsurers	6 (b)	(67,042)	(49,770)
<b>Net earned premiums</b>		<u>68,621</u>	<u>64,438</u>
Investment income		8,295	7,407
Realised gains and losses		5,257	3,278
Commission income		8,728	9,184
Other operating income		122	68
<b>Other revenue</b>		<u>22,402</u>	<u>19,937</u>
Gross claims paid		(52,706)	(71,947)
Claims ceded to reinsurers		13,554	29,543
Gross change in contract liabilities		(26,853)	(3,829)
Change in contract liabilities ceded to reinsurers		5,357	(7,093)
<b>Net claims incurred</b>		<u>(60,648)</u>	<u>(53,326)</u>
Provision for loss in MMIP		(2,101)	-
Commission expense		(12,296)	(13,804)
Management expenses		(12,116)	(14,844)
<b>Other expenses</b>		<u>(26,513)</u>	<u>(28,648)</u>
<b>Profit before Taxation</b>		3,862	2,401
Taxation		(1,117)	(1,270)
<b>Net profit for the year</b>		<u>2,745</u>	<u>1,131</u>
<b>Earnings per share (sen)</b>		<u>2.7</u>	<u>1.1</u>

The Interim Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011.

**ORIENTAL CAPITAL ASSURANCE BERHAD**  
(Incorporated in Malaysia)

**INTERIM STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2012**

**Group and Company**

	<b>6 months ended 30.06.2012 RM'000</b>	<b>6 months ended 30.06.2011 RM'000</b>
<b>Net profit for the year</b>	2,745	1,131
Other comprehensive income:		
Available-for-sale fair value reserves:		
Net gain on fair value changes	3,766	5,231
Net gain transferred to income statement	<u>(5,257)</u>	<u>(3,278)</u>
Tax effects @ 25%	(1,491)	1,953
Other comprehensive income for the year, net of tax	<u>-</u>	<u>(488)</u>
<b>Total comprehensive income for the year</b>	<u>1,254</u>	<u>2,596</u>

The Interim Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011.

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**INTERIM STATEMENTS OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

**Group and Company**

	I--Non-Distributable--I			Distributable	
	Share	Share	Available-	Retained	Total
	Capital	Premiums	for-sale	Earnings	Equity
	RM'000	RM'000	fair value	RM'000	RM'000
			reserves		
			RM'000		
<b>At 1 January 2011</b>	100,013	3,335	6,690	25,252	135,290
Total comprehensive income for the year	-	-	438	26,253	26,691
<b>At 31 December 2011</b>	100,013	3,335	7,128	51,505	161,981
Total comprehensive income for the half year ended 30.06.2011	-	-	(1,491)	2,745	1,254
<b>At 30 June 2012</b>	100,013	3,335	5,637	54,250	163,235

The Interim Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011.

**ORIENTAL CAPITAL ASSURANCE BERHAD**  
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**INTERIM CASH FLOW STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2012**

**Group and Company**

	<b>6 months ended 30.06.2012 RM'000</b>	<b>6 months ended 30.06.2011 RM'000</b>
<b>Operating activities</b>		
Cash (used in)/generated from operating activities	(306)	13,795
Net interest received	5,515	5,626
Net dividend received	813	816
Rental received	183	172
Retirement benefits paid	(267)	(120)
Income tax paid	(2,362)	(1,771)
<b>Net cash flows (used in)/generated from operating activities</b>	<u>3,576</u>	<u>18,518</u>
<b>Investing activities</b>		
Proceeds from disposal of property and equipment	5	-
Purchase of property and equipment	(321)	(235)
<b>Net cash flows from investing activities</b>	<u>(316)</u>	<u>(235)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	3,260	18,283
<b>Cash and cash equivalents at beginning of year</b>	85,143	76,427
<b>Cash and cash equivalents at end of year</b>	<u>88,403</u>	<u>94,710</u>
<b>Cash and cash equivalents comprise:</b>		
Fixed and call deposits (with maturity of less than three months) with licensed financial institutions	81,114	90,848
Cash and bank balances	7,289	3,862
	<u>88,403</u>	<u>94,710</u>

The Interim Cash Flow Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011.

**ORIENTAL CAPITAL ASSURANCE BERHAD**  
(Incorporated in Malaysia)

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

**1. Basis of Preparation**

The interim financial statements of the Group and Company are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and the Companies Act 1965, in Malaysia, the Insurance Act, 1996 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 audited financial statements for the year ended 31 December 2011. The financial statements of the Group and Company for the financial year ended 31 December 2011 were prepared in accordance with Financial Reporting Standards (FRS) as modified by Guidelines/Circular issued by BNM.

These are the Group and Company's interim financial statements covered by the Group and Company's first MFRS framework of annual financial statements and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. The transition to MFRS framework does not have any financial impact to the financial statements of the Group and Company.

**2. Unusual item affecting assets, liabilities, equity, net income or cash flows**

There were no contingent liabilities as at the date of this report since the last financial year ended 31 December 2011.

**3. Changes in estimates**

There were no material changes in the basis used for accounting estimates for the current interim period ended 30 June 2012.

**4. Contingent liabilities**

There were no contingent liabilities as at the date of this report since the last financial year ended 31 December 2011.



**ORIENTAL CAPITAL ASSURANCE BERHAD**  
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**5. Investments**

<b>Group and Company</b>	<b>6 months ended</b>	<b>12 months ended</b>
	<b>30.06.2012</b>	<b>31.12.2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Debt securities	133,609	131,581
Equity securities	21,041	26,508
Unit and property trust funds	19,791	27,813
Loans	771	821
Deposits with financial institutions	268,463	243,963
	<u>443,675</u>	<u>430,686</u>

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

	<b>6 months ended</b>	<b>12 months ended</b>
	<b>30.06.2012</b>	<b>31.12.2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Loans and receivables ("LAR")	269,234	244,784
Available-for-sale ("AFS") financial assets	174,441	185,902
	<u>443,675</u>	<u>430,686</u>

The following investments mature after 12 months:

LAR ( Staff loan)	765	800
AFS financial assets	118,470	103,558
	<u>119,235</u>	<u>104,358</u>

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**5. Investments (cont'd.)**

**(a) LAR**

<b>Group and Company</b>	<b>6 months ended 30.06.2012 RM'000</b>	<b>12 months ended 31.12.2011 RM'000</b>
<b>Amortised cost</b>		
Fixed and call deposits with licensed financial institutions	268,463	243,963
Staff loans:		
Mortgage loans	736	759
Others:		
Secured	35	46
Unsecured	-	16
	<u>269,234</u>	<u>244,784</u>
<b>Fair value</b>		
Fixed and call deposits with licensed financial institutions	268,463	243,963
Staff loans:		
Mortgage loans	736	759
Others:		
Secured	35	46
Unsecured	-	16
	<u>269,234</u>	<u>244,784</u>

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

**(b) AFS financial assets**

<b>Group and Company</b>	<b>6 months ended 30.06.2012 RM'000</b>	<b>12 months ended 31.12.2011 RM'000</b>
<b>Fair Value</b>		
Equity securities:		
Quoted in Malaysia	40,657	54,100
Unquoted in Malaysia	175	221
Debt securities:		
Quoted in Malaysia	133,609	131,581
	<u>174,441</u>	<u>185,902</u>

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**5. Investments (cont'd.)**

**(c) Carrying values of financial instruments**

**Group and Company**

	<b>LAR RM'000</b>	<b>AFS RM'000</b>	<b>Total RM'000</b>
<b>At 31 December 2011</b>	244,784	185,902	430,686
Purchases	973,365	38,241	1,011,606
Maturities/disposals	(948,915)	(48,209)	(997,124)
Fair value gains recorded in:			
Other comprehensive income	-	3,766	3,766
Realised gain transferred to income statement	-	(5,257)	(5,257)
Amortisation	-	(2)	(2)
<b>At 30 June 2012</b>	<u>269,234</u>	<u>174,441</u>	<u>443,675</u>

**(e) Fair values of financial investments**

**Group and Company**

	<b>AFS RM'000</b>	<b>Total RM'000</b>
<b>At 30 June 2012</b>		
Quoted market bid price	<u>174,441</u>	<u>174,441</u>
<b>At 31 December 2011</b>		
Quoted market bid price	<u>185,902</u>	<u>185,902</u>

**6. Reinsurance assets**

**Group and Company**

	<b>6 months ended 30.06.2012 RM'000</b>	<b>12 months ended 31.12.2011 RM'000</b>
Reinsurance of insurance contracts (Note 7):		
- premium liabilities	26,172	35,958
- claims liabilities	<u>127,365</u>	<u>122,008</u>
	<u>153,537</u>	<u>157,966</u>

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**7. Insurance contract liabilities**

	Group and Company 30.06.2012		Group and Company 31.12.2011			
	Gross RM'000	Re- insurance RM'000	Net RM'000	Gross RM'000	Re- insurance RM'000	Net RM'000
Provision for claims reported by policyholders	240,903	94,850	146,053	239,584	90,000	149,584
Provision for risk margin for adverse deviations ("PRAD")	103,788	32,515	71,273	78,254	32,008	46,246
Claims liabilities	344,691	127,365	217,326	317,838	122,008	195,830
Premium liabilities	103,186	26,172	77,014	115,979	35,958	80,021
Insurance contract liabilities	447,877	153,537	294,340	433,817	157,966	275,851

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**8. Net earned premiums**

**Group and Company**

	<b>6 months ended 30.06.2012 RM'000</b>	<b>12 months ended 31.12.2011 RM'000</b>
<b>(a) Gross Earned Premiums</b>		
General insurance contracts	122,870	261,684
Change in premium liabilities	12,793	(15,914)
	<u>135,663</u>	<u>245,770</u>
<b>(b) Premiums ceded to reinsurers</b>		
General insurance contracts	57,256	102,422
Change in premiums liabilities	9,786	(13,077)
	<u>67,042</u>	<u>89,345</u>
<b>Net Earned Premiums</b>	<u>68,621</u>	<u>156,425</u>

**9. Earnings per share**

Basic earnings per share is calculated by dividing the net profit for the financial period attributed to shareholders by the total number of ordinary shares in issue during the financial period.

**Group and Company**

	<b>6 months ended 30.06.2012 RM'000</b>	<b>12 months ended 31.12.2011 RM'000</b>
Net profit for the year	2,745	1,131
Number of ordinary shares in issue ('000)	100,013	100,013
Basic earnings per share (sen)	<u>2.7</u>	<u>1.1</u>

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**10. Regulatory capital requirement**

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

	<b>6 months ended 30.06.2012 RM'000</b>	<b>12 months ended 31.12.2011 RM'000</b>
<b>Eligible Tier 1 Capital</b>		
Share capital (paid-up)	100,013	100,013
Reserves, including retained earnings	<u>57,581</u>	<u>54,840</u>
	<u>157,594</u>	<u>154,853</u>
<b>Tier 2 Capital</b>		
Eligible reserves	<u>6,011</u>	<u>7,128</u>
Deduction (intangible assets and utilities deposits)	<u>362</u>	<u>344</u>
<b>Total Capital Available</b>	<u>163,243</u>	<u>161,637</u>