Great Eastern
Life is Great
A member of the OCBC Group

GREAT STARTS SMALL

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
ANNUAL REPORT 2013

Great starts small. As a LIFE company, Great Eastern champions small changes which change life for the better.

Life's big picture is made up of many small choices we make which shape and transform our journey in life.

At Great Eastern, every day, in many ways, we encourage the people who matter most to us – our valued customers, employees, distribution representatives, partners and other stakeholders – to take small steps to Live Great and enrich the lives of others.

OUR MISSION

To make life great by providing financial security, and promoting good health and meaningful relationships.

OUR VISION

To be the leading financial service provider in Asia, recognised for our excellence.

OUR CORE VALUES

- Integrity
- Initiative
- Involvement

ETHOS

Great Eastern is always acting in the best interests of our customers with Fair Dealing as the basis of our business.

KEY FIGURES

Performance Highlights FY2013

RM63,465.3 million

TOTAL ASSETS

RM6,495.6 million

GROSS PREMIUMS

RM642.1 million

PROFIT ATTRIBUTABLE TO SHAREHOLDERS

RM4.819[1]

DISTRIBUTION PER SHARE

RM1,749.9 million

INVESTMENT INCOME AND CAPITAL GAIN

RM1,430.8 million

SHAREHOLDER'S FUND

[1] This includes the interim dividend of RM1.12 per ordinary share and a final dividend of RM3.699 per share.

GREAT
STARTS WITH A PROMISE

Great things are done by a series of small things brought together.

• Vincent Van Gogh •

Often times, relationships and partnerships are built on simple promises. As a LIFE company, we are committed to helping our customers Live Great in many ways so that they can enjoy moments that matter. We champion little changes which change life for the better. We provide solutions to secure our customers' financial future as well as offer programmes and tools to promote healthy living and wellness. These small efforts contribute to the larger picture that is our promise to help our customers live healthier, better and longer so that they can make the most of life.

GREAT
BEGINS WITH ME

I long to accomplish a great and noble task but it is my chief duty to accomplish small tasks as if they were great and noble.

• Helen Keller •

People are what makes an organisation great, which is why we value and recognise our employees and distribution representatives as our greatest assets. We value talent, and aspire to bring out the best in our people. In doing so, we continue to create a holistic and nurturing environment that motivates them to realise their fullest potential and become the best that they can be. This spurs them to perform every task, whether big or small, with care and dedication, knowing that their actions will impact the lives of our customers.

GREAT

IS GOING THE EXTRA MILE

Great acts are made up of small deeds.

• Lao Tzu •

A small act of kindness can make a great difference. Be it befriending the elderly or simply lending a helping hand to children in need, we believe in every small act that gives back to the communities we live in. We believe life is truly greater when we make someone else's life better. By walking our talk with every small deed, we hope to inspire others to go the extra mile for the good and betterment of society.


8103A
Great Eastern

CHAIRMAN'S STATEMENT

The Board is pleased to report that Great Eastern Life Assurance (Malaysia) Berhad registered another year of good growth in 2013 despite the increasingly competitive environment in which we operate.

Our overall performance underscores the solid fundamentals of our business and our strong customer franchise in Malaysia. The discipline with which we executed our strategies and our unwavering focus on our customers enabled us to build on and accelerate our growth momentum from the previous year.

As a result of these efforts, we closed the year on a strong note and maintained our position as the leading insurer in Malaysia.

New dimensions were added to our Live Great programme and innovative products were introduced to meet our customers' evolving and varied protection and investment needs.

Central to our customer-centric culture is our belief in making insurance more meaningful, simpler to understand and seamless. During the year, we focused our efforts and initiatives on achieving that, guided by our core values of integrity, initiative and involvement.

Our strategic partnership with OCBC Bank in Malaysia continued to yield positive results. We achieved remarkable results through the bank's "Go Banca" project, where turnaround time and approval rates improved tremendously and contributed to the efficiency of the sales force.

To take our engagement with our customers further and reach out to the digitally-savvy, we enhanced our digital capabilities, engaging the public across a wide spectrum of social media channels, not only in relation to their financial planning needs, but also their health and wellness aspirations.

Last year, we saw regulations continue to tighten as the Government pushed for enhanced professionalism, fair dealing and tighter personal data protection practices. We will continue to ensure that our systems and processes remain robust, and equip our people with the necessary knowledge and tools through training and retraining.

FINANCIAL PERFORMANCE

The Malaysian business reported a full-year 2013 net profit attributable to shareholders of RM642.1 million compared with RM583.1 million in 2012. Once again, our total weighted new business premiums (TWNBP) breached the billion-dollar mark, coming in at RM1.09 billion compared with RM1.04 billion in the previous year, driven by sales of regular premium Investment-linked products. Our total assets continued to grow, rising 6.14% to RM63.5 billion from the previous year's RM59.6 billion.

DIVIDENDS

In view of the Company's good performance in 2013 and its strong capital position, the Board recommended the payment of an interim dividend of RM1.12 per ordinary share, which was paid on 13 September 2013. As our financial position remained strong as at 31 December 2013, the Company rewarded its shareholders with a second and final dividend of RM3.699 per ordinary share on 29 April 2014. This brought the total dividend payment for financial year 2013 to RM4.819 per ordinary share.

REGULATORY DEVELOPMENTS

The regulatory and supervisory framework of Malaysia entered a new phase of development when the Central Bank of Malaysia (BNM)'s Financial Services Act 2013 (FSA 2013) came into effect on 30 June 2013.

This legislation, which consolidates various legislations, was designed to provide a modern and cohesive regulatory framework for the life insurance industry in Malaysia. One of the key principles of the FSA 2013 is consumer protection, with the aim of promoting fair and responsible as well as professional dealings with consumers.

The Company has put in place a "Fit and Proper Policy for Key Responsible Persons" (Fit & Proper Policy) with the primary objective of ensuring that the Board of Directors and Management personnel appointed to the position of Key Responsible Person ("KRP"), including the Company Secretary, possess the appropriate qualities, competence and experience required of their roles, and act with integrity, credibility and competency.

Besides the FSA 2013, the Personal Data Protection Act 2010 (PDPA 2010) – which seeks to regulate the collection, storage, processing and use of any personal data in Malaysia – came into force on 15 November 2013. We take cognisance of the good intentions of the new regulatory requirements and the importance for us to have in place a Regulatory Compliance Programme with the proper safeguards and an effective compliance regime.

The Company has started making early preparations and is working to seamlessly implement the Goods and Services Tax (GST) when it becomes effective from 1 April 2015.

We fully support the measures taken to enhance industry standards and safeguard customers' interest, and will work closely with the authorities and industry associations on the execution and effective implementation of those initiatives.

CARING FOR OUR COMMUNITY

As a LIFE company, we believe in being a good corporate citizen in the communities in which we operate, and in making a positive difference. We are also committed to fostering the spirit of volunteerism as well as raising funds for the underprivileged.

Through our long-term charity project, ChildrenCare, we launched the "Program Aspirasi Gemilang 'A'" to recognise and reward school children for achieving academic excellence. This initiative, a first by a corporate organisation with the support of the Social Welfare Department, benefits close to 500 underprivileged children, who are rewarded with RM100 cash for each 'A' achieved in public examinations.

We also awarded 15 students with Great Eastern Supremacy Scholarships worth RM1.6 million to study locally and abroad. This is the highest quantum of annual scholarship being awarded by the Company. To date, we have given out RM7.9 million worth of scholarships to 117 students since the inception of the awards in 1998.

We will continue to support the welfare and education needs of underprivileged children across Malaysia through our scholarships and our collaborations with non-government organisations.

ACCOLADES

During the year, the Great Eastern Group won the prestigious Life Insurance Company of the Year 2013 Award at the 17th Asia Insurance Industry Awards.

In Malaysia, we again won the Reader's Digest Trusted Brands Gold Award in the Life Insurance category. This was the 10th consecutive year we had been voted as one of the most trusted and favourite brands by consumers in Malaysia.

Last year, the Company also bagged Frost & Sullivan's Private Health Insurance Provider of the Year award for the second consecutive year, and was recognised as one of the best places to work at in Malaysia's 100 Leading Graduate Employers 2013 list for the fifth consecutive year.

We also took home the The BrandLaureate BestBrands Most Established Brand award, one of the highest awards reserved for accomplished brand leaders.

LOOKING AHEAD

Malaysia's growth prospects remain bright in 2014 despite volatility in the global financial markets, which may be brought about by factors such as the tapering of the US Federal Reserve's quantitative easing programme, and possible risks of contagion from events in the emerging markets. A better outlook for the world economy in general is expected to improve exports and spur domestic growth.

Competition in Malaysia is expected to intensify as more insurers are keen to tap into the country's growth opportunities via mergers and acquisitions. At the same time, we expect changing demographic trends, the growing use of technology, as well as changes in the regulatory environment and the provision of healthcare to reshape the insurance industry landscape.

To stay ahead in this ever-changing environment, we will need to be nimble and proactive, and respond speedily.

A key focus will be to leverage on our strong capabilities in data analytics to meet our consumers' evolving needs and to provide innovative products to a new generation of customers.

Our close collaboration and synergistic partnership with OCBC Bank will continue to be an important enabler of our efforts to broaden our reach to new market segments in the region.

Our Live Great programme will remain a key differentiator. We will continue to strengthen our digital and IT capabilities to deliver greater value as well as create a superior experience for our customers.

Also high on our agenda is the provision of further training for our distribution force to raise advisory and competency standards so that we can better serve our customers and protect their interest.

Priority will also be placed on investing in people development and tapping recruitment as well as retaining talent to drive growth. It is important to build on our strong legacy and corporate culture as these are crucial to our long-term success.

Across our entities, we will optimise synergies, maximise operational efficiency, manage costs efficiently and show exemplary governance.

Taking into account these factors, coupled with our strong balance sheet and robust fundamentals, we are well-placed to grow our business as we strive to create and deliver long-term value for our stakeholders.

ACKNOWLEDGEMENTS

We recognise that our success depends largely on the contributions of all members of the Great Eastern Life family.

2013 saw some changes in the Board. Dato' Ooi Sang Kuang, who joined the Company on 6 April 2012, resigned from the Board on 31 December 2013.

Mrs Fang Ai Lian stepped down as the Chairman and Director of the Company on 16 April 2014. During Mrs Fang's chairmanship beginning from June 2008, the Company's performance soared to new heights.

The Board of Directors wishes to record its sincere appreciation and gratitude to Mrs Fang and Dato' Ooi for their invaluable contributions during their terms in office. We wish them well in their future endeavours.

We also wish to commend the Company's management and staff for their diligence and hard work, and for always going the extra mile to deliver the LIFE company promise. We would also like to acknowledge the unwavering support of our partners in the agency and bancassurance sales force, as well as our other stakeholders.

Our sincere gratitude also goes to our customers for their confidence and trust in us, and sharing in our vision to Live Great.

Board of Directors
May 2014

CEO'S REVIEW

As industry dynamics change, the future belongs to insurers who are able to find new ways to engage with consumers, design products that meet their changing needs and evoke a sense of trust through strong professional advisory capabilities.

Y BHG DATO KOH YAW HUI
Chief Executive Officer

In 2013, we continued to champion initiatives which advocate healthier lifestyles through making small changes in people's lives via our "Live Great" integrated health and wellness programme to extend our reach and better engage our customers. Entering the second year as a LIFE company, we gained further momentum in our efforts to align our goals of helping customers live healthier, better and longer in the hope of gaining greater customer trust and loyalty.

INSPIRING HEALTHIER LIFESTYLES WITH "LIVE GREAT"

Launched in 2012, the "Live Great" programme has been the key driver behind our initiatives in encouraging our customers to take ownership of healthier living. Under the programme, we organised many health and wellness related activities during the year. In April last year, we organised "The Star Health Fair", an on-ground customer engagement health event which attracted 40,000 visitors during the three days it was held. This marked the Company's second collaboration with The Star to support Great Eastern Life's brand proposition as a LIFE company, and further strengthen our presence in the health and wellness space.

The "Live Great Run", another signature event under our "Live Great" Programme, was held for the second year on 15 September at Menara MATRADE in Kuala Lumpur. Designed to inspire Malaysians to adopt healthy lifestyles by being physically and mentally fit, the event saw close to 4,500 runners test their endurance in a 12km individual run as well as a fun-filled 3km duo run. We created some buzz in the southern region when we became the title sponsor of the Great Eastern JB 10K Run, which attracted close to 1,000 runners.

In the second quarter of 2013, we organised a "Colour Me Up" contest across 5,000 primary schools nationwide to provide a platform through which we can continuously engage our young customers in a meaningful way. Through the contest, we hope to inspire young children to think creatively and express their ambitions through art. The contest garnered 45,000 entries from primary school children.

In October, we launched our digital campaign, "Live Great Challenge", on Facebook to encourage Malaysians to take charge and kick-start their way to a healthier lifestyle by making small, simple changes to their everyday lives.

SHARPENING OUR DISTRIBUTION EDGE

We recognise the importance of enhancing our distribution channels to meet the growing expectations of our customers. In tandem with this trend, we have invested substantially in providing a conducive learning environment, and also put in place the right systems and processes to enhance the distribution capabilities of our life planners.

During the year, we launched our RM20 million Agency Transformation Plan, which is recognised as the "Most Trusted and Professional Advice" Strategic Project. The programme aims to establish an iconic training academy with state-of-the-art training facilities and best-in-class training curriculum to enhance professionalism, increase productivity and assist our 17,000 life planners to build an edge that would support the Company's leading market position.

The Life Planning Advisor programme, which is the flagship of Great Eastern Life's professional development programme, has produced more than 2,400 graduates to date, while another 500 members are in the midst of pursuing different modules at various stages of the programme.

In 2013, we successfully recruited a total of 3,598 life planners. We also launched new and enhanced recruitment initiatives such as the S.U.P.E.R. (Supremacy Upgrade Enhance Recruitment) Challenge for leaders, and a Quarterly Recruitment Challenge for agents of all ranks to spur our agency force to embrace recruitment as part of their daily activities and increase their manpower through effective recruitment.

The TarGETS Entrepreneurship Programme was launched in May with the objective of instilling an entrepreneurial spirit among our middle level life planners and to maximise their potential to progress to the next level as agency leaders. Since its launch, 1,143 middle level life planners have been trained nationwide.

We also continued with the Agency Internship Programme due to the positive response from students in 2012. Interns under this programme were placed at selected Great Eastern Life agency offices to gain hands-on experience in business management, marketing and sales. The programme aims to create awareness and change the mindset of the Gen-Ys towards the insurance industry. It also allows the Company to identify potential sales and marketing talent whom we may eventually recruit.

As a strategy to enhance the sales activity and productivity ratios of our agency force, the Company rolled out the Master Sales Award (MSA), under which life planners were rewarded and recognised for consistency in sales performance. We also embarked on another new initiative to drive agency productivity, with a focus on tactical strategies directed at the top-tier agency leaders, with the aim of increasing agency productivity by 20%.

Our strategic partnership with OCBC Bank continued to do us proud. Our bancassurance's "Go Banca" project, a project in collaboration with OCBC Bank Business Banking division, received a Certificate of Recognition at the OCBC CEO Quality Award ceremony. We also registered remarkable results by achieving extraordinary improvements in turnaround time and approval rates.

As part of our customer engagement strategy, we generated 84,000 leads from our integrated marketing initiatives throughout 2013. We continued to engage different segments of our existing customers with solutions and products that cater to their needs, and held promotions that ensure that they are adequately protected as they journey through different stages of life. I am proud to say that we successfully engaged a total of 1,292,634 customers through our series of CRM campaigns.

To take the engagement level of our Life Planning Advisors with our customers to another level, we launched a full suite of mobile application features for our award-winning StarBuddy online marketing tool, StarBuddy Insights (SBI), in November 2013. With the comprehensive features of our SBI mobile application, our Life Planning Advisors can better communicate with their customers while on the go.

FINANCIAL PERFORMANCE

I am pleased to share that the Company's business continued to grow steadily in 2013 despite the increasingly challenging insurance industry landscape.We outperformed the industry, growing at 5% versus the industry's - 2.1%, further widening the gap between the Company and its nearest competitor. We achieved total weighted new business premiums of RM1.09 billion, while our asset size grew 6.14% to reach RM63.5 billion. Net profit attributable to shareholders increased by 10.12% to RM642.1 million compared with RM583.1 million in 2012.

DRIVING GROWTH THROUGH PRODUCT INNOVATION

As Malaysia's population grows and disposable incomes rise, the need for financial services will also increase. With this in mind, we launched the Great Wealth Accumulator and Great Premier Wealth savings plans which will cater to all segments of consumers – from the mass market to the affluent.

Medical riders are a vital growth catalyst for the Company's investment-linked products segment. The Smart Premier Health plan is a comprehensive product with innovative features that recognise customers' efforts towards staying healthy and rewards them on two levels – firstly by reducing the cost of insurance they pay, and secondly, by enhancing the annual coverage they enjoy every three years.The reduction in the cost of insurance, which takes place annually, can be as high as 25%, while the triennial increase in annual coverage will be at a 10% quantum. Great Eastern Life believes that this unprecedented two-pronged strategy will be an effective tool for customers in hedging against inflation.

The Great EduScholar, meanwhile, is an education plan that goes beyond traditional education plans. The product, inspired by parents' devotion to their children's education, is designed to support the parent and child throughout the major milestones in their journey towards providing for and attaining education. Great EduScholar makes this journey inspiring by incorporating two first-of-its-kind embedded benefits. The first is an opportunity to undergo an internship at Great Eastern Life during a child's varsity years, and second, a scholarship programme that will help make possible that child's dream to pursue further education at the top five universities in the world, such as Stanford, Harvard, and Oxford, to name a few. This is our way of helping parents to inspire their children to reach their fullest potential because we at Great Eastern Life strongly believe that the brightest of our future leaders should not be held back by financial constraints.

DEVELOPING OUR HUMAN CAPITAL ASSETS

Through Human Capital, we launched the LIFE Programme for all our staff last year as part of our effects to empower them to take ownership of healthy living. Our employees are the Company's best ambassadors in our mission to be a LIFE company as we journey together towards living healthier, better and longer. Under the LIFE programme, Human Capital promotes a healthy lifestyle and work-life balance through "Live Great" activities such as annual health checks, stairs climbing, Zumba dances, aerobics, health talks and weekly quizzes. To further encourage our employees to achieve their health and wellness goals, we produced the "MyLIFE, MyBMI" booklet, which serves as a guide on eating healthily and staying physically fit, as well as rewarding them for their participation.

Our 1 Great Eastern Family ties continue to grow from strength to strength as the Company's initiatives – from the health and wellness-promoting LIFE Programme to the Making Life Great (MLG) programmes, HR2U Days and 1 Great Eastern Family Carnival for staff – in combination helps the Company to achieve its objectives of promoting good health and meaningful relationships, while at the same time charting new levels of engagement within the Company. As a testimony of such efforts, our employee engagement scores in Malaysia rose from 71% to a record 82% in 2013.

It is, therefore, not surprising that Great Eastern Life continues to be in pole position as the industry's most preferred place to work in. In recognition of this achievement, the Company was named "Top Graduate Employer in Insurance" in Malaysia's 100 Leading Graduate Employer 2013 list for the fifth consecutive year.

In our pursuit of grooming and nurturing in-house talent, Great Eastern Life also supports education at the workplace through its Educational Assistance Programme, which provides support in the form of study leave, examination subsidy, professional memberships and course fee assistance, as well as special salary increment upon successful completion of courses or the passing of papers.

The Company's unwavering efforts in supporting and sponsoring employees for LOMA (Life Office Management Association) training and examinations has borne fruit, as we have clinched LOMA's Educational Achievement Awards for five consecutive years.

MAKING A DIFFERENCE AS A GOOD CORPORATE CITIZEN

As a socially responsible corporate citizen, we are committed to enriching the quality of lives of the communities in which we operate. Throughout 2013, we focused our Corporate Social Responsibilities (CSR) initiatives on our "Live Great" philosophy, galvanising our employees and agency force to volunteer their time and efforts to organising and taking part in fund raising activities.

The Great Eastern Life ChildrenCare Programme, which benefits children's charities under the umbrella of the National Welfare Foundation in Malaysia, remains a key CSR project of the Company. This long-term community project, which was established in 1995, has donated more than RM1.9 million to 180 children's homes across Malaysia to meet their needs for daily necessities and learning aids.

Last year, ChildrenCare aligned its efforts with our brand aspiration as a LIFE company to focus on three core pillars – education, health and wellness and personal development – in reaching out to children in need. In conjunction with this, we launched the "Program Aspirasi Gemilang 'A'", a first initiative by an insurance Company to acknowledge the academic achievements of close to 500 under-privileged students in their public examinations, rewarding them with RM100 for each 'A' achieved.

In conjunction with the festive celebration, our I-Pledge volunteers visited the Rainbow Home in Cheras and presented each of the 30 children an 'AngPow' for the Chinese New Year. In recognition of the importance of educating children to maintain a healthy diet from young to address the rise in obesity, 40 children from Rumah Hope and Rumah Baitul Fiqh turned chefs for a day in March at our "Great Eastern Junior Chef: Eat Healthy, Stay Happy!" event held at the Young Chef's Academy, during which they were taught to prepare balanced meals using recipes from Great Eastern's Live Great Food Blog.

In July, Great Eastern Life's 12 I-Pledge volunteers joined 300 juveniles at Sekolah Integriti Kajang (SIK), an education institution established by the Government for juvenile offenders in 2008, for 'Buka Puasa' during the fasting month. A 'Movie Day Out' was also organised, during which our staff sponsored 120 underprivileged children for the animated Disney movie, "Frozen", in conjunction with the Universal Children's Day celebration.

In December, volunteers took 60 underprivileged children from the Temerloh district in Pahang for a three-day mental and physical development camp, as well as shared the joys of Christmas when they treated the children from Praise Emmanuel Home and Rumah Sayangan to a special luncheon.

Through the Great Eastern Supremacy Scholarship, 15 deserving undergraduates have been able to pursue their higher education studies locally and abroad. Established in 1998, the Scholarship has benefitted 117 local students, having handed out scholarships totaling RM7.9 million since its inception. Besides monetary aid, last year's recipients of our scholarships also received a brand new laptop each for the first time.

Great Eastern Life also supports the Central Bank of Malaysia's School Adoption Programme aimed at raising awareness of financial and insurance literacy among primary school students through a voluntary programme within the organisation.

AWARDS AND RECOGNITION

Great Eastern Life charted another milestone when the Company was again voted one of the most trusted and favourite brands by consumers in Malaysia. In 2013, we bagged the prestigious Reader's Digest Trusted Brand Gold Award in the Life Insurance category for the 10th consecutive year.

Another reason to celebrate was recognition of the Company as "The BrandLaureate Best Brands Most Established Brand" last year. Although this marked the seventh BrandLaureate win for Great Eastern Life, we are extremely pleased that our first achievement in this new category represented the highest award reserved for accomplished brand leaders.

Apart from this, we were also named "Private Health Insurance Provider of the Year" by Frost & Sullivan for the second consecutive year in 2013.

MOVING AHEAD

The emergence of a more consolidated life insurance industry and stronger players through mergers and acquisitions will eventually create a more competitive environment. Under such an environment, customers may become more discerning and their needs increasingly sophisticated, and accordingly demand for products and services that are provided via the most accessible and convenient channels.

As we move forward as a LIFE company, we will focus on delivering unique customer experience through the "Live Great" platform. We will also focus on meeting the sophisticated demands of our customers by creating value through product innovation and building the most trusted and professional advisory capabilities among our life planners.

I would like to accord my most sincere appreciation to Great Eastern Life's management and staff for their hard work and dedication in continuously driving the business forward and placing Great Eastern Life at the forefront of the industry. I also wish to acknowledge the unwavering support of our partners in the agency force, Bancassurance and Group Insurance. To our 2.9 million customers, we would like to put on record that we are indeed honoured by your confidence and trust in the Company.

Dato Koh Yaw Hui
Director and Chief Executive Officer
Great Eastern Life Assurance (Malaysia) Berhad

BOARD OF DIRECTORS

1	Christopher Wei
2	Y Bhg Datuk Kamaruddin Bin Taib

3	Y Bhg Dato' Albert Yeoh Beow Tit
4	Y Bhg Dato Koh Yaw Hui
5	Lee Kong Yip

CORPORATE INFORMATION

BOARD OF DIRECTORS
Christopher Wei
Y Bhg Datuk Kamaruddin Bin Taib
Y Bhg Dato' Albert Yeoh Beow Tit
Y Bhg Dato Koh Yaw Hui
Lee Kong Yip

AUDIT COMMITTEE
Y Bhg Dato' Albert Yeoh Beow Tit (Chairman)
Lee Kong Yip

NOMINATING COMMITTEE
Lee Kong Yip (Chairman)
Christopher Wei
Y Bhg Datuk Kamaruddin Bin Taib
Y Bhg Dato' Albert Yeoh Beow Tit

REMUNERATION COMMITTEE
Lee Kong Yip (Chairman)
Christopher Wei

BOARD RISK COMMITTEE
Lee Kong Yip (Chairman)
Christopher Wei
Y Bhg Dato' Albert Yeoh Beow Tit

CHIEF EXECUTIVE OFFICER
Y Bhg Dato Koh Yaw Hui

APPOINTED ACTUARY
Loke Chang Yueh

COMPANY SECRETARY
Liza Hanim Binti Zainal Abidin

REGISTERED OFFICE
Level 20, Menara Great Eastern
303 Jalan Ampang
50450 Kuala Lumpur

AUDITORS
Messrs Ernst & Young

ENGAGEMENT PARTNER
Brandon Bruce Sta Maria

SENIOR MANAGEMENT TEAM

1	Raymond Ong Eng Siew *Chief Financial Officer*
2	Richard Lin Kwok Wing *Chief Investment Officer*
3	Chan Chee Wei *Senior Vice President and Head, Bancassurance*
4	Vincent Chin Kok Lean *Senior Vice President and Head, Information Technology*
5	Liza Hanim Binti Zainal Abidin *Senior Vice President and Company Secretary, Company Secretariat and Legal*
6	Y Bhg Datin Nancy Lim *Senior Vice President and Head, Human Capital*

1	Y Bhg Dato Koh Yaw Hui *Chief Executive Officer*
2	Jeffrey Yem Voon Cheat *Chief Operations Officer*
3	Nicholas Kua Choo Ming *Chief Marketing Officer*
4	Song Hock Wan *Chief Distribution Officer*
5	Cheong Soo Ching *Chief Risk Officer*
6	Audra Chung Kit Li *Chief Internal Auditor*
7	Loke Chang Yueh *Appointed Actuary*

KEY FUNCTIONAL DIVISIONS

CUSTOMER ACQUISITION DIVISION (Agency Management)

Song Hock Wan
Chief Distribution Officer

Andy Ng Yen Heng
Senior Vice President and Head
Centre for Excellence

Daniel Toh Chee Piaw
Vice President
Agency Management

Koh Ken Yong
Assistant Vice President and Head
Strategic Business Development Unit

Ibrahim Bin Abdullah
Assistant Vice President – Territory B
Takaful Business Development Unit

Zulkifly Zaian
Assistant Vice President
Malay Entrepreneur Development Programme and Training
Takaful Business Development Unit

Suresh Tanigajalam
Senior Manager and Head
Indian Business Development Unit

Selvamony Muniandy
Senior Manager and Head
Agency Administration

REGIONAL MANAGERS

Susan Tan San San
Central Region 1

Norizan Binti Yahya
Central Region 2

Daniel Toh Chee Piaw
Central Region 3

Chew Ing Tiong
Northern Region 1

Ken Ong Kean Teik
Northern Region 2

Scott Wong Charng Yeon
Sabah Region

Ricky Voon Woo Kian
Sarawak Region

James Pang Shau Hwa
Southern Region

BUSINESS DEVELOPMENT MANAGERS

Brandon Lee Chi Ping
Alor Setar

Irene Koh Ai Lian
Batu Pahat

Tan Pang Siang
Klang

Radzuan Abu Bakar
Kota Bharu

Alex Hew Aik Thye
Dickson Ow Siew Kay
Looi Chee Nang
Kuala Lumpur

See Han Chung
Kuantan

Tan Chu Boon
Melaka

Alex Ch'ng Seet Loke
Penang

Yap Hock Ban
Seremban

CHIEF MARKETING OFFICER'S OFFICE

Nicholas Kua Choo Ming
Chief Marketing Officer

Kam Lee Lan
Vice President and Head
Marketing and Customer Management

Wong Mei Chim
Vice President and Head
Product Management

Juliet Wong Poh Choo
Assistant Vice President and Head
Brand and Communications

GROUP INSURANCE

Sean Loo Ping Nam
Vice President and Head

BANCASSURANCE

Chan Chee Wei
Senior Vice President and Head

ACTUARIAL

Loke Chang Yueh
Appointed Actuary

COMPANY SECRETARIAT / LEGAL

Liza Hanim Binti Zainal Abidin
Senior Vice President and
Company Secretary

Mazlin Haslinda Mohammed
Vice President and Head
Legal

Wendy Chin Loong Ying
Assistant Vice President
Company Secretariat

PROPERTY

Yip Swee Chang
Assistant Vice President

CHIEF FINANCIAL OFFICER'S OFFICE

Raymond Ong Eng Siew
Chief Financial Officer

Mah Poon Keong
Vice President and Head
Finance

Lo Chin Loon
Senior Manager and Head
Strategic Planning

Ong Boo Khoon
Manager
Investment Operations

CHIEF RISK OFFICER'S OFFICE

Cheong Soo Ching
Chief Risk Officer

Jane Lai Choy Chan
Vice President
Compliance

HUMAN CAPITAL

Y Bhg Datin Nancy Lim
Senior Vice President and Head

Kwon Yen May
Assistant Vice President and Head
Corporate Services

INTERNAL AUDIT

Audra Chung Kit Li
Chief Internal Auditor

INFORMATION TECHNOLOGY

Vincent Chin Kok Lean
Senior Vice President and Head

INVESTMENT

Richard Lin Kwok Wing
Chief Investment Officer

Alexis Jong Kian Wei
Vice President and Head
Fixed Income

Goh Pei Kuan
Vice President and Head
Equity

OPERATIONS

Jeffrey Yem Voon Cheat
Chief Operations Officer

Dr Alan Tan Yew Choon
Vice President and Head
HealthCare Services

Chow Wing Keong
Assistant Vice President
Branch Operations and Group Multiple
Benefit Scheme Admin

Lau Sok Im
Vice President and Head
Operations Support

Ng Li Yan
Vice President and Head
New Business and Policy Processing

Thong Wai Yin
Vice President and Head
Life Claims

Dr. CM Anne a/p CT Mathews
Medical Director

Faiza Paiman
Assistant Vice President
Customer Service and Contact Centre

2013 AGENTS' HONOUR ROLL
CEO'S EXCELLENCE AWARD

1	Toh Chun Shiong *Top Group Sales Manager*
2	Bo Chin Hoong *Top Unit Sales Manager*
3	Gan Ai Ling *Top Personal Producer and Top Agent*

TOP PRODUCERS

1	Heng Shoou Ju *Top Career Agent*
2	Toh Chun Shiong *Top Group Sales Manager*
3	Gan Ai Ling *Top Personal Producer and Top Agent*
4	Bo Chin Hoong *Top Unit Sales Manager*

2013 AGENTS' HONOUR ROLL

TOP 3 GROUP SALES MANAGERS (WHOLE GROUP)

Name	Award
TOH CHUN SHIONG	Champion
TAN LAY SEONG	1st Runner Up
CHONG SHUN TSENG	2nd Runner Up

TOP 3 GROUP SALES MANAGERS (DIRECT GROUP)

Name	Award
TOH CHUN SHIONG	Champion
GUI SIEW LUANG	1st Runner Up
BENNIE HOO WEI CHUAN	2nd Runner Up

TOP 3 UNIT SALES MANAGERS (DIRECT GROUP)

Name	Award
BO CHIN HOONG	Champion
LAM SIEW MIIN	1st Runner Up
LIEW TAT YOON	2nd Runner Up

TOP 3 PERSONAL PRODUCERS

Name	Award
GAN AI LING	Champion
WONG HOONG CHUN	1st Runner Up
ANG CHING YEE	2nd Runner Up

TOP 3 CAREER AGENTS

Agent Name	Ranking
HENG SHOOU JU	Champion
HENG SHOOU BAO	1st Runner Up
NEO WEI CHENG	2nd Runner Up

TOP 3 AGENTS

Agent Name	Ranking
GAN AI LING	Champion
WONG HOONG CHUN	1st Runner Up
ANG CHING YEE	2nd Runner Up

MDRT TOP OF THE TABLE

Name	Years
GAN AI LING	4

MDRT COURT OF THE TABLE QUALIFYING & LIFE

Name	Years
HENG SHOOU JU	17
AUN SOO LIM	13
CHEN FOONG LING	12

MDRT COURT OF THE TABLE

Name	Years
LO NYOK MOOI	8
ANG CHING YEE	4
LEE GEAT MENG	4
NG LEE CHEAH	3

QUARTER CENTURY CLUB & LIFE MEMBER

Name	Years
CHEAH BOOY	31
TEH BOON SING	30
SATHEESAN A/L GOPALAN	29

HONOUR ROLL

Name

CHEAH BOOY
SATHEESAN A/L GOPALAN
MAHALINGAM A/L VELLASAMY
GAN SING SHOO
UTHAY KUMARAN S/O K APPAVOO
LAI KOK FUNG
PARTHIBAN A/L NADASEN
KUAN SOUSA
HENG SHOOU JU
KIU SIU UNG
LAW KIM NOI
CHEAH HAR MOOI
LEE FONG THYE
LEE MOI CHIN

MDRT QUALIFYING & LIFE MEMBER

Name	Years
TANG YET KIEW	16
SUE YUET MOI	15
CHENG WAN LENG	14
GUI SIEW LUANG	14
TOH CHUN SHIONG	14
CECILIA A/P JOSEPH LEO	13
FOO KWAI KHENG	13
LIEW SIEW YUN	13
LIM CHIN HONG	13
NG YOKE HWA	13
PUA LIAN KENG	13
TAN CHOO MENG	13
CHONG CHING SHON	12
LAW SUOK UNG	12
SELVA KUMAR A/L P KARPANAN	12
BENNIE HOO WEI CHUAN	11
CHEH YOKE LENG	11
GAN CHOON WAH	11
LIM LAY HEONG	11
AW AY FONG	10
BON SZE SHEAN	10
CHEN LAI LI	10
CHENG YEE LENG	10
KONG KAH LUN	10
OO HUEI YING	10
PUA LIAN HOO	10
TAN CHOONG SIONG	10
TEAR HO HENG	10

MDRT LIFE MEMBER

Name	Years
CHEAH BOOY	31
TEH BOON SING	30
SATHEESAN A/L GOPALAN	29
CHANG CHEE KIANG	26
CHONG MOAN LAM @ CHEONG	23
GAN SING SHOO	20
LAI KOK FUNG	20
CHIEW GUO CHANG	17
YAP MEE LEN	17
CHEONG KIM CHEE	17
LEE FONG THYE	17
LAM YEE FUN	15
FUNG SIEW HONG	15
KHOO TECK LEONG	15
TAN KIM KOK	15
YU SIONG CHOO	15
TAN PO MOI	15
NG BOK HER JIMMY	15
TAN LAY SEONG	14
PHANG BOON CHAI	13
HOI KOOI LIAN	12
KOH KER LIK	12
DATO CHAN MON CHI	11
JAMILAH BT ISMAIL	11
TING HWONG SUI	Deceased

INTEGRITY

INITIATIVE

INVOLVEMENT

GREAT STARTS SMALL

Life is not about milestones, but moments. Life's big picture is made up of many small choices which shape and transform our journey.

At Great Eastern, we champion little changes which change life for the better. As a LIFE company, every day, in many ways, we encourage those who matter most to us to Live Great.

CALENDAR OF EVENTS

2013

1

2


3

4

5

6

1. Great Eastern Life introduced the revolutionary health plan Smart Premier Health.
2. ChildrenCare raised RM9,000 to improve the lives of the underprivileged children from Rainbow Home.
3. Children turned chefs for a day during the ChildrenCare Junior Chef Programme.
4. Visitors giving their physical fitness a test at The Star Health Fair.
5. Great Eastern Life launched the Life Programme to all Malaysia staff to start living great.
6. Great Eastern Life clinched Frost and Sullivan Malaysia Excellence: Private Health Insurance Provider of the Year award for the second year in a row.

7

8

9

10


11


12


13

7. Top five universities in the world is no longer a dream with Great EduScholar plan.
8. Great Eastern Life received the ultimate seal of consumer approval by bagging the Reader's Digest Trusted Brand Gold Award for the 10th consecutive year.
9. Great Eastern Life was recognised by The BrandLaureate BestBrands as The Most Established Brand.
10. In conjunction with the Life Planning Advisors' Graduation, Great Eastern Life launched the RM20 million agency transformation plan to upgrade the Centre For Excellence and training curriculum.
11. Great Eastern Life awards 15 students with education scholarships worth RM1.6 million and a laptop each.
12. Great Eastern Life celebrates 105 years of greatness.
13. ChildrenCare launched "Program Aspirasi Gemilang 'A'" to inspire underprivileged children to reach their full potential in studies.

CALENDAR OF EVENTS

14

15

16

17

18

19

20

14. Staff rocked the Annual Dinner and Dance in true Spartan style.
15. Runners in the 3km fun run category of Live Great Run 2013 donned oversized double tees and interesting head gears.
16. Runners share their joy after completing the 12km run with obstacles at the Live Great Run 2013.
17. ChildrenCare iPledge volunteers helping to seal and sort envelopes at Malaysian Association for the Blind.
18. Great Eastern JB 10km Run was a hit with avid runners.
19. Kota Kinabalu branch upgraded its facilities to provide an enhanced customer experience for all customers and agents.
20. ChildrenCare inspired over 50 underprivileged children to dream big and live great during the two night's camp

JANUARY
- Smart For Life Tea Talk on "Investment in the Year of Snake " by Stephen Hagger and Richard Lin, Chief Investment Officer

FEBRUARY
- Chinese New Year Celebration Event
- Product Launch - Great Premier Wealth and Great Wealth Accumulator

MARCH
- Product Launch - Smart Premier Health

APRIL
- The Star Health Fair
- ChildrenCare Junior Chef - Eat Healthy, Stay Happy! Event
- ChildrenCare "A Token from the Heart" Fund Raising Event
- 1Great Eastern Family Carnival and LIFE Programme Launch Event

MAY
- Product Launch - Great EduScholar
- Winning Frost and Sullivan Malaysia Excellence Award - Private Health Insurance Provider of The Year 2013 for the 2nd consecutive year
- Signing of a new Collective Agreement (CA) with Insurance Industry Administrative Officers Association (IIAOA) Peninsular Malaysia

JUNE
- Winning Reader's Digest Trusted Brand Gold Award for the 10th consecutive year
- Winning The BrandLaureate BestBrands 2012-2013: Most Established Brand Award
- "Transformation Towards Excellence" - Evolution of Centre for Excellence and Life Planning Advisor's Graduation Ceremony

JULY
- Great Eastern Supremacy Scholarship Award Ceremony
- ChildrenCare 'Buka Puasa' Programme at Sekolah Integriti Kajang

AUGUST
- 105th Anniversary, Hari Raya and Mid-Autumn Festival Celebration Event
- ChildrenCare "Program Aspirasi Gemilang 'A'" Launch Event

SEPTEMBER
- Live Great Run
- Annual Dinner and Dance

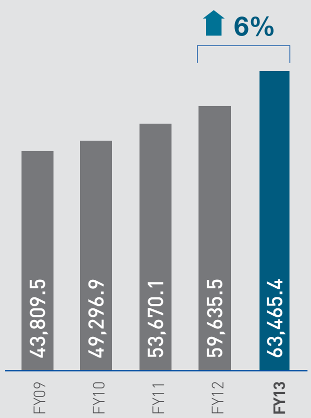
OCTOBER
- Smart For Life Tea Talk "The Art of Bazi Profiling" by Joey Yap
- 1Great Eastern Family Carnival

NOVEMBER
- Kota Kinabalu Branch Upgrade Launch Event
- Great Eastern JB 10K Run
- ChildrenCare iPledge Volunteer Day at the Malaysia Association for the Blind
- Winning Malaysia's 100 Leading Graduate Employers in Insurance Sector for the 5th consecutive year

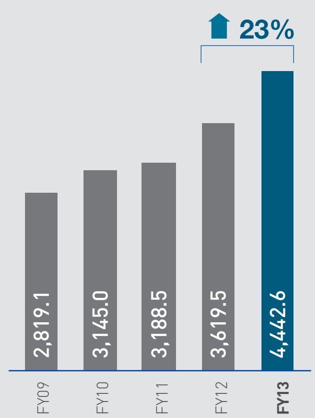
DECEMBER
- ChildrenCare "Program Generasi Berwawasan" Camp

FINANCIAL SYNOPSIS 2013

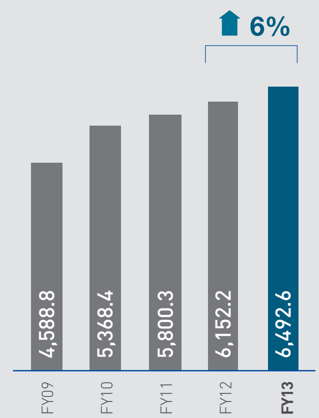
Total assets
RM millions



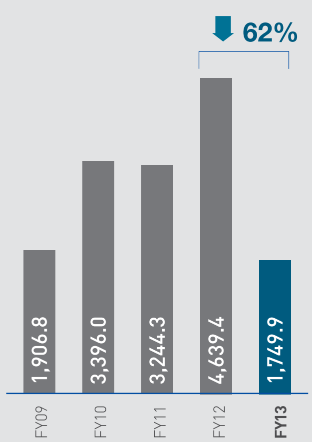
Benefits to policy owners
RM millions



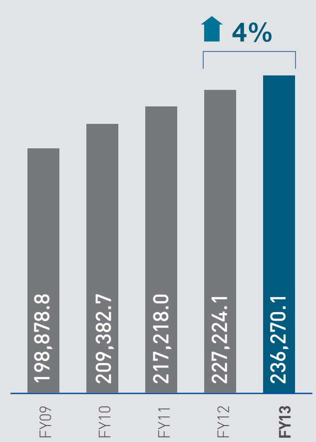
Gross premium income
RM millions



Investment income & capital gain
RM millions



Business in force
RM millions



FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Company for the year ended 31 December 2013.

PRINCIPAL ACTIVITY

The Company is engaged principally in the underwriting of life insurance business.

There has been no significant change in the principal activity during the financial year.

RESULTS

	RM'000
Net profit for the year	642,116

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2012 were as follows:

	RM'000
In respect of financial year ended 31 December 2012 as reported in the Directors' report of that year:	
Second and final single tier dividend of RM4.07 per ordinary share on 100,000,005 ordinary shares declared on 25 March 2013 and paid on 29 April 2013	407,000
In respect of financial year ended 31 December 2013:	
Interim single tier dividend of RM1.12 per ordinary share on 100,000,005 ordinary shares paid on 13 September 2013	112,000
	519,000

At the forthcoming Annual General Meeting ("AGM") of the Company, a second and final single tier dividend in respect of the financial year ended 31 December 2013 of RM4.945 (2012: RM4.07) per ordinary share on 100,000,005 ordinary shares, amounting to a dividend payable of RM494,500,025 (2012: RM407,000,020) will be proposed for shareholder's approval.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholder, will be accounted for in the shareholder's equity as an appropriation of retained earnings in the next financial year ending 31 December 2014.

DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Mrs Fang Ai Lian (nee Ho Ai Lian) - Chairman
Mr Christopher Brian Wei
Yg Bhg Datuk Kamaruddin bin Taib
Yg Bhg Dato' Yeoh Beow Tit
Yg Bhg Dato Koh Yaw Hui
Mr Lee Kong Yip
Yg Bhg Tan Sri Dato' Nasrudin bin Bahari (retired on 25 March 2013)
Yg Bhg Dato' Ooi Sang Kuang (resigned on 31 December 2013)

In accordance with Article 66 of the Company's Articles of Association, Mr Christopher Brian Wei and Yg Bhg Dato Koh Yaw Hui would retire at the forthcoming AGM and, being eligible, offer themselves for re-election.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than the options over shares in the Company's ultimate holding company as disclosed in this report.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 24(b) to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest required to be disclosed under Section 169(8) of the Companies Act, 1965.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares and options over shares in the Company's ultimate holding company, Oversea-Chinese Banking Corporation Limited ("OCBC Bank") during the financial year were as follows:

	Shareholdings in which Directors have a direct interest			
	1.1.2013	Acquired	Disposed	**31.12.2013**
(a) Ordinary shares in the capital of OCBC Bank				
Mrs Fang Ai Lian (nee Ho Ai Lian)	**68,671**	6,000	-	**74,671**
Yg Bhg Dato' Yeoh Beow Tit	**345,815**	-	-	**345,815**
Mr Lee Kong Yip	**124,108**	-	-	**124,108**
Yg Bhg Dato Koh Yaw Hui	**74,542**	13,214	(7,000)	**80,756**

	Shareholdings in which Directors are deemed to have an interest			
	1.1.2013	Granted	Vested	**31.12.2013**
Mr Christopher Brian Wei	**62,021**	57,775	-	**119,796** (1)
Yg Bhg Dato' Yeoh Beow Tit	**29,961**	-	-	**29,961** (2)
Yg Bhg Dato Koh Yaw Hui	**25,639**	13,545	(4,082)	**35,102** (3)

DIRECTORS' INTERESTS (CONTINUED)

Notes:

(1) Comprises deemed interest in 119,796 ordinary shares subject to award(s) under the OCBC Deferred Share Plan.

(2) Comprises deemed interest in 29,960 ordinary shares subject to award(s) under the OCBC Deferred Share Plan and subscription rights over one (1) ordinary share granted under the OCBC Employee Share Purchase Plan.

(3) Comprises deemed interest in 35,102 ordinary shares subject to award(s) under the OCBC Deferred Share Plan.

		Shareholdings in which Directors have a direct interest			
		1.1.2013	Acquired	Disposed	**31.12.2013**
(b)	**5.1% non cumulative non convertible Class B Preference Shares in OCBC Bank**				
	Mrs Fang Ai Lian (nee Ho Ai Lian)	**1,700**	-	(1,700)	**-**

		Expiry Date	Exercise Price S$	Options held by Directors in their own name **1.1.2013**	Granted	Exercised	**31.12.2013**
(c)	**Options to subscribe for ordinary shares in the capital of OCBC Bank**						
	Mr Christopher Brian Wei	13.3.2022	8.80	**562,441**	-	-	**562,441**
		13.3.2023	10.30	**-**	1,037,849	-	**1,037,849**
	Yg Bhg Dato' Yeoh Beow Tit	13.3.2017	8.59	**50,000**	-	-	**50,000**
		13.3.2018	7.52	**50,000**	-	-	**50,000**
	Yg Bhg Dato Koh Yaw Hui	7.4.2015	5.78	**32,000**	-	(12,000)	**20,000**
		22.5.2016	6.58	**25,000**	-	(5,000)	**20,000**
		13.3.2017	8.59	**25,000**	-	(5,000)	**20,000**
		13.3.2018	7.52	**30,000**	-	(5,000)	**25,000**
		15.3.2019	4.14	**23,224**	-	(3,224)	**20,000**
		14.3.2020	8.76	**40,000**	-	-	**40,000**
		13.3.2021	9.35	**36,773**	-	-	**36,773**
		13.3.2022	8.80	**84,010**	-	-	**84,010**
		13.3.2023	10.30	**-**	185,901	-	**185,901**

CORPORATE GOVERNANCE

The Company has taken concerted steps to comply with Bank Negara Malaysia's ("BNM") guidelines BNM/RH/GL/003-2 on "Prudential Framework of Corporate Governance for Insurers" including the best practices referred to in the guideline. The Company is committed to the principles prescribed in this guideline to ensure public accountability at all times. Further details are disclosed on page 37 to 46 in the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the balance sheet, income statement and statement of comprehensive income of the Company were made out, the Directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

   (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

   (i) the amount written off for bad debts or the amount of provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent; and

   (ii) the values attributed to current assets in the financial statements of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

   (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

   (ii) any contingent liability in respect of the Company which has arisen since the end of the financial year.

(f) In the opinion of the Directors:

   (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations as and when they fall due; and

   (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

(g) Before the balance sheet and income statement of the Company were made out, the Directors took reasonable steps to ascertain that there was adequate provision for its insurance liabilities in accordance with the valuation method specified in Part D of the Risk-Based Capital ("RBC") Framework for insurers issued by BNM.

For the purpose of paragraphs (e) and (f) above, contingent and other liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Company.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 24 January 2014.

Yeoh Beow Tit **Koh Yaw Hui**

Great Eastern Life Assurance (Malaysia) Berhad (the "Company") is committed to uphold good corporate governance practices, in conformity with BNM Guidelines on "Prudential Framework of Corporate Governance for Insurers" (BNM/RH/GL 003-2) dated 19 June 2013 (the "Framework") and is continually enhancing standards of the overall governance of the Company. The Framework is divided into six main sections namely, Board Responsibility and Oversight, Management Accountability, Corporate Independence, Internal Controls and Operational Risk Management, Public Accountability, and Financial Reporting. There are 33 principles in the Framework.

The Company adopts management practices that are consistent with the Framework. It has also complied with the prescriptive applications and most of the best practices principles enshrined in the Framework.

PART A. BOARD RESPONSIBILITY AND OVERSIGHT

Board's Conduct of its Affairs, Composition and Balance

The Board of Directors (the "Board") heading the Company comprises 7 members, being 6 Non-Executive Directors and 1 Executive Director. A majority of the Non-Executive Directors are Independent Directors. The Independent Directors provide unbiased and independent views, advice and judgment on issues for the Board's deliberation. All Directors comply with the prescribed maximum limit of other directorships held.

The Board has overall responsibility for leading the Company and providing strategic directions in terms of corporate objectives, monitoring performance goals, and business strategies for the Company.

The composition of the Board as at 31 December 2013 was as follows:

Members	**Status of directorship**
Mrs Fang Ai Lian (nee Ho Ai Lian) - Chairman	Independent Non-Executive Director
Mr Christopher Brian Wei	Non-Independent Non-Executive Director
Yg Bhg Datuk Kamaruddin bin Taib	Independent Non-Executive Director
Yg Bhg Dato' Yeoh Beow Tit	Independent Non-Executive Director
Yg Bhg Dato' Ooi Sang Kuang	Independent Non-Executive Director
Yg Bhg Dato Koh Yaw Hui	Non-Independent Executive Director
Mr Lee Kong Yip	Independent Non-Executive Director

Note: Yg Bhg Dato' Ooi Sang Kuang had resigned from the Board on 31 December 2013 and simultaneously relinquished all his Board Committees' positions.

The Board members are professionals from diverse backgrounds and qualifications and collectively, have a wide range of skills and specialised knowledge, capabilities and core competencies in areas that include insurance, banking, financial services, actuarial science, investment, stock-broking, risk management, accounting and auditing. Directors who serve on the Board Committees have an appropriate mix of skills and capabilities, taking into account the skill sets required for the Board Committees to be able to perform their respective roles and responsibilities.

Each Director has been approved by BNM for appointment and re-appointment (as the case may be) to the Company's Board for a term of not more than three years. Applications for re-appointment of Directors have been submitted to BNM for approval at least three months before the expiry of the BNM term of appointment, in accordance with the provisions of BNM Guidelines on "Minimum Standards for Prudential Management of Insurers (Consolidated)" (BNM/RH/GL 003-01).

The Company's Articles of Association provide for one-third of the remaining directors to retire from office by rotation and if eligible, to be re-elected at the Annual General Meeting ("AGM") of the Company. A Director who is over 70 years old is subject to re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965. For Directors whose BNM term of appointment has not expired at the time of the AGM, but who are required to retire by rotation from office or pursuant to Section 129(6) and are eligible for re-election/re-appointment, BNM's approval is not required to re-elect/re-appoint the Directors concerned at the AGM.

PART A. BOARD RESPONSIBILITY AND OVERSIGHT (CONTINUED)

Board's Conduct of its Affairs, Composition and Balance (continued)

On a yearly basis, the Directors are subject to an internal declaration to review their status of compliance with Part XII of the Insurance Regulations 1996 and Section 60 of the Financial Services Act 2013 which came into effect on 30 June 2013, on their fulfilment of the minimum criteria of a "fit and proper person". Pursuant to the "Fit and Proper Policy for Key Responsible Persons" (the "KRP Policy") of the Company which is in line with BNM Guidelines on "Fit and Proper Criteria" (BNM/RH/GL 018-5), all Directors and the Chief Executive Officer ("CEO"), amongst others, are collectively referred to as Key Responsible Persons ("KRPs"). Such KRPs, prior to or on appointment/reappointment (upon the expiry of their respective BNM term of appointment) and thereafter on an annual basis, will need to declare that they remain "fit and proper".

The Board meets regularly during the year. The dates are scheduled in advance before the end of the preceding financial year. In addition to the scheduled meeting dates, the Board has agreed that additional meetings would be arranged to discuss any matters which require the Board's consideration. In 2013, the Board held six scheduled Board meetings and three ad-hoc Board meetings, and the Board's attendance are as set out below:

Name	**Number of Board Meetings**	
	Attended	Percentage (%)
Mrs Fang Ai Lian (nee Ho Ai Lian) - Chairman	9/9	100
Mr Christopher Brian Wei	8/9	89
Yg Bhg Datuk Kamaruddin bin Taib	9/9	100
Yg Bhg Dato' Yeoh Beow Tit	9/9	100
Yg Bhg Dato' Ooi Sang Kuang (resigned on 31 December 2013)	9/9	100
Yg Bhg Dato Koh Yaw Hui	9/9	100
Mr Lee Kong Yip	9/9	100

(Minimum attendance requirement at Board meeting is 75%)

The Board has in place a formal and transparent procedure for the appointment and re-appointment of Directors and the CEO. Proposals for the appointment of new Directors to the Board, the CEO and the Key Senior Officers ("KSOs") are reviewed by the Nominating Committee ("NC"). After considering the nominees proposed by the NC, the Board appoints the Directors, the CEO and the KSOs.

Besides carrying out its fiduciary and statutory responsibilities, the Board approves the annual business and strategic plans of the Company. It oversees the management of the Company's business affairs, and regularly reviews the financial performance of the Company. Matters reserved for the Board's decision include corporate restructuring, major acquisition and disposal of assets by the Company, all material related party transactions, authority levels for the Company's core functions, outsourcing of core business functions and corporate policies on investment, underwriting, reinsurance, claims management and risk management. The Senior Management Team of the Company are invited to attend Board meetings to provide additional insights, views and explanations into the matters being discussed.

The Directors have been issued with a Directors' Handbook on the Company, Code of Ethics for Directors and a full set of the guidelines and circulars issued by BNM since 1997. The Company's Directors have attended the Corporate Directors' Training Programme conducted under the auspices of the Companies Commission of Malaysia.

PART A. BOARD RESPONSIBILITY AND OVERSIGHT (CONTINUED)

Board's Conduct of its Affairs, Composition and Balance (continued)

A newly appointed Director receives an in-house orientation and education training program which includes presentations by senior management staff of the various functions of the Company. Additionally, the Company organised in-house training which serves to familiarise the Directors with the life insurance industry as well as the Company's business practices, accounting by funds, product launches, compliance controls, risks overview, new legislation and corporate governance practices. The Company encourages continuous professional development for the benefit of Directors and on an on-going basis, Directors are kept abreast of the developments in the market place through attendance of relevant education programmes, seminars, talks on relevant subject fields, as well as circulation of business reading materials on a monthly basis. The ICLIF Leadership and Governance Centre are more flexible in their programme offerings and most Directors have benefited from the Financial Institutions Directors' Education Programme. They also participate in on-going talks organised by The ICLIF Leadership and Governance Centre. Directors are also promptly updated with any policy issues, administrative changes and new regulatory developments as appropriate. The Company has made available resources for Directors to receive training in any specific area.

Chairman and the Chief Executive Officer

The positions and roles of the Chairman and the CEO are distinct and separate, with clear division of responsibility between them to ensure an appropriate balance of authority, increased accountability and greater capacity of the Board for independent decision making. For the financial year ended 31 December 2013, the Company's Chairman, Mrs Fang Ai Lian (nee Ho Ai Lian) was an Independent Non-Executive Director; and the CEO of the Company was Dato Koh Yaw Hui. The Chairman and the CEO are not related to each other.

The Chairman's principal responsibilities include leading the Board and fostering the Board's effectiveness. The Chairman, with the assistance of the Company Secretary, facilitates the convening of board meetings. She sets guidelines and monitors the quality and timeliness of the flow of information from Management on matters to be considered at meetings of the Board. The Chairman also facilitates robust discussions and deliberations in Board meetings, encourages constructive relations between Directors, as well as between the Board and Management. She promotes high standards of corporate governance with the full support of the other Directors, the Company Secretary and Management.

The CEO manages the Company and oversees its business operations in accordance with the Group's strategy, plans and policies to achieve the corporate performance and financial goals, ensuring, inter alia, operational and organisational efficiency, profit performance and effective risk management.

The implementation of the Board's decisions are carried out with the assistance of the Senior Management Team of the Company. Collectively they are responsible for the day-to-day operations and administration of the Company.

Access to Information

Board members are provided with adequate and timely information and reports, including background explanatory information relating to matters brought before the Board, forecasts, regular internal financial statements of the Company and explanations of material variances between budgeted and actual results. The Directors have independent access to the advice and services of the Company Secretary and the Senior Management Team.

The Board Members are also provided with access to all information within the Company whether as a full board or in their individual capacity, in furtherance of their duties.

Board Committees

The Board has established specialised Board Committees to assist it in carrying out its oversight responsibilities over the Company's operations and in ensuring good corporate governance practices by the Company. The Board Committees, namely the Audit Committee, Board Risk Committee, Nominating Committee and Remuneration Committee, examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making lies with the Board. Minutes of meetings of these Committees are tabled at Board meetings.

PART A. BOARD RESPONSIBILITY AND OVERSIGHT (CONTINUED)

Audit Committee

The Audit Committee ("AC") comprises the following three members, all of whom are Independent Non-Executive Directors:

Yg Bhg Dato' Yeoh Beow Tit - Chairman
Mrs Fang Ai Lian (nee Ho Ai Lian)
Mr Lee Kong Yip

The members of the AC are appropriately qualified to discharge their responsibilities as prescribed by the Framework. The AC is authorised by the Board to investigate any matter within its terms of reference and has the co-operation of and has full and independent access to the Company's Senior Management and Internal Auditors. The AC, in performing its functions, has met at least annually with the internal and external auditors, without the presence of Management. Adequate resources are made available to the AC to enable it to discharge its roles and responsibilities. The internal audit function is to provide an independent assurance on the adequacy, integrity, compliance and effectiveness of the Company's overall system of internal controls. The Chief Internal Auditor reports functionally to the AC and Group Chief Internal Auditor, and administratively to the CEO.

The AC met eight times during the financial year 2013 and these meetings were attended by all members.

The AC carried out functions as specified in the Companies Act 1965, Financial Services Act 2013, BNM Guidelines and other relevant guidelines and regulations.

The AC discharged the following functions:

(a) Reviewed, with the internal and external auditors, their audit plans, evaluation of the system of internal accounting controls and audit findings; as well as Management's response to those findings.

(b) Reviewed the scope and results of the internal audit procedures and resources needed.

(c) Reviewed, with the internal and external auditors, the effectiveness of the material internal controls including the financial controls of the Company.

(d) Reviewed, with the external auditors, the quarterly financial statements and the audited financial statements of the Company for the financial year and the auditors' report thereon and thereafter submitted the audited financial statements to the Board for consideration and approval.

(e) Reviewed the assistance given by the officers of the Company, including the internal audit department, to the external auditors.

(f) Reviewed the scope and results of the audit procedures and its cost effectiveness and reviewed the independence and objectivity of the external auditors before nominating the external auditors for re-appointment.

(g) Reviewed related party transactions to ascertain that the terms of such transactions were at arm's length basis, on normal commercial terms and not prejudicial to the interests of the Company and its shareholders.

(h) Reviewed, with the external auditors and the Senior Management Team, the impact of new or proposed changes in accounting standards, policies or regulatory requirements on the financial statements.

(i) Reviewed and approved among others, the appointment, remuneration and performance evaluation of the Chief Internal Auditor.

PART A. BOARD RESPONSIBILITY AND OVERSIGHT (CONTINUED)

Board Risk Committee

The Board Risk Committee ("BRC") supports the Board in the overall risk management oversight of the Company and in ensuring the effectiveness and adequacy of the risk management processes and practices put in place by the Company. The BRC comprises the following three members, all of whom are Independent Non-Executive Directors:

Mr Lee Kong Yip - Chairman
Yg Bhg Dato' Yeoh Beow Tit
Yg Bhg Dato' Ooi Sang Kuang (resigned as BRC member on 31 December 2013)

The BRC meets at least four times a year. The BRC met six times during the financial year 2013 and these meetings were attended by all members.

The BRC is responsible for the following:

<u>Governance & Oversight</u>

(a) To review the overall risk management philosophy, in line with the overall corporate strategy and risk tolerance set and approved by the Board.

(b) To review and endorse frameworks, policies, strategies and limits relating to the Company's risk management, investment management, asset-liability management and liability management activities for the Board's approval.

(c) To endorse the Group Risk Management Charter outlining the fundamental principles, roles, responsibilities, authority and reporting line of the Risk Management and Compliance function for the Board's adoption.

(d) To review the appointment, annual performance evaluation and remuneration of the Head of Risk Management and Compliance, before submission to the NC/Remuneration Committee for endorsement and the Board for approval.

(e) To review and recommend risk tolerance levels (Risk Appetite Statement as well as Regulatory and Economic Capital Limits) for the Board's approval.

(f) To oversee the establishment and implementation of approved frameworks, policies, strategies and limits; and where required, to approve deviations from approved frameworks and policies.

(g) To review the adequacy of risk management practices for material risks, such as market, credit, liquidity, insurance, operational and compliance risks on a regular basis.

(h) To review Management's frameworks and policies that govern the process for identifying, assessing and managing risks and review Management's performance against these frameworks and policies.

(i) To review the adequacy of frameworks, policies, strategies and resources for the performance of risk management, investment management, asset-liability management and liability management activities.

(j) To initiate any review and action as appropriate for prudent risk management.

(k) To ensure that the risk management function has adequate infrastructure and resources; and that it is staffed by an appropriate number of experienced and qualified employees who are sufficiently independent to perform their duties objectively.

(l) To review the scope, effectiveness and objectivity of the risk management function.

PART A. BOARD RESPONSIBILITY AND OVERSIGHT (CONTINUED)

Board Risk Committee (continued)

Risk Management

(m) To review reports to monitor and control the Company's risk exposures.

(n) To review and endorse the annual Risk Disclosures for the Board's approval.

Investment, Asset-liability & Liability Management

(o) To review and endorse for the Board's approval, the annual strategic asset allocation and tactical asset allocation limits; new asset class and complex structures; investment transactions; and new insurance product risks.

Nominating Committee

The Nominating Committee ("NC") comprises the following five members, four of whom are Independent Non-Executive Directors:

Mr Lee Kong Yip - Chairman
Mrs Fang Ai Lian (nee Ho Ai Lian)
Mr Christopher Brian Wei
Yg Bhg Dato' Yeoh Beow Tit
Yg Bhg Dato' Ooi Sang Kuang (resigned as NC member on 31 December 2013)

The members of the NC possess the appropriate mix of skills and experience, and are appropriately qualified to discharge their responsibilities.

The NC meets at least once a year. The NC met seven times during the financial year 2013 and the attendance by the members were as follows:

Name	**Number of Meetings** Attendance	Percentage (%)
Mr Lee Kong Yip (Chairman)	7/7	100
Mrs Fang Ai Lian (nee Ho Ai Lian) - Chairman	7/7	100
Mr Christopher Brian Wei	6/7	86
Yg Bhg Dato' Yeoh Beow Tit	7/7	100
Yg Bhg Dato' Ooi Sang Kuang (resigned on 31 December 2013)	7/7	100

With the endorsement of the Board, the NC has established the minimum requirements for the Board and the CEO to perform their responsibilities effectively following statutory and regulatory requirements.

The NC is entrusted with the responsibility of proposing new nominees for appointment to the Board to ensure that nominations of new Directors are made in the best interest of the Company and its shareholders. It assesses the suitability of the new nominees, by taking into consideration their professional qualifications, integrity, financial and commercial business experience and field of expertise relevant to the Company, potential to complement the skills, knowledge and expertise of the Board.

The NC makes recommendations to the Board on all such nominations of Directors as well as nominations to fill up Board Committees. The NC also recommends the re-appointment and re-election of Directors to the Board. In considering the re-appointment and re-election, the NC will take into account the Directors' attendance and participation at meetings, their expertise and commitment, as well as their contributions to Board discussions and to the effectiveness of the Board.

PART A. BOARD RESPONSIBILITY AND OVERSIGHT (CONTINUED)

Nominating Committee (continued)

Apart from nomination/appointment of new Directors or re-appointment of existing Directors, the NC is also responsible for proposing nominees for the positions of CEO and KSOs of the Company.

The procedures for such nominations and appointments, including re-appointments, have been put in place and approved by the Board. These have been drawn up in line with the prescribed regulatory and legal requirements.

On an annual basis, the NC reviews the Board's structure, size and composition and makes recommendations to the Board with regards to any changes that are deemed necessary.

The NC has in place a mechanism to carry out the Board-approved process for assessing the effectiveness of the Board as a whole and of the Board Committees, and presents its findings to the Board. The Board's profile is reviewed on an annual basis, considering the current needs and aspirations of the Company. No Director was involved in the assessment of his own contribution to the effectiveness of the Board.

Whenever applicable and consistent with the prescribed Framework, the NC's recommendations would be made in consultation with the nominating committee of the Company's holding company, taking into consideration the contributions of the Directors and of the CEO and KSOs in discharging their duties for the benefit of the Company and of the Group.

The NC is also responsible to ensure all KRPs fulfil the fit and proper requirements, in line with the KRP Policy.

Remuneration Committee

The Remuneration Committee ("RC") comprises the following four members, three of whom are Independent Non-Executive Directors:

Mr Lee Kong Yip - Chairman
Mrs Fang Ai Lian (nee Ho Ai Lian)
Mr Christopher Brian Wei
Yg Bhg Dato' Ooi Sang Kuang (resigned as RC member on 31 December 2013)

The RC meets at least once a year. The RC met four times during the financial year 2013 and these meetings were attended by all members.

A Board-approved Framework on Remuneration for Directors, CEO and KSOs is in place. The RC is charged with the responsibility of reviewing and recommending to the Board, the remuneration packages of Directors, the CEO and KSOs. This will ensure that the Company remains competitive in terms of compensation and is able to attract, retain and motivate the calibre needed to manage the Company successfully, while at the same time satisfying itself that the compensation packages are consistent with the prudent management of the Company's affairs and not excessive.

Non-Executive Directors are paid Directors' fees which are recommended by the Board for approval at the Company's AGM.

The RC reviews the Directors' fees on an annual basis and makes recommendations to the Board for any changes. No Director was involved in deciding his own remuneration.

Whenever applicable and consistent with the Framework, the RC's recommendations will be made in consultation with the remuneration committee of the Company's holding company, taking into consideration the contributions of the Directors and of the CEO and KSOs in discharging their duties for the benefit of the Company and of the Group.

PART B. MANAGEMENT ACCOUNTABILITY

Whilst the Board is responsible for establishing the appropriate framework and policies within which the Company should operate, the Management is accountable for effecting such policies and responsible for accomplishing the Company's strategic objectives. All framework/policies/charters including the Authority Grid, are annually reviewed by the BRC and approved by the Board.

PART B. MANAGEMENT ACCOUNTABILITY (CONTINUED)

There is a clear division of responsibilities between top management positions. The Company has an organisation structure that is well documented and clearly establishes the job description and authority limits of the senior management, line management and executive employees. Significant changes to the organisation structure are communicated to the staff.

The Authority Grid of the Company, which essentially is a culmination of the various authority limits delegated to the Board as well as the CEO, is in place. The Grid covers business strategy and growth, including capital requirements and investment vehicles, people, risk, donations, appointment of consultants and operational matters such as balance sheet management, transaction approvals and write-offs.

Directors and relevant officers of the Company comply with the disclosure requirements and avoid conflicts of interest as enshrined in the Companies Act 1965 and Financial Services Act 2013. All tender, investment activities and related party transactions of the Company were conducted at arm's length and on commercial terms.

All policies relating to underwriting, claims, reinsurance and corporate communications as referred to in the Framework were approved by the Board and reviewed accordingly to keep abreast with changes.

PART C. CORPORATE INDEPENDENCE

The Company has met all the requirements of BNM Guidelines on "Related Party Transactions" (BNM/RH/GL 018-6) in respect of related party transactions of a material nature. All material related party transactions are disclosed in the audited financial statements in accordance with Malaysian Financial Reporting Standard 124: Related Party Disclosures; please refer to Note 31 in the Company's financial statements. The Board has set a more stringent requirement, in that all related party transactions irrespective of materiality must be submitted to the AC for review prior to their submission to the Board for approval/notation.

PART D. INTERNAL CONTROLS AND OPERATIONAL RISK MANAGEMENT

The Board has overall oversight responsibility to ensure that the Company maintains an adequate system of internal controls and that the Company has effective and efficient operations, risk management and internal controls, as well as procedures to ensure compliance with laws, regulations, internal guidelines and requirements to safeguard the assets of the Company and stakeholders' interests.

The Compliance Matrix and Compliance Requirements Self-Assessment are tools to assist the respective Head of Departments to conduct self-assessment on the effectiveness of the compliance procedures and identification of compliance gaps. The Risk and Control Self Assessment process that is in place enables the various functions to identify and self-assess the management of risks and effectiveness of internal controls of the Company. Further, the Company has established its risk appetite statement, which is reviewed annually.

The investment authority limits for exposure are set at various levels with limits, which are more stringent than the statutory/ regulatory limits prescribed, as set out in the Authority Grid. The Company has complied with the limits pursuant to BNM's Guidelines on "Risk-Based Capital Framework for Insurers" (BNM/RH/GL 003-24). Investment limits and transactions are observed at all times by the Investment Department and monitored independently by the Risk Management & Compliance Department.

A Reinsurance Management Strategy ("RMS") for the insurance risks covered by the Company is in place. The RMS defines the responsibility of the Board/Management in managing and operating the reinsurance programme. Ceding of risks must comply with the Company's approved framework and waivers from the Company's holding company are required for breaches of limits.

All new life insurance products are governed by the Company's Product Development and Pricing Policy. All products launched by the Company will require the prior approval of a Management Committee and Group Management Team. All new life insurance products launched in 2013 have been certified by the Appointed Actuary. A product risk assessment also forms part of the process for new product approvals which includes considerations on risks relating to pricing, investment, marketing and support for the product.

PART D. INTERNAL CONTROLS AND OPERATIONAL RISK MANAGEMENT (CONTINUED)

Actuarial Department, together with Investment and Risk Management Departments, conducts half-yearly stress tests to ascertain the Company's financial condition under various risk scenarios.

The Directors, CEO and Senior Management Team of the Company are committed to maintaining a risk-conscious culture in the Company. The Company has adopted its holding company's Enterprise Risk Management Framework and other supplementary risk management frameworks, and they provide broad guiding principles and the minimum standards on risk management. The Framework also affirms the role and responsibilities for risk management and establishes the monitoring and reporting requirements, which are all aimed at embedding sound risk management practices and culture within the business and ensuring that the Company continues to expand its business with the right risk management discipline, practices and processes in place. The Company has also established an Information Security Policy and Information Security Standards to protect the confidentiality, integrity and availability of the Company's data.

The disclosures of the Company's risk management policies are set out under Note 33 in the Company's financial statements.

The Company has in place robust Business Continuity Management practices, with adequate facility for business resumptions. Disaster recovery and business continuity testing are carried out semi-annually and annually, respectively.

Internal Audit

The Company has an Internal Audit Department, which assists the AC in discharging its duties and responsibilities. The requirements of the BNM Guidelines on "Internal Audit Function of Licensed Institutions" (BNM/RH/GL 013-4) have been met. The AC reviews the yearly internal audit plan and the audit reports as well as the follow-up actions on audit observations made by the internal auditors.

Continuous assessment of the effectiveness and adequacy of internal controls, which includes an independent examination of controls by the internal audit function, ensures that corrective actions, where necessary, are taken in a timely manner. All audit reports are submitted to the AC, CEO and Management of the unit being audited within one month of completion of field work. Audit findings and recommendations are communicated to the Senior Management Team and closely monitored for resolution. The activities of the AC are submitted annually to BNM.

In terms of segregation of duties, procedures are in place to ensure that staff are not assigned with potential conflicting responsibilities, relating to, amongst others, approvals, disbursements and administration of policies, premium or investment matters.

PART E. PUBLIC ACCOUNTABILITY

The Company recognises that it is responsible for maintaining a strong public accountability and promotion of fair practices. It has in place procedures and operational policies which are designed to ensure compliance with the "Provisions Relating To Policies" under Sections 84 and 128 of the Financial Services Act 2013 (as well as Schedule 8). The staff are required to comply with the Company's internal policy and with the Code of Ethics and Conduct issued by the Life Insurance Association of Malaysia ("LIAM") as well as the circulars of BNM. In order to ensure proper segregation of duties, the Company discourages siblings and spouses from working together in the same department or handling similar functions. To further promote a healthy work culture, the Company enforces a block leave policy and reinforces corporate values through employee-related activities. Staff are further incentivised with birthday leave.

The members of the field force similarly adhere to the circulars and directives in the form of Agency Rules & Regulations issued by the Company, the applicable Code of Ethics and Conduct issued by LIAM as well as circulars of BNM.

For the general public and policyholders' convenience, information about the Company, products, customer service and ChildrenCare (a corporate social initiative of the Company) is made available on the Great Eastern website at www.greateasternlife.com. This user-friendly website enables policyholders to check on the status of their policy via eConnect, a useful and informative online portal for policyholders to reach the Company any time of the day.

PART E. PUBLIC ACCOUNTABILITY (CONTINUED)

Members of the public are made aware of avenues for which they can appeal against the Company's practices or decisions by alerting them, via the policy contracts, to the existence of the Financial Mediation Bureau and BNM's Customer Services Bureau. This is in compliance with the requirements of BNM Guidelines on "Claims Settlement Practices" (BNM/RH/GL 000-4). The Company has in place a Treating Customer Fairly ("TCF") Policy that defines the responsibilities of Board and Management in ensuring that customers are treated fairly when dealing with the Company.

The BNM Guidelines on "Unfair Practices in Insurance Business" (BNM/RH/GL 003-6) was issued as part of a cohesive effort to promote higher standards of transparency, professionalism, greater market discipline and accountability in the conduct of the insurance business and protection of policy owners. The Company has implemented measures to enhance compliance of requirements prescribed in BNM/RH/GL 003-6. As part of its commitment to provide effective and fair services, a Complaint Handling Unit has been established in accordance with BNM Guideline on "Complaints Handling" (BNM/RH/GL 000-4) where the unit acts as a single point of contact for customers to lodge a complaint as well as to ensure that complaints are resolved in a fair and consistent manner.

All sales illustrations, marketing materials and policy contracts for products are in compliance with the regulatory requirements and filed with BNM.

With the establishment of an Anti-Money Laundering and Counter Financing of Terrorism ("AML/CFT") Framework by the Company in ensuring compliance with relevant AML/CFT national laws, regulations and guidelines, the Company is constantly enhancing its AML/CFT measures, focusing on areas relating to Know Your Customer/Customer Due Diligence ("KYC/CDD") at the stage of acceptance of new business. The robust KYC/CDD standards and processes in place act as a barrier in safeguarding the Company's interest by minimising the risk for the Company from being used as a platform for money laundering or terrorist financing activities.

A Whistle Blowing Policy is also in place to encourage staff and external parties to raise concerns or report on irregularities and yet be assured of protection from reprisals for making such disclosures in good faith.

PART F. FINANCIAL REPORTING

The Board has overall oversight responsibility, and exercises due care and diligence in ensuring that the Company's accounting records are properly kept. It also ensures that the Company's financial statements are prepared and audited in accordance with approved accounting standards and in compliance with the regulatory and statutory requirements in Malaysia so as to give a true and fair view of the Company's financial position.

The Board and the AC are provided with regular comprehensive information on the financial reports, any variances and analyses of the financial data of the Company.

On a monthly basis, the business and operational performance reports are submitted to the Senior Management Team for review so that necessary remedial actions can be taken on any shortfall or variances against budgets. Minutes of the various risk oversight committees are tabled at the BRC and Asset Liability Committee (management committee), as appropriate. The Board also notes the decisions and salient matters deliberated by the Board or Management Committees through the minutes of their meetings which are tabled to the Board.

The abridged financial statements of the Company are published in the national press and copies are also displayed at all branch offices and posted on the Company's website.

STATEMENT BY DIRECTORS

Pursuant To Section 169(15) Of The Companies Act, 1965

We, Yeoh Beow Tit and Koh Yaw Hui, being two of the Directors of Great Eastern Life Assurance (Malaysia) Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 49 to 130 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2013 and of its financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 24 January 2014.

Yeoh Beow Tit

Koh Yaw Hui

STATUTORY DECLARATION

Pursuant To Section 169(16) Of The Companies Act, 1965

I, Mah Poon Keong, being the officer primarily responsible for the financial management of Great Eastern Life Assurance (Malaysia) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 49 to 130 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Mah Poon Keong
at Kuala Lumpur in the Federal Territory
on 24 January 2014

Mah Poon Keong

Before me,

INDEPENDENT AUDITORS' REPORT

to the members of Great Eastern Life Assurans (Malaysia) Berhad (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Great Eastern Life Assurance (Malaysia) Berhad, which comprise the balance sheet as at 31 December 2013, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 49 to 130.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2013 and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORTING ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

OTHER MATTERS

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Dato' Abdul Rauf bin Rashid
No. 2305/05/14(J)
Chartered Accountant

Kuala Lumpur, Malaysia
24 January 2014

BALANCE SHEET
as at 31 December 2013

	Note	2013 RM'000	2012 RM'000
Assets			
Property and equipment	3	**455,101**	470,396
Investment properties	4	**532,100**	529,650
Prepaid land lease payments	5	**16,942**	17,080
Investments	6	**61,525,569**	57,728,922
Reinsurance assets	7	**82,381**	79,360
Insurance receivables	8	**266,116**	268,991
Other receivables	9	**548,861**	523,773
Cash and bank balances		**38,283**	17,284
TOTAL ASSETS		**63,465,353**	59,635,456
Equity			
Share capital	10	**100,000**	100,000
Retained earnings		**1,294,996**	1,171,880
Available-for-sale fair value reserves		**35,835**	43,666
TOTAL EQUITY		**1,430,831**	1,315,546
Liabilities			
Insurance contract liabilities	11	**59,648,004**	56,128,941
Derivative financial liabilities	12	**131,498**	66,402
Agents' retirement benefits	13	**670,930**	613,535
Deferred tax liabilities	14	**634,989**	646,093
Other financial liabilities	15	**122,019**	16,671
Insurance payables	16	**176,828**	189,770
Provision for taxation		**79,130**	131,307
Other payables	17	**571,124**	527,191
TOTAL LIABILITIES		**62,034,522**	58,319,910
TOTAL EQUITY AND LIABILITIES		**63,465,353**	59,635,456

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

INCOME STATEMENT

for the year ended 31 December 2013

	Note	2013 RM'000	2012 RM'000
Gross earned premiums	18(a)	**6,495,615**	6,152,193
Premiums ceded to reinsurers	18(b)	**(117,282)**	(119,596)
Net earned premiums		**6,378,333**	6,032,597
Investment income	19	**2,547,709**	2,354,055
Realised gains and losses	20	**275,873**	1,584,152
Fair value gains and losses	21	**(1,073,647)**	701,215
(Increase)/decrease in provision for impairment of:			
Unquoted investments		**-**	(5)
Insurance receivables		**(164)**	1,576
Other receivables		**89**	(114)
Fees and commission income	22	**5,965**	16,931
Other operating revenue		**5,094**	14,687
Other revenue		**1,760,919**	4,672,497
Gross benefits and claims paid	23(a)	**(4,442,636)**	(3,619,462)
Claims ceded to reinsurers	23(b)	**75,920**	78,986
Gross change in contract liabilities	23(c)	**(1,582,826)**	(4,818,665)
Change in contract liabilities ceded to reinsurers	23(d)	**(5,945)**	2,051
Net benefits and claims		**(5,955,487)**	(8,357,090)
Fees and commission expense		**(845,997)**	(870,056)
Management expenses	24	**(413,414)**	(399,301)
Other operating expenses		**(299)**	(85)
Taxation of life insurance business	25	**(107,561)**	(348,149)
Other expenses		**(1,367,271)**	(1,617,591)
Profit before taxation		**816,494**	730,413
Taxation	25	**(174,378)**	(147,333)
Net profit for the year		**642,116**	583,080
Earnings per share (sen)			
Basic and diluted	26	**642**	583

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

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2013

	2013 RM'000	2012 RM'000
Net profit for the year	**642,116**	583,080
Other comprehensive income:		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale fair value reserves:		
Net gain arising during the year	**25,196**	26,644
Net realised gain transferred to Income Statement	**(35,621)**	(26,029)
	(10,425)	615
Tax effects thereon (Note 14)	**2,594**	(154)
	(7,831)	461
Total comprehensive income for the year	**634,285**	583,541

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

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2013

		Non-Distributable			Distributable			
		Available-for-sale Fair Value Reserves			Retained Earnings			
	Share Capital RM'000	Shareholder's Funds RM'000	Non-participating Funds RM'000	Sub-total RM'000	Non-participating Funds RM'000	Shareholder's Funds RM'000	Sub-total RM'000	Total Equity RM'000
At 1 January 2012	100,000	17,407	25,798	43,205	272,977	811,823	1,084,800	1,228,005
Net profit for the year	-	-	-	-	367,680	215,400	583,080	583,080
Other comprehensive income for the year	-	150	311	461	-	-	-	461
Total comprehensive income for the year	-	150	311	461	367,680	215,400	583,080	583,541
Transfer from non-participating surplus as recommended by Appointed Actuary (net of tax)	-	-	-	-	(318,000)	318,000	-	-
Dividends paid during the year	-	-	-	-	-	(496,000)	(496,000)	(496,000)
At 31 December 2012	100,000	17,557	26,109	43,666	322,657	849,223	1,171,880	1,315,546
At 1 January 2013	**100,000**	**17,557**	**26,109**	**43,666**	**322,657**	**849,223**	**1,171,880**	**1,315,546**
Net profit for the year	**-**	**-**	**-**	**-**	**457,404**	**184,712**	**642,116**	**642,116**
Other comprehensive income for the year	**-**	**(7,333)**	**(498)**	**(7,831)**	**-**	**-**	**-**	**(7,831)**
Total comprehensive income for the year	**-**	**(7,333)**	**(498)**	**(7,831)**	**457,404**	**184,712**	**642,116**	**634,285**
Transfer from non-participating surplus as recommended by Appointed Actuary (net of tax)	**-**	**-**	**-**	**-**	**(394,500)**	**394,500**	**-**	**-**
Dividends paid during the year	**-**	**-**	**-**	**-**	**-**	**(519,000)**	**(519,000)**	**(519,000)**
At 31 December 2013	**100,000**	**10,224**	**25,611**	**35,835**	**385,561**	**909,435**	**1,294,996**	**1,430,831**

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

CASH FLOW STATEMENT
for the year ended 31 December 2013

	Note	2013 RM'000	2012 RM'000
Operating Activities			
Cash used in operating activities	28	**(1,573,036)**	(1,349,341)
Dividend/distribution income received		**508,978**	510,028
Interest/profit income received		**1,979,951**	1,673,421
Rental income on investment properties received		**78,368**	66,487
Agents' retirement benefits paid		**(16,619)**	(35,892)
Income tax paid		**(399,006)**	(470,465)
Net cash flow generated from operating activities		**578,636**	394,238
Investing Activities			
Proceeds from disposal of property and equipment		**21**	45
Proceeds from disposal of owner occupied properties and leasehold land		**-**	3,180
Purchase of property and equipment		**(36,842)**	(23,673)
Purchase of investment properties		**(2,022)**	(707)
Net cash flows used in investing activities		**(38,843)**	(21,155)
Financing Activity			
Dividends paid to equity holders		**(518,794)**	(495,909)
Net cash flows used in financing activity		**(518,794)**	(495,909)
Net increase/(decrease) in cash and cash equivalents		**20,999**	(122,826)
Cash and cash equivalents at beginning of year		**17,284**	140,110
Cash and cash equivalents at end of year		**38,283**	17,284
Cash and cash equivalents comprise:			
Cash and bank balances		**38,283**	17,284

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

1 CORPORATE INFORMATION

The Company is an unquoted public limited liability 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 life insurance business.

There has been no significant change in the principal activity during the financial year.

The immediate holding company is Great Eastern Capital (Malaysia) Sdn Bhd, a company incorporated in Malaysia. The intermediate holding company is Great Eastern Life Assurance Company 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.

The financial statements are authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 24 January 2014.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

At the beginning of the current financial year, the Company had fully adopted new and revised MFRSs, amendments to MFRS and Issues Committee ("IC") Interpretations as described fully in Note 2.3.

The financial statements of the Company have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The Company has met the minimum capital requirements as prescribed by the RBC Framework as at the balance sheet date.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Summary of Significant Accounting Policies

(a) Property and Equipment and Depreciation

Property and equipment are stated at cost less accumulated depreciation and impairment losses. The initial cost of property and equipment comprises its purchase price, including non-refundable taxes and any costs to enhance the working condition of the asset for its intended use. Expenditure incurred after the property and equipment have been put into operation, such as repairs and maintenance and overhaul costs, is charged to the income statement in the period in which the costs are incurred. Where the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of property and equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(a) Property and Equipment and Depreciation (continued)

Depreciation of property and equipment is calculated on a straight-line basis to write off the cost of each amount to its residual value over its estimated useful life. No depreciation is provided for freehold land and capital work in progress. The annual depreciation rates are:

Buildings - Owner occupied properties	2 %
Office furniture and fittings	10 %
Computer equipment	20 - 33 %
Software development costs	10 %
Motor vehicles	20 %
Office machinery	20 %
Building plant and equipment	6 - 7 %

Leasehold buildings are depreciated over their estimated useful lives or over the remaining lease term of the leasehold land on which the building resides, if the remaining lease term of the leasehold land is shorter than the estimated useful life of the building.

Software development costs are incurred for the development of software for the life assurance administration system and the distribution channel management system. These costs are classified as part of property and equipment and depreciated over a period of 10 years on a straight line basis from the date of system commissioning.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property and equipment.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement.

Included in the Life Insurance Fund's property and equipment are freehold land, and leasehold and freehold buildings occupied for own use for the operations of the Company. Leasehold land are classified as prepaid lease payments as described in Note 2.2(l).

(b) Investments and Financial Assets

The Company classifies its investments into financial assets at fair value through profit or loss ("FVTPL"), loans and other receivables ("LAR") and available-for-sale ("AFS") financial assets. The classification depends on the purpose for which the investments were acquired or originated.

Financial assets are classified as FVTPL where the Company's documented investment strategy is to manage financial assets on a fair value basis, because the related liabilities are also managed on this basis.

The AFS category is used when the relevant liabilities (including shareholder's funds) are passively managed and/or carried at amortised cost. All regular way purchases and sales of financial assets are recognised on the trade date which is the date that the Company commits to purchase or sell the asset. Regular way purchases or sales of financial assets require delivery of assets within the period generally established by regulation or convention in the market place.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(b) Investments and Financial Assets (continued)

(i) FVTPL

Assets stated at FVTPL include financial assets held for trading and those designated at FVTPL at inception. Investments typically bought with the intention to sell in the near future are classified as FVTPL. For investments designated at FVTPL, the following criteria must be met:

- the designation eliminates or significantly reduces the inconsistent treatment such as asset liability mismatch, that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis; or

- the assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

These investments are initially recorded at fair value. Subsequent to initial recognition, these investments are remeasured at fair value. Fair value adjustments and realised gains and losses are recognised in the income statement.

Financial assets classified as FVTPL include fixed income securities, derivatives and embedded derivatives.

Investments under unit-linked funds are designated as FVTPL at inception as they are managed and evaluated on a fair value basis in accordance with the respective investment strategy and mandate.

Derivatives are financial instruments or contracts where its values vary according to changes in interest rate, foreign exchange rate, credit spread or other variables. Embedded derivatives are hybrid financial instruments that include a non-derivative host contract.

(ii) LAR

LAR are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. After initial measurement, loans and receivables are measured at amortised cost, using the effective yield method, less provision for impairment. Gains and losses are recognised in the income statement when the assets are derecognised or impaired, as well as through the amortisation process.

(iii) AFS Financial Assets

AFS are non-derivative financial assets not classified in any of the preceding asset categories.

After initial recognition, AFS are remeasured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in the fair value reserve in the Statement of Comprehensive Income or Insurance Contract Liabilities (for Participating Fund only), except for impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method which are recognised in the income statement. The cumulative gain or loss previously recognised in equity is recognised in the income statement when the financial asset is derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(c) Financial Liabilities and Insurance Payables

Financial liabilities and insurance payables within the scope of MFRS 139 and MFRS 4 respectively are recognised on the balance sheet when the Company becomes a party to the contractual obligations of the financial instrument.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities held for trading include derivatives entered into by the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains and losses recognised in the income statement. Net gains or losses on derivatives include exchange differences.

The Company have not designated any financial liabilities as at fair value through profit or loss.

(ii) Other financial liabilities

Other financial liabilities are recognised when due and measured on initial recognition at the fair value of the consideration received plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Gains or losses are recognised in the income statement.

(d) Fair Value Measurement

The Company measures financial instruments, such as, derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 6 (a).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary Of Significant Accounting Policies (continued)

(d) Fair Value Measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties. Involvement of external valuers is decided upon annually by the Properties Department. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. A valuation is done on an annual basis.

At each reporting date, Finance and Property Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies.

The Property Department and the Company's external valuers also compares the changes in the fair value of each property with relevant external sources to determine whether the change is reasonable.

The valuation results, as performed by the Company's external valuers, are presented to the Board in the year the valuation is performed.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(e) Impairment of Financial Assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Objective evidence that a financial asset is impaired includes observable data about loss events like significant financial difficulty of the issuer or obligor; significant adverse changes in the business environment in which the issuer or obligor operates and the disappearance of an active market for that financial asset because of financial difficulties which indicate that there is measurable decrease in the estimated future cash flows. However, it may not be possible to identify a single, discrete event that caused the impairment. Rather, the combined effect of several events is considered in determining whether an asset is impaired.

Assets Carried at Amortised Cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate/yield. The carrying amount of the asset is reduced and the loss is recorded in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary Of Significant Accounting Policies (continued)

(e) Impairment of Financial Assets (continued)

Assets Carried at Amortised Cost (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of loss is recognised in the income statement.

Assets Carried at Cost

If there is objective evidence that an impairment loss on a financial asset carried at cost has been incurred, the carrying amount will be written down to the recoverable amount. Such impairment losses are not reversed in subsequent periods.

AFS Financial Assets

If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from other comprehensive income to the income statement. Reversals in respect of equity instruments are not recognised in the income statement. Reversals of impairment losses on debt instruments classified as AFS are reversed through the income statement if the increase in the fair value of the instruments can be objectively related to an event occurring after the impairment losses were recognised in the income statement.

When assessing the impairment of an equity instrument, the Company considers, in addition to observable data about loss events, whether there is significant or prolonged decline in the fair value of the equity instrument, and whether the cost of the investment in the equity instrument may be recovered. Where there is evidence that the cost of the investment in the equity instrument may not be recovered, impairment loss is provided.

(f) Financial Instruments : Derecognition of Financial Assets and Liabilities

A financial asset is derecognised when:

- The contractual right to receive cash flows from the financial asset expired.

- The Company retains the contractual rights to receive cash flows from the asset but has assumed an obligation to pay them in full without material delay to a third party.

- The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary Of Significant Accounting Policies (continued)

(f) Financial Instruments : Derecognition of Financial Assets and Liabilities (continued)

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (a) the consideration received (including any new asset obtained less any new liability assumed) and (b) any cumulative gain or loss that has been recognised directly in equity is recognised in the income statement. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

(g) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year in which they arise.

(h) Impairment of Non-Financial Assets

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of the net realisable value and the value in use, which is measured by reference to discounted cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating unit.

An impairment loss is recognised in the income statement in the period in which it arises. Subsequent increases in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. A reversal of impairment loss is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(i) Insurance Receivables

Insurance receivables are recognised when due. They are measured at initial recognition at the fair value received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using effective interest method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recognised in the income statement. Insurance receivables are derecognised when the derecognition criteria for financial assets, as described in 2.2(f) have been met.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary Of Significant Accounting Policies (continued)

(j) Insurance Contract

(i) Product Classification

Insurance contracts are those contracts that transfer significant insurance risk. An insurance contract is a contract under which the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur.

Investment contracts are those contracts that transfer significant financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its life-time, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

Insurance and investment contracts are further classified as being either with or without discretionary participation features ("DPF"). DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

(i) Likely to be a significant portion of the total contractual benefits.
(ii) The amount or timing is contractually at the discretion of the issuer.
(iii) That are contractually based on:
- The performance of a specified pool of contracts or a specified type of contract
- Realised and/or unrealised investment returns on a specified pool of assets held by the issuer
- The profit or loss of the company, fund or other entity that issues the contract

Surpluses in the DPF funds can be distributed on an approximate 90/10 basis in accordance with BNM's guidelines Management of Insurance Funds to the policyholders and the shareholder respectively. The Company has the discretion over the amount and timing of the distribution of these surpluses to policyholders. All DPF liabilities, including unallocated surpluses, both guaranteed and discretionary, at the end of the reporting period are held within insurance or investment contract liabilities, as appropriate.

For financial options and guarantees which are not closely related to the host insurance contract and/or investment contracts with DPF, bifurcation is required to measure these embedded derivatives separately at fair value through profit or loss. However, bifurcation is not required if the embedded derivative is itself an insurance contract and/or investment contract with DPF, or if the host insurance contract and/or investment contract itself is measured at fair value through profit or loss.

For the purpose of product classification, the Company adopts maximum policy benefits as the proxy for insurance risk and cash surrender value as the proxy for realisable value of the insurance contract on surrender. The Company defines insurance risk to be significant when the ratio of the insurance risk over the deposit component is not less than 105% of the deposit component at any point of the insurance contract in force. Based on this definition, all policy contracts issued by the Company are considered insurance contracts as at the date of this balance sheet.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary Of Significant Accounting Policies (continued)

(j) Insurance Contract (continued)

(ii) Types of Insurance Contracts

Insurance contract liabilities are classified into principal components as follows:

(a) Life Assurance fund contract liabilities comprising:
- Participating Fund contract liabilities;
- Non Participating Fund contract liabilities; and
- Investment Linked Fund contract liabilities

(b) Reinsurance contracts

(iii) Life Assurance Contract Liabilities

Insurance contracts are recognised and measured in accordance with the terms and conditions of the respective insurance contracts and are based on regulatory guidelines. Premiums, claims and benefit payments, acquisition and management expenses and valuation of future policy benefit payments or premium reserve as the case may be, are recognised in the income statement of the respective funds.

Life insurance liabilities are recognised when contracts are entered into and premiums are charged. The liability is determined as the sum of the present value of future guaranteed and, in the case of a participating life policy, appropriate level of non-guaranteed benefits and expected future management and distribution expenses, less the present value of future gross consideration arising from the policy discounted at the appropriate risk discount rate. The liability is based on best estimate assumptions and with due regard to significant recent experience. An appropriate allowance for provision of risk margin for adverse deviation from expected experience is made in the valuation of non-participating life policies, the guaranteed benefits liabilities of participating life policies, and non-unit liabilities of investment-linked policies.

The liability in respect of policies of a participating insurance contract is taken as the higher of the guaranteed benefit liabilities or the total benefit liabilities at the fund level derived as stated above.

In the case of a life policy where a part of, or the whole of the premiums are accumulated in a fund, the accumulated amount, as declared to the policyholders, are set as the liabilities if the accumulated amount is higher than the amounts as calculated using the gross premium valuation method.

In the case of short-term life policies covering contingencies other than death or survival, the liability for such life insurance contracts comprises the provision for unearned premiums and unexpired risks, as well as for claims outstanding, which includes an estimate of the incurred claims that have not yet been reported to the Company.

Adjustments to the liabilities at each reporting date are recorded in the income statement. Profits originating from margins of adverse deviations on run-off contracts, are recognised in the income statement over the life of the contract, whereas losses are fully recognised in the income statement during the first year of run-off. The liability is derecognised when the contract expires, is discharged or is cancelled.

The Company issues a variety of short and long duration insurance contracts which transfer risks from the policyholders to the Company to protect policyholders from the consequences of insured events such as death, disability, illness, accident, including survival. These contracts may transfer both insurance and investment risk or insurance risk alone, from the policyholders to the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary Of Significant Accounting Policies (continued)

(j) Insurance Contract (continued)

(iii) Life Assurance Contract Liabilities (continued)

For non-participating policy contracts, both insurance and investment risks are transferred from policyholders to the Company. For non-participating policy contracts other than medical insurance policy contracts, the payout to policyholders upon occurrence of the insured event is pre-determined and the transfer of risk is absolute. For medical insurance policy contracts, the payout is dependent on the actual medical cost incurred upon occurrence of the insured event.

Contracts which transfer significant insurance risk alone from policyholders to the Company are commonly known as investment linked policies. As part of the pricing for these contracts, the Company includes certain charges and fees to cover for expenses and insured risk. The net investment returns derived from the variety of investment funds as selected by the policyholder accrue directly to the policyholder.

A significant portion of insurance contracts issued by the Company contain discretionary participating features. These contracts are classified as participating policies. In addition to the guaranteed benefits payable upon occurrence of an insured event associated with human life such as death or disability, the contract entitles the policyholder to receive benefits which could vary according to investment performance of the fund. The Company does not recognise the guaranteed portion separately from the discretionary participating feature.

The valuation of insurance contract liabilities is determined according to BNM's RBC Framework for Insurers and MFRS 4 (Insurance Contracts). The RBC Framework for Insurers issued by BNM meets the requirement of Liability Adequacy Test under MFRS 4.

The Company performs liability adequacy tests on its life insurance liabilities to ensure that the carrying amount of provisions is sufficient to cover estimated future cash flows. When performing the liability adequacy test, the Company discounts all contractual cash flows and compares this amount against the carrying value of the liability. Any deficiency is charged to the income statement.

(k) Reinsurance Contracts

The Company cedes insurance risk in the normal course of its life insurance business. Reinsurance assets represent balances due from reinsurers. These amounts are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurance contracts.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the financial year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive part or all outstanding amounts due under the terms of the contract.

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders. Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance. Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expired.

(l) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Company all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary Of Significant Accounting Policies (continued)

(l) Leases (continued)

(ii) Finance Leases - the Company as Lessee

Useful lives of all leasehold buildings are shorter than the lease term of the leasehold land on which the buildings are located. As such, all risks and rewards incidental to the ownership of such assets would be deemed to have been substantially transferred to the Company at the end of their useful lives. All leasehold buildings are therefore classified as finance lease in the financial statements.

Buildings held under finance leases are recognised as assets in the Balance Sheet of the Company and measured in accordance with MFRS 116 - Property, Plant and Equipment and MFRS 140 - Investment Properties.

The depreciation policy for leased assets is in accordance with that for depreciable property and equipment as described in Note 2.2(a) and investment properties as described in Note 2.2(g).

(iii) Operating Leases - the Company as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term. Long term prepaid lease payments refer to leases with an unexpired period of fifty years or more.

(iv) Operating Leases - the Company as Lessor

Assets leased out under operating leases are presented on the balance sheet according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease (Note 2.2(n)). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis on the lease term.

(m) Life Insurance Underwriting Results

The surplus transferable from the Life Insurance Fund to the income statement is based on the surplus determined by an annual actuarial valuation of the long term liabilities to policyholders.

(i) Gross Premium Income

Premium is recognised as soon as the amount of the premium can be reliably measured. First year premium is recognised from inception date and subsequent premium is recognised when it is due.

At the end of the financial year, all due premiums are accounted for to the extent that they can be reliably measured. Premium not received on due date are recognised as revenue in the income statement and reported as outstanding premiums in the balance sheet.

(ii) Reinsurance Premiums

Gross reinsurance premiums are recognised as an expense when payable or on the date when the policy is effective.

(iii) Creation of Units

Net creation of units is recognised on a receipt basis.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary Of Significant Accounting Policies (continued)

(m) Life Insurance Underwriting Results (continued)

(iv) Commission and Agency Expenses

Commission and agency expenses, which are costs directly incurred in securing premium on insurance policies, net of income derived from reinsurers in the course of ceding of premium to reinsurers, are charged to the income statement in the period in which they are incurred.

(v) Claims and Policy Benefits

Claims and settlement costs that are incurred during the financial period are recognised when a claimable event occurs and/or when the insurer is notified.

Policy benefits are recognised in the accounts when the policyholder exercises the option to deposit the cash bonus and survival benefit with the Company when the benefits fall due. Policy benefits bear fixed interest rates as determined by the Company from time to time.

Claims and provisions for claims arising on life insurance policies, including settlement costs, are accounted for using the case basis method and for this purpose, the benefits payable under a life insurance policy are recognised as follows:

(a) maturity or other policy benefit payments due on specified dates are treated as claims payable on the due dates; and

(b) death, surrender and other benefits without due dates are treated as claims payable, on the date of receipt of intimation of death of the assured or occurrence of contingency covered.

(n) Other Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

Interest on loans are recognised on an accrual basis except where a loan is considered non-performing, i.e. where repayments are in arrears for more than six months, in which case recognition of such interest is suspended. Subsequent to suspension, income is recognised on a receipt basis until all arrears have been paid.

Other interest is recognised on a time proportion basis that takes into account the effective yield of the asset.

Rental is recognised on an accrual basis except where default in payment of rent has already occurred and rent due remains outstanding for over six months, in which case recognition of rental income is suspended. Subsequent to suspension, income is recognised on a receipt basis until all arrears have been paid.

Dividend is recognised when the right to receive payment is established.

All sales of investments are recognised on their trade dates i.e., the date the Company commits to sell the assets. Gains or losses arising from the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are credited or charged to the income statement.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary Of Significant Accounting Policies (continued)

(o) Fees and Commission Income

Fees and commission income comprise mainly of management fee and reinsurance commission income. Management fee includes income earned from provision of investment management services for investment linked businesses. These fees income is recognised as revenue over the period in which the services are rendered. If the fees are for services to be provided in future periods, then they are deferred and recognised over those future periods.

(p) Agents' Retirement Benefits

Provision for agents' retirement benefits is calculated in accordance with the terms and conditions in the respective Life Assurance Sales Representative's Agreements (“”Agreements””).

The terms and conditions of the Agreements stipulate that upon the agent maintaining his position for the qualifying year and achieving the required personal sales and minimum new business, the Company shall allocate to the agent a deferred benefit/retirement benefit.

The deferred benefit/retirement benefit accumulated as at the end of each year shall continue to accrue interest calculated at the dividend rate as announced by the Employees' Provident Fund for that year.

The accrued deferred benefit shall only become payable provided the Agreements has been in force for certain continuous contract years with the Company and the agent has attained the minimum age stipulated in the Agreements.

(q) Foreign Currencies

(i) Functional and Presentation Currency

The financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (“the functional currency”). The financial statements are presented in Ringgit Malaysia (“RM”), which is also the Company's functional currency.

(ii) Foreign Currency Transactions

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (“”foreign currencies””) are recorded in the functional currency using the exchange rates prevailing at the dates of transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated. Exchange differences arising on the settlement of monetary items and on the translation of monetary items are included in the income statement for the year.

The principal exchange rates of foreign currency ruling at balance sheet date used are as follows:

	2013 RM	2012 RM
Singapore Dollar	**2.59**	2.50
United States Dollar	**3.28**	3.06
British Pound	**5.42**	4.97
Australian Dollar	**2.92**	3.18
Hong Kong Dollar	**0.42**	0.39

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary Of Significant Accounting Policies (continued)

(r) Income Tax

Income tax on the income statement for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit and surplus for the year and is measured using the tax rates that have been enacted at the balance sheet date.

In addition to paying tax on shareholder's profit, life insurance business pay tax on policyholders' investment returns at a tax rate of 8%. Tax on policyholders' is recognised as an expense and disclosed separately under taxation of life insurance business in the Income Statement.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

(s) Employee Benefits

(i) Short term benefits

Wages, salaries, bonus and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(t) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and bank balances excluding fixed deposits and repurchase agreements, which have an insignificant risk of changes in value.

(u) Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provision is discounted using a current pre-tax rate that reflects the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Changes In Accounting Policies And Disclosures

(a) New and amended standards and interpretations

The Company applied, for the first time, certain standards and amendments in 2013. These include MFRS 13 *Fair Value Measurement* and amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income.* The application of this standard and amendments resulted in additional disclosures in the financial statements of the Company.

Several other standards and amendments apply for the first time in 2013. These include MFRS 10 *Consolidated Financial Statements*, MFRS 11 *Joint Arrangements*, MFRS 119 *Employee Benefits (Revised 2011)*, and MFRS 12 *Disclosure of Interests in Other Entities*. However, the application of these standards and amendments do not impact the annual financial statements of the Company.

The nature and the impact of each new standards and amendments is described below:

(a) MFRS 13 *Fair Value Measurement*

MFRS 13 establishes a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under MFRS. MFRS 13 defines fair value as an exit price. As a result of the guidance in MFRS 13, the Company re-assessed its policies for measuring fair value, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. MFRS 13 also requires additional disclosures.

Application of MFRS 13 has not materially impacted the fair value measurements of the Company. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 34.

(b) MFRS 101 *Presentation of Items of Other Comprehensive Income - Amendments to MFRS 101*

The amendments to MFRS 101 introduce a grouping of items presented in OCI. Items that will be reclassified ('recycled') to profit or loss at a future point in time (e.g., net loss or gain on AFS financial assets) have to be presented separately from items that will not be reclassified (e.g. revaluation of land and buildings). The amendments affect presentation only and have no impact on the Company's financial position or performance.

(b) Reclassification of comparative to conform with current year presentation

Policyholder administration and investment management services income earned by the life insurance funds from managing the investment-linked fund were previously presented as part of 'Fees and commission income' in the income statement of the Company. However, for the current year presentation, the policyholder administration and investment management services income have been eliminated against the 'Fees and commission expense' as this is an inter fund transaction between the life insurance funds and investment-linked fund.

Reconciliation of income statement

31 December 2012	As previously stated RM'000	Reclassification RM'000	As restated RM'000
Fees and commission income	53,790	(36,859)	16,931
Fees and commission expense	(906,915)	36,859	(870,056)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Standards Issued But Not Yet Effective

As at the date of authorisation of these financial statements, the following Standards, Amendments and Issues Committee ("IC") Interpretations have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Company.

Effective for financial periods beginning on or after 1 January 2014

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

Effective for financial periods beginning on or after 1 January 2015

- MFRS 9 *Financial Instruments*

The management expects that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

(a) MFRS 9 *Financial Instruments: Classification and Measurement*
MFRS 9 reflects the first phase of the work on the replacement of MFRS 139 Financial Instruments: Recognition and Measurement and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139 Financial Instruments: Recognition and Measurement. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Company's financial assets. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

(b) Amendment to MFRS 136 *Recoverable Amount Disclosures for Non-Financial Assets*
The Amendment to MFRS 136 introduces new disclosure requirements when impairment losses are recognised, or reversed, in relation to an asset or a group of assets. The adoption of this Amendment will require more extensive disclosures on recoverable amounts including the basis by which recoverable amounts have been determined but will not have any financial impact on the Company.

2.5 Significant Accounting Estimates And Judgements

(a) Critical Judgements Made in Applying Accounting Policies
The following are judgements made by management in the process of applying the Company's accounting policies that have significant effect on the amounts recognised in the financial statements.

(i) Classification Between Investment Properties and Property and Equipment
The Company has developed certain criteria based on MFRS 140 Investment Property in making judgement whether a property qualifies to be classified as an investment property. Investment property is a property held to earn rental or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Company would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Significant Accounting Estimates And Judgements (continued)

(a) Critical Judgements Made in Applying Accounting Policies (continued)

(ii) Impairment of AFS Financial Assets

Significant judgement is required to assess impairment for AFS financial assets. The Company evaluates the duration and extent to which the fair value of an investment is less than cost; the financial health and near term business outlook for the investee, including but not limited to factors such as industry and sector performance, changes in technology and operational and financial cash flow.

(iii) Insurance Contract Classification

Contracts are classified as insurance contracts where they transfer significant insurance risk from the policyholder to the Company. The Company exercises judgement about the level of insurance risk transferred. As a general guideline, the Company determines whether it has significant insurance risk by comparing benefits paid with benefits payable if the insured event did not occur. These additional benefits include claims liability and assessment costs, but exclude loss of the ability to charge the policyholder for future services. The assessment covers the whole of the expected term of the contract where such additional benefits could be payable.

(iv) Impairment of Receivables

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Company complies with BNM's Guidelines on Financial Reporting (BNM/RH/GL015-3). According to the Guidelines, objective evidence of impairment is deemed to exist where the financial assets are individually assessed for impairment is pass due for more than 90 days or 3 months. Other factors considered by the Company are probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the Company will recognised the impairment loss in the income statement.

(v) Judgement of Finance or Operating lease

The Company has entered into commercial property leases on its investment properties and certain self-occupied properties. The Company evaluate whether the land and buildings are finance or operating leases based on terms and condition of the lease arrangement. The Company will treat the arrangement as an operating lease based on the following:

(i) The land titles do not pass to the Company.

(ii) The rentals paid to the landlord for the commercial properties are increased to market rent at regular intervals and the Company does not participate in the residual value of the building.

(b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Depreciation of Property and Equipment

The costs of a building's equipment are depreciated on a straight line basis over the asset's estimated useful lives. The Company estimates the useful lives of these equipment to be within 15 to 20 years. These are common life expectancies for a building's equipment.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Significant Accounting Estimates And Judgements (continued)

(b) Key Sources of Estimation Uncertainty (continued)

(i) Depreciation of Property and Equipment (continued)

The cost of self-occupied properties is depreciated on a straight-line basis. The Company estimates the useful lives to be 50 years.

(ii) Valuation of Life Insurance Contract Liabilities

The estimation of the ultimate liability arising from claims made under life insurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimation of the liabilities that the Company will ultimately be required to pay as claims.

For life insurance contracts, estimates are made for future deaths, disabilities, morbidities, voluntary terminations, investment returns and administration expenses. The Company relies on standard industry and reinsurance tables which represent historical experiences, and makes appropriate adjustments for its respective risk exposures in deriving the mortality, disability and morbidity estimates. These estimates provide the basis in the valuation of the future benefits to be paid to policyholders and ensure adequate provision of reserve which are monitored against current and future premiums. For those contracts that insure risk on longevity and disability, estimates are made based on recent past experience and emerging trends. Epidemics and changing patterns of lifestyle could result in significant changes to the expected future exposures. At each reporting date, these estimates are assessed for adequacy and changes will be reflected as adjustments to insurance fund contract liabilities.

(iii) Agents' Retirement Benefits

Provision for agent's retirement benefit is calculated in accordance with the terms and conditions of the agreement, which stipulate that upon the agent maintaining his position for the qualifying year and achieving the required personal sales and minimum new business, the Company shall allocate to the agent a deferred benefit/retirement benefit. Interest will be accrued based on an estimated rate at the end of the financial year on the deferred benefit/retirement benefit accumulated with adjustment made subsequent to the year end when the dividend rate is declared by the Employees' Provident Fund ("EPF"). Additional provision is made to cover estimated liability for future benefits payable in the event of death or total and permanent disablement of the eligible agents and the estimates are made for future deaths, disabilities, investment returns and benefits payable. The agent's retirement benefit shall become vested and payable upon fulfilment of the stipulated conditions.

Judgement is required to estimate the provision to be made, based upon the likely fulfilment of the conditions and occurrence of the claimable event.

At each reporting year, these estimates are reassessed for adequacy and changes will be reflected as adjustments to the provision.

3 PROPERTY AND EQUIPMENT

	Freehold Land RM'000	Properties Buildings on Freehold Land RM'000	Buildings on Leasehold Land RM'000	Capital Work-in-Progress RM'000	Motor Vehicles RM'000	Office Machinery RM'000	Office Furniture and Fittings RM'000	Computer Equipment RM'000	Total RM'000
Cost									
At 1 January 2013	**13,861**	**331,560**	**64,192**	**5,458**	**1,883**	**77,505**	**56,084**	**378,939**	**929,482**
Additions	**-**	**-**	**1,467**	**12,300**	**559**	**711**	**1,530**	**20,275**	**36,842**
Disposal	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(455)**	**(455)**
Reclassification	**-**	**-**	**-**	**(34)**	**-**	**-**	**34**	**-**	**-**
Write-offs	**-**	**-**	**-**	**-**	**-**	**(3)**	**(138)**	**(15)**	**(156)**
At 31 December 2013	**13,861**	**331,560**	**65,659**	**17,724**	**2,442**	**78,213**	**57,510**	**398,744**	**965,713**
Accumulated Depreciation and Impairment									
At 1 January 2013	**-**	**91,338**	**17,728**	**-**	**1,313**	**60,584**	**38,378**	**249,745**	**459,086**
Disposal	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(447)**	**(447)**
Depreciation charge for the year	**-**	**6,635**	**1,721**	**-**	**389**	**4,373**	**4,724**	**34,131**	**51,973**
At 31 December 2013	**-**	**97,973**	**19,449**	**-**	**1,702**	**64,957**	**43,102**	**283,429**	**510,612**
Net Book Value									
At 31 December 2013	**13,861**	**233,587**	**46,210**	**17,724**	**740**	**13,256**	**14,408**	**115,315**	**455,101**
Cost									
At 1 January 2012	13,861	331,560	62,466	5,692	1,905	76,108	54,048	362,582	908,222
Additions	-	-	1,474	3,185	172	871	717	17,254	23,673
Disposal	-	-	(1,117)	-	(194)	(1)	-	(906)	(2,218)
Reclassification	-	-	1,369	(3,224)	-	527	1,319	9	-
Write-offs	-	-	-	(195)	-	-	-	-	(195)
At 31 December 2012	13,861	331,560	64,192	5,458	1,883	77,505	56,084	378,939	929,482
Accumulated Depreciation and Impairment									
At 1 January 2012	-	84,707	16,694	-	1,229	56,073	33,738	216,063	408,504
Disposal	-	-	(261)	-	(194)	-	-	(899)	(1,354)
Depreciation charge for the year	-	6,631	1,295	-	278	4,511	4,640	34,581	51,936
At 31 December 2012	-	91,338	17,728	-	1,313	60,584	38,378	249,745	459,086
Net Book Value									
At 31 December 2012	13,861	240,222	46,464	5,458	570	16,921	17,706	129,194	470,396

Included in property and equipment are the cost of fully depreciated assets which are still in use amounting to RM203,862,548 (2012: RM128,932,391). Included in property and equipment are properties with a total net book value amounting to RM19,398,822 (2012: RM19,822,864) for which title deeds are still in the process of being transferred to the Life Insurance Fund.

4 INVESTMENT PROPERTIES

	2013 RM'000	2012 RM'000
At 1 January	**529,650**	519,400
Additions	**2,022**	707
Fair value gains (Note 21)	**428**	9,543
At 31 December	**532,100**	529,650

The Company's investment properties consist of commercial properties in Malaysia. Management determined that the investment properties consist of two classes of asset, commercial and residential - based on the nature, characteristics and risks of each property.

As at 31 December 2013 and 2012, the fair values of the properties are based on valuations performed by CH Williams Talhar & Wong, an accredited independent valuer. CH Williams Talhar & Wong is a specialist in valuing these types of investment properties. The valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

	2013 RM'000	2012 RM'000
Rental income derived from investment properties	**35,180**	36,925
Direct operating expenses (including repairs and maintenance) generating rental income	**(10,583)**	(10,179)
Direct operating expenses (including repairs and maintenance) that did not generate rental income (included in cost of sales)	**-**	-
	24,596	26,747

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Fair value hierarchy disclosures for investment properties have been provided in Note 34.

The Company has determined that the highest and best use of the property used for commercial and residential property is its current use.

5 PREPAID LAND LEASE PAYMENTS

	2013 RM'000	2012 RM'000
Long term leasehold land		
At 1 January	**17,080**	17,897
Disposals	**-**	(675)
Amortisation for the year	**(138)**	(142)
At 31 December	**16,942**	17,080

6 INVESTMENTS

	2013				2012			
	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Unit-linked RM'000	Total RM'000	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Unit-linked RM'000	Total RM'000
Malaysian government securities	**19,444**	**7,745,889**	**52,815**	**7,818,148**	25,797	7,281,587	88,637	7,396,021
Debt securities	**223,627**	**25,123,122**	**669,816**	**26,016,565**	376,943	26,158,408	741,711	27,277,063
Equity securities	**123,277**	**12,601,451**	**3,246,439**	**15,971,167**	41,147	10,662,270	1,864,718	12,568,135
Unit and property trust funds	**8,000**	**455,934**	**69,209**	**533,143**	8,094	535,875	182,385	726,354
Loans	**44,227**	**6,823,334**	**-**	**6,867,561**	30,063	5,983,038	-	6,013,100
Deposits with financial institutions	**34,490**	**1,284,540**	**408,860**	**1,727,890**	9,920	1,228,809	568,360	1,807,089
Financial instruments with embedded derivatives	**18,082**	**2,526,799**	**46,214**	**2,591,095**	-	1,701,639	239,058	1,940,697
Derivatives financial assets	**-**	**-**	**-**	**-**	-	463	-	463
	471,147	**56,561,069**	**4,493,353**	**61,525,569**	491,964	53,552,089	3,684,869	57,728,922
The Company's financial investments are summarised by categories as follows:								
LAR	**78,717**	**8,107,874**	**408,860**	**8,595,451**	39,983	7,211,847	568,360	7,820,189
AFS	**374,348**	**13,057,385**	**-**	**13,431,733**	451,981	11,198,145	-	11,650,126
FVTPL	**18,082**	**35,395,810**	**4,084,493**	**39,498,385**	-	35,142,097	3,116,509	38,258,606
	471,147	**56,561,069**	**4,493,353**	**61,525,569**	491,964	53,552,089	3,684,869	57,728,922
The following investments mature after 12 months:								
LAR	**44,227**	**2,948,095**	**-**	**2,992,322**	15,000	1,078,693	-	1,093,693
AFS	**233,091**	**-**	**-**	**233,091**	382,696	-	-	382,696
FVTPL	**17,909**	**34,324,542**	**548,682**	**34,891,133**	-	33,555,951	752,191	34,308,142
	295,227	**37,272,637**	**548,682**	**38,116,546**	397,696	34,634,644	752,191	35,784,531

6 INVESTMENTS (CONTINUED)

(a) LAR

	2013				2012			
	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Unit-linked RM'000	Total RM'000	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Unit-linked RM'000	Total RM'000
At Amortised Cost/ Cost:								
Deposits with financial institutions:								
Licensed banks	**34,490**	**1,254,540**	**408,860**	**1,697,890**	9,920	1,189,980	568,360	1,768,260
Others	**-**	**30,000**	**-**	**30,000**	-	38,829	-	38,829
Policy loans	**-**	**3,763,428**	**-**	**3,763,428**	-	3,635,967	-	3,635,967
Mortgage loans	**29,167**	**1,489,752**	**-**	**1,518,919**	15,000	1,076,018	-	1,091,018
Secured loans	**15,016**	**1,570,148**	**-**	**1,585,164**	15,024	1,271,034	-	1,286,057
Unsecured loans	**44**	**6**	**-**	**50**	39	19	-	58
	78,717	**8,107,874**	**408,860**	**8,595,451**	39,983	7,211,847	568,360	7,820,189
At Fair Value:								
Deposits with financial institutions:								
Licensed banks	**34,490**	**1,254,540**	**408,860**	**1,697,890**	9,920	1,189,980	568,360	1,768,260
Others	**-**	**30,000**	**-**	**30,000**	-	38,829	-	38,829
Policy loans	**-**	**3,763,428**	**-**	**3,763,428**	-	3,635,967	-	3,635,967
Mortgage loans	**30,242**	**1,515,230**	**-**	**1,545,472**	15,423	1,105,038	-	1,120,461
Secured loans	**15,016**	**1,570,148**	**-**	**1,585,164**	15,024	1,271,034	-	1,286,057
Unsecured loans	**44**	**6**	**-**	**50**	39	19	-	58
	79,792	**8,133,352**	**408,860**	**8,622,004**	40,406	7,240,867	568,360	7,849,632

The carrying value of the deposits with financial institutions approximates fair value due to the relatively short term maturities. The carrying value of the policy loans, secured loans and unsecured loans are reasonable approximations of fair value due to the insignificant impact of discounting.

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

6 INVESTMENTS (CONTINUED)

(b) AFS

	2013				2012			
	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Unit-linked RM'000	Total RM'000	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Unit-linked RM'000	Total RM'000
At Fair Value:								
Equity securities:								
Quoted in Malaysia	**103,600**	**11,043,557**	**-**	**11,147,157**	40,855	9,565,746	-	9,606,601
Quoted outside Malaysia	**19,385**	**1,443,320**	**-**	**1,462,705**	-	981,713	-	981,713
Malaysian government securities	**19,444**	**-**	**-**	**19,444**	25,797	-	-	25,797
Debt securities:								
Unquoted in Malaysia	**223,627**	**-**	**-**	**223,627**	376,943	-	-	376,943
Unit and property trust funds:								
Quoted in Malaysia	**5,904**	**351,370**	**-**	**357,274**	6,970	409,116	-	416,086
Quoted outside Malaysia	**2,096**	**104,564**	**-**	**106,660**	1,124	126,759	-	127,883
	374,056	**12,942,811**	**-**	**13,316,867**	451,689	11,083,334	-	11,535,023
At Cost:								
Equity securities:								
Unquoted in Malaysia	**292**	**114,574**	**-**	**114,866**	292	114,811	-	115,103
	374,348	**13,057,385**	**-**	**13,431,733**	451,981	11,198,145	-	11,650,126

6 INVESTMENTS (CONTINUED)

(c) FVTPL

	2013				2012			
	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Unit-linked RM'000	Total RM'000	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Unit-linked RM'000	Total RM'000
At Fair Value:								
Held-for-Trading:								
Equity securities:								
Quoted in Malaysia	**-**	**-**	**3,227,889**	**3,227,889**	-	-	1,848,326	1,848,326
Quoted outside Malaysia	**-**	**-**	**18,550**	**18,550**	-	-	16,392	16,392
Financial instruments with embedded derivatives	**18,082**	**2,526,800**	**46,214**	**2,591,096**	-	1,701,639	239,058	1,940,697
Malaysian government securities	**-**	**-**	**52,815**	**52,815**	-	-	88,637	88,637
Debt securities:								
Unquoted in Malaysia	**-**	**-**	**669,816**	**669,816**	-	-	741,711	741,711
Unit and property trust funds:								
Quoted in Malaysia	**-**	**-**	**68,304**	**68,304**	-	-	178,376	178,376
Quoted outside Malaysia	**-**	**-**	**905**	**905**	-	-	4,009	4,009
Derivatives financial assets	**-**	**-**	**-**	**-**	-	463	-	463
	18,082	**2,526,800**	**4,084,493**	**6,629,375**	-	1,702,102	3,116,509	4,818,611
Designated upon initial recognition:								
Malaysian goverment securities	**-**	**7,745,889**	**-**	**7,745,889**	-	7,281,587	-	7,281,587
Debt securities:								
Quoted outside Malaysia	**-**	**615,266**	**-**	**615,266**	-	592,936	-	592,936
Unquoted in Malaysia	**-**	**24,370,954**	**-**	**24,370,954**	-	25,430,738	-	25,430,738
Unquoted outside Malaysia	**-**	**136,901**	**-**	**136,901**	-	134,734	-	134,734
	-	**32,869,010**	**-**	**32,869,010**	-	33,439,995	-	33,439,995
	18,082	**35,395,810**	**4,084,493**	**39,498,385**	-	35,142,097	3,116,509	38,258,606

7 REINSURANCE ASSETS

Life Insurance Fund

	2013 RM'000	2012 RM'000
Reinsurance of insurance contracts (Note 11)	**82,381**	79,360

8 INSURANCE RECEIVABLES

Life Insurance Fund

	2013 RM'000	2012 RM'000
Due premiums including agents/brokers and co-insurers balances	**271,250**	272,725
Due from reinsurers and cedants	**265**	1,501
Allowance for impairment	**(5,399)**	(5,235)
	266,116	268,991

Movement in allowance accounts:

	2013 RM'000	2012 RM'000
At 1 January	**5,235**	6,811
Charge for the year	**164**	(1,576)
At 31 December	**5,399**	5,235

9 OTHER RECEIVABLES

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Unit-linked RM'000	Total RM'000
At 31 December 2013				
Income due and accrued	**3,330**	**509,468**	**21,943**	**534,741**
Allowance for impairment	**-**	**(246)**	**-**	**(246)**
Other receivables	**55**	**9,610**	**-**	**9,665**
Amount due from related companies	**4,701**	**-**	**-**	**4,701**
	8,086	**518,832**	**21,943**	**548,861**
Receivable after 12 months	**29**	**4,975**	**-**	**5,004**
At 31 December 2012				
Income due and accrued	4,476	492,137	16,165	512,778
Allowance for impairment	-	(335)	-	(335)
Other receivables	54	10,033	-	10,087
Amount due from related companies	1,243	-	-	1,243
	5,773	501,835	16,165	523,773
Receivable after 12 months	24	4,973	-	4,997

9 OTHER RECEIVABLES (CONTINUED)

Related companies in these financial statements refer to companies within the OCBC Group.

The amount due from related companies are unsecured, interest-free and are repayable on demand.

	2013 RM'000	2012 RM'000
Movement in allowance accounts:		
At 1 January	**335**	221
Charge for the year	**(89)**	114
At 31 December	**246**	335

10 SHARE CAPITAL

	2013 No. of Shares ('000)	2013 RM'000	2012 No. of Shares ('000)	2012 RM'000
Authorised:				
Ordinary shares of RM1 each				
At beginning and end of year	**500,000**	**500,000**	500,000	500,000
Issued and Paid-up:				
Ordinary shares of RM1 each				
At beginning and end of year	**500,000**	**500,000**	500,000	500,000

11 INSURANCE CONTRACT LIABILITIES

Life Insurance Fund

	2013 Gross RM'000	2013 Reinsurance RM'000	2013 Net RM'000	2012 Gross RM'000	2012 Reinsurance RM'000	2012 Net RM'000
Provision for outstanding claims	**5,760,675**	**(43,136)**	**5,717,539**	4,756,970	(34,170)	4,722,800
Actuarial liabilities	**40,091,670**	**(39,245)**	**40,052,425**	34,927,490	(45,190)	34,882,300
Unallocated surplus	**4,408,552**	**-**	**4,408,552**	8,699,727	-	8,699,727
Available-for-sale fair value reserves	**5,045,220**	**-**	**5,045,220**	4,112,687	-	4,112,687
Net asset value attributable to unitholders	**4,341,887**	**-**	**4,341,887**	3,632,067	-	3,632,067
	59,648,004	**(82,381)**	**59,565,623**	56,128,941	(79,360)	56,049,581

11. INSURANCE CONTRACT LIABILITIES (CONTINUED)

	Gross			Reinsurance			
	With DPF RM'000	Without DPF RM'000	Total RM'000	With DPF RM'000	Without DPF RM'000	Total RM'000	Net RM'000
At 1 January 2013	**50,138,567**	**5,990,374**	**56,128,941**	**(16,514)**	**(62,846)**	**(79,360)**	**56,049,581**
Premiums received	**3,949,250**	**766,174**	**4,715,424**	**(54,993)**	**(62,289)**	**(117,282)**	**4,598,142**
Liabilities paid for death, maturities, surrenders, benefits and claims	**(3,246,547)**	**(541,718)**	**(3,788,265)**	**22,754**	**53,165**	**75,919**	**(3,712,346)**
Policy movements	**2,106,211**	**144,519**	**2,250,730**	**-**	**(2,613)**	**(2,613)**	**2,248,117**
Interest rate	**(1,192)**	**(129,459)**	**(130,651)**	**-**	**1,676**	**1,676**	**(128,975)**
Adjustments due to changes in assumptions:							
Mortality/ morbidity	**(1,111)**	**(38,913)**	**(40,024)**	**-**	**6,695**	**6,695**	**(33,329)**
Expenses	**61,369**	**3,464**	**64,833**	**-**	**(67)**	**(67)**	**64,766**
Lapse	**(18,398)**	**(5,967)**	**(24,365)**	**-**	**254**	**254**	**(24,111)**
Others	**18,994**	**8,590**	**27,584**	**-**	**-**	**-**	**27,584**
Change in reserves due to change in valuation methodology to include present value of future shareholder transfer	**3,067,847**	**-**	**3,067,847**	**-**	**-**	**-**	**3,067,847**
Other	**(53,583)**	**1,809**	**(51,774)**	**-**	**-**	**-**	**(51,774)**
Claims benefit experience variation	**987,325**	**16,380**	**1,003,705**	**35,606**	**(3,209)**	**32,397**	**1,036,102**
Net asset value attributable to unitholders	**-**	**485,366**	**485,366**	**-**	**-**	**-**	**485,366**
Available-for-sale fair value reserves	**1,013,622**	**-**	**1,013,622**	**-**	**-**	**-**	**1,013,622**
Unallocated surplus	**(4,993,880)**	**-**	**(4,993,880)**	**-**	**-**	**-**	**(4,993,880)**
Deferred tax effects:							
Available-for-sale fair value reserves	**(81,089)**	**-**	**(81,089)**	**-**	**-**	**-**	**(81,089)**
At 31 December 2013	**52,947,385**	**6,700,619**	**59,648,004**	**(13,147)**	**(69,234)**	**(82,381)**	**59,565,623**

Policy benefits bears interest at 5% (2012: 5%) per annum.

11 INSURANCE CONTRACT LIABILITIES (CONTINUED)

	Gross			Reinsurance			
	With DPF RM'000	**Without DPF RM'000**	**Total RM'000**	**With DPF RM'000**	**Without DPF RM'000**	**Total RM'000**	**Net RM'000**
At 1 January 2012	45,260,786	5,109,793	50,370,579	(10,888)	(56,482)	(67,370)	50,303,209
Premiums received	3,866,476	610,895	4,477,371	(61,479)	(58,117)	(119,596)	4,357,775
Liabilities paid for death, maturities, surrenders, benefits and claims	(2,791,243)	(217,138)	(3,008,381)	30,717	48,269	78,986	(2,929,395)
Policy movements	2,258,597	119,649	2,378,246	-	(4,814)	(4,814)	2,373,432
Interest rate	1,283	58,178	59,461	-	(507)	(507)	58,954
Adjustments due to changes in assumptions:							
Mortality/ morbidity	(4,535)	(9,983)	(14,518)	-	2,668	2,668	(11,850)
Expenses	(34,620)	(13)	(34,633)	-	-	-	(34,633)
Lapse	(975)	1,163	188	-	(7)	(7)	181
Others	12,816	4,920	17,736	-	123	123	17,859
Other	122,901	16,241	139,142	-	485	485	139,627
Claims benefit experience variation	794,792	5,337	800,129	25,136	5,536	30,672	830,801
Net asset value attributable to unitholders	-	291,332	291,332	-	-	-	291,332
Available-for-sale fair value reserves	151,868	-	151,868	-	-	-	151,868
Unallocated surplus	512,723	-	512,723	-	-	-	512,723
Deferred tax effects:							
Available-for-sale fair value reserves	(12,302)	-	(12,302)	-	-	-	(12,302)
At 31 December 2012	50,138,567	5,990,374	56,128,941	(16,514)	(62,846)	(79,360)	56,049,581

* Takaful and Insurance Protection System ("TIPS") is a reserve for future statutory premium payable to Perbadanan Insurance Deposit Malaysia ("PIDM") for future liabilities. Policy benefits bears interest at 5% (2012: 5%) per annum.

12 DERIVATIVE FINANCIAL LIABILITIES

Life Insurance Fund

	Notional Principal RM'000	**Derivative Financial Liabilities RM'000**
31 December 2013		
Derivatives held for trading:		
Currency swaps	**709,254**	**131,498**
31 December 2012		
Derivatives held for trading:		
Currency swaps	650,020	66,402

13 AGENTS' RETIREMENT BENEFITS

Life Insurance Fund

	2013 RM'000	2012 RM'000
At 1 January	**613,535**	564,165
Provision for the year	**74,015**	85,262
Utilised during the year	**(16,620)**	(35,892)
At 31 December	**670,930**	613,535
Payable after 12 months	**490,341**	455,576

14 DEFERRED TAXATION

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Unit-linked RM'000	Total RM'000
At 1 January 2012	108,377	516,489	20,789	645,655
Recognised in:				
Income statement (Note 25)	(1,878)	(20,539)	10,399	(12,018)
Other comprehensive income	154	-	-	154
Insurance contract liabilities	-	12,302	-	12,302
At 31 December 2012	106,653	508,252	31,188	646,093
At 1 January 2013	**106,653**	**508,252**	**31,188**	**646,093**
Recognised in:				
Income statement (Note 25)	**37,073**	**(144,786)**	**18,114**	**(89,599)**
Other comprehensive income	**(2,594)**	**-**	**-**	**(2,594)**
Insurance contract liabilities	**-**	**81,089**	**-**	**81,089**
At 31 December 2013	**141,132**	**444,555**	**49,302**	**634,989**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

14 DEFERRED TAXATION (CONTINUED)

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Unit-linked RM'000	Total RM'000
Presented after appropriate offsetting as follows:				
At 31 December 2012				
Deferred tax liabilities	106,653	514,006	31,188	651,847
Deferred tax assets	-	(5,754)	-	(5,754)
	106,653	508,252	31,188	646,093
At 31 December 2013				
Deferred tax liabilities	**141,132**	**450,266**	**49,302**	**640,700**
Deferred tax assets	**-**	**(5,711)**	**-**	**(5,711)**
	141,132	**444,555**	**49,302**	**634,989**

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

14 DEFERRED TAXATION (CONTINUED)

	Fair value of investment properties RM'000	Fair value of investments assets RM'000	Accelerated capital allowance on property and equipment RM'000	Accretion of discounts on investments RM'000	Unallocated Surplus of Non-Participating Funds RM'000	Total RM'000
Shareholder's Fund						
At 1 January 2013	**-**	**17,696**	**-**	**(2,037)**	**90,994**	**106,653**
Recognised in other comprehensive income	**-**	**(2,594)**	**-**	**-**	**-**	**(2,594)**
Recognised in income statement	**-**	**(487)**	**-**	**34**	**37,526**	**37,073**
At 31 December 2013	**-**	**14,615**	**-**	**(2,003)**	**128,520**	**141,132**
At 1 January 2012	-	17,543	-	(160)	90,994	108,377
Recognised in other comprehensive income	-	154	-	-	-	154
Recognised in income statement	-	(1)	-	(1,877)	-	(1,878)
At 31 December 2012	-	17,696	-	(2,037)	90,994	106,653
Life Insurance Fund						
At 1 January 2013	**15,754**	**488,178**	**10,074**	**-**	**-**	**514,006**
Recognised in insurance contract liabilities	**-**	**81,089**	**-**	**-**	**-**	**81,089**
Recognised in income statement	**34**	**(142,541)**	**(2,322)**	**-**	**-**	**(144,829)**
At 31 December 2013	**15,788**	**426,726**	**7,752**	**-**	**-**	**450,266**
At 1 January 2012	14,964	496,890	12,278	-	-	524,132
Recognised in insurance contract liabilities	-	12,302	-	-	-	12,302
Recognised in income statement	790	(21,014)	(2,204)	-	-	(22,428)
At 31 December 2012	15,754	488,178	10,074	-	-	514,006
Unit-linked						
At 1 January 2013	**-**	**31,188**	**-**	**-**	**-**	**31,188**
Recognised in income statement	**-**	**18,114**	**-**	**-**	**-**	**18,114**
At 31 December 2013	**-**	**49,302**	**-**	**-**	**-**	**49,302**
At 1 January 2012	-	20,789	-	-	-	20,789
Recognised in income statement	-	10,399	-	-	-	10,399
At 31 December 2012	-	31,188	-	-	-	31,188

14 DEFFERRED TAXATION (CONTINUED)

Deferred Tax Assets

	Provision for impairment of investments RM'000
Life Insurance Fund	
At 1 January 2013	**(5,754)**
Recognised in income statement	**43**
At 31 December 2013	**(5,711)**
At 1 January 2012	(7,643)
Recognised in income statement	1,889
At 31 December 2012	(5,754)

15 OTHER FINANCIAL LIABILITIES

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Unit-linked RM'000	Total RM'000
31 December 2013				
Deposits received from reinsurers	**-**	**758**	**-**	**758**
Outstanding purchases of investment securities	**5,979**	**57,477**	**57,805**	**121,261**
	5,979	**58,235**	**57,805**	**122,019**
31 December 2012				
Deposits received from reinsurers	-	823	-	823
Outstanding purchases of investment securities	-	7,027	8,821	15,848
	-	7,850	8,821	16,671

The carrying amounts disclosed above approximate fair value at the balance sheet date. All amounts are payable within one year.

16 INSURANCE PAYABLES

	Life Insurance Fund RM'000	Unit-linked RM'000	Total RM'000
31 December 2013			
Due to reinsurers	**25,435**	**-**	**25,435**
Due to agents and intermediaries	**151,393**	**-**	**151,393**
	176,828	**-**	**176,828**
31 December 2012			
Due to reinsurers	46,314	-	46,314
Due to agents and intermediaries	143,456	-	143,456
	189,770	-	189,770

The carrying amounts disclosed above approximate fair value at the balance sheet date.

17 OTHER PAYABLES

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Unit-linked RM'000	Total RM'000
31 December 2013				
Accrued expenses	**12**	**85,533**	**18**	**85,563**
Deposits from tenants	**-**	**17,313**	**-**	**17,313**
Dividends payable	**133,654**	**-**	**-**	**133,654**
Premium suspense	**-**	**34,036**	**-**	**34,036**
Advance premium	**-**	**172,571**	**-**	**172,571**
Amount due to ultimate holding company	**1,045**	**-**	**-**	**1,045**
Amount due to intermediate holding company	**6,012**	**-**	**-**	**6,012**
Amount due to holding company	**381**	**-**	**-**	**381**
Others	**-**	**86,311**	**34,238**	**120,549**
Total payables	**141,104**	**395,764**	**34,256**	**571,124**
31 December 2012				
Accrued expenses	12	70,576	111	70,699
Deposits from tenants	-	16,907	-	16,907
Dividends payable	133,450	-	-	133,450
Premium suspense	-	33,951	-	33,951
Advance premium	-	168,535	-	168,535
Amount due to ultimate holding company	912	-	-	912
Amount due to intermediate holding company	1,464	-	-	1,464
Amount due to holding company	397	-	-	397
Others	-	72,459	28,417	100,876
Total payables	136,235	362,428	28,528	527,191

The amounts due to the holding, intermediate holding and ultimate holding companies are unsecured, interest-free and are repayable on demand.

18 NET EARNED PREMIUMS

Life Insurance Fund

	2013 RM'000	2012 RM'000
(a) Gross Premiums		
Life insurance contract	**6,495,615**	6,152,193
(b) Premiums Ceded		
Life insurance contract	**(117,282)**	(119,596)
Net Earned Premiums	**6,378,333**	6,032,597

19 INVESTMENT INCOME

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
2013			
Rental income from properties	**-**	**51,449**	**51,449**
Financial assets at FVTPL - held for trading purposes:			
Interest income	**656**	**173,132**	**173,788**
Dividend income:			
- equity securities quoted in Malaysia	**-**	**93,267**	**93,267**
- equity securities quoted outside Malaysia	**-**	**793**	**793**
Financial assets at FVTPL			
- designated upon initial recognition:			
Interest income	**-**	**1,356,141**	**1,356,141**
Financial assets at AFS:			
Interest income	**17,341**	**-**	**17,341**
Dividend income:			
- equity securities quoted in Malaysia	**2,926**	**401,267**	**404,193**
- equity securities quoted outside Malaysia	**159**	**54,720**	**54,879**
- equity securities unquoted in Malaysia	**38**	**4,958**	**4,996**
LAR interest income	**1,984**	**348,735**	**350,719**
Cash and cash equivalents interest income	**2,070**	**38,073**	**40,143**
	25,174	**2,522,535**	**2,547,709**
2012			
Rental income from properties	-	52,475	52,475
Financial assets at FVTPL - held for trading purposes:			
Interest income	301	101,988	102,289
Dividend income:			
- equity securities quoted in Malaysia	-	81,996	81,996
- equity securities quoted outside Malaysia	-	644	644
Financial assets at FVTPL			
- designated upon initial recognition:	-	1,326,556	1,326,556
Interest income			
Financial assets at AFS:			
Interest income	22,945	-	22,945
Dividend income:			
- equity securities quoted in Malaysia	1,766	377,662	379,428
- equity securities quoted outside Malaysia	1	74,460	74,461
- equity securities unquoted in Malaysia	30	4,522	4,552
LAR interest income	55	253,688	253,743
Cash and cash equivalents interest income	1,840	53,126	54,966
	26,938	2,327,117	2,354,055

Included in rental income from investment properties is contingent rent for the year amounting to RM692,356 (2012: RM707,082). Contingent rental arrangements are computed based on sales or profit achieved by tenants.

20 REALISED GAINS AND LOSSES

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
2013			
Property and equipment and prepaid land lease payments			
Realised gains	**-**	**13**	**13**
AFS financial assets			
Realised gains/(losses):			
Equity securities:			
- quoted in Malaysia	**5,546**	**225,469**	**231,015**
- quoted outside Malaysia	**202**	**15,577**	**15,779**
- unquoted in Malaysia	**-**	**10,538**	**10,538**
Debt securities:			
- unquoted in Malaysia	**6,502**	**-**	**6,502**
Total realised gains for AFS financial assets	**12,250**	**251,584**	**263,834**
FVTPL financial assets			
Realised gains/(losses):			
Debt securities:			
- quoted in Malaysia	**-**	**34**	**34**
- quoted outside Malaysia	**-**	**110**	**110**
- unquoted in Malaysia	**-**	**7,775**	**7,775**
Equity securities:			
- quoted in Malaysia	**-**	**6,141**	**6,141**
- quoted outside Malaysia	**-**	**(145)**	**(145)**
Realised losses:			
Embedded securities:			
- quoted in Malaysia	**-**	**(1,889)**	**(1,889)**
Total realised gains for FVTPL	**-**	**12,026**	**12,026**
	12,250	**263,623**	**275,873**
2012			
Property and equipment and prepaid land lease payments			
Realised gains	-	1,686	1,686
AFS financial assets			
Realised gains:			
Equity securities:			
- quoted in Malaysia	(770)	171,517	170,747
- quoted outside Malaysia	(66)	1,394,646	1,394,580
Debt securities:			
- unquoted in Malaysia	10,638	-	10,638
- unquoted outside Malaysia	37	-	37
Total realised gains for AFS financial assets	9,839	1,566,163	1,576,002

20 REALISED GAINS AND LOSSES (CONTINUED)

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
2012 (continued)			
FVTPL financial assets			
Realised gains/(losses):			
Debt securities:			
- quoted outside Malaysia	-	81	81
- unquoted in Malaysia	-	8,210	8,210
- unquoted outside Malaysia	-	(799)	(799)
Equity securities:			
- quoted in Malaysia	-	3,397	3,397
- quoted outside Malaysia	-	323	323
Realised losses:			
Embedded securities:			
- quoted in Malaysia	11	(4,759)	(4,748)
Total realised gains for FVTPL	11	6,453	6,464
	9,850	1,574,302	1,584,152

21 FAIR VALUE GAINS AND LOSSES

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
2013			
Investment properties (Note 4)	**-**	**428**	**428**
Financial investments - FVTPL	**(1,949)**	**(1,072,126)**	**(1,074,075)**
	(1,949)	**(1,071,698)**	**(1,073,647)**
2012			
Investment properties (Note 4)	-	9,543	9,543
Financial investments - FVTPL	(11)	691,683	691,672
	(11)	701,226	701,215

22 FEES AND COMMISSION INCOME

Life Insurance Fund

	2013 RM'000	2012 RM'000
Reinsurance commission income	**5,965**	16,931

23 NET BENEFITS AND CLAIMS

Life Insurance Fund

	2013 RM'000	2012 RM'000
(a) Gross Benefits and Claims Paid		
Life insurance contracts:		
Death	**(315,449)**	(292,589)
Maturity	**(768,116)**	(538,947)
Surrender	**(1,035,096)**	(841,705)
Cash bonus	**(1,364,304)**	(1,068,254)
Others	**(959,671)**	(877,967)
	(4,442,636)	(3,619,462)
(b) Claims Ceded to Reinsurers		
Life insurance contracts	**75,920**	78,986
(c) Gross Change in Contract Liabilities		
Life insurance contracts	**(1,582,826)**	(4,818,665)
(d) Change in Contract Liabilities Ceded to Reinsurers		
Life insurance contracts	**(5,945)**	2,051

24 MANAGEMENT EXPENSES

	Note	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
2013				
Employee benefits expense	24(a)	**-**	**168,568**	**168,568**
Directors' remuneration	24(b)	**-**	**1,200**	**1,200**
Auditor's remuneration:				
- statutory audits		**11**	**621**	**632**
- non-audit fee		**-**	**49**	**49**
Depreciation of property and equipment	3	**-**	**51,973**	**51,973**
Amortisation of prepaid land lease payments	5	**-**	**138**	**138**
Rental of properties		**-**	**9,337**	**9,337**
Operating lease payment		**-**	**991**	**991**
Others		**613**	**179,913**	**180,526**
		624	**412,790**	**413,414**

24 MANAGEMENT EXPENSES (CONTINUED)

	Note	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
(a) Employee Benefits Expense				
Wages and salaries		**-**	**137,442**	**137,442**
Short term accumulating compensated absences		**-**	**354**	**354**
Social security contributions		**-**	**926**	**926**
Defined contribution plans - EPF		**-**	**21,557**	**21,557**
Other employee benefits expense		**-**	**8,289**	**8,289**
		-	**168,568**	**168,568**
(b) Directors' Remuneration				
The details of remuneration receivable by Directors during the year are as follows:				
Executive:				
Salaries and other emoluments		**-**	**1,910**	**1,910**
Bonus		**-**	**608**	**608**
Estimated money value of benefits-in-kind		**-**	**31**	**31**
		-	**2,549**	**2,549**
Non-executive:				
Fees		**-**	**1,200**	**1,200**
		-	**3,749**	**3,749**
Represented by:				
Directors' fees		**-**	**1,200**	**1,200**
Amount included in employee benefits expense		**-**	**2,549**	**2,549**
2012				
Employee benefits expense	24(a)	-	158,577	158,577
Directors' remuneration	24(b)	-	903	903
Auditor's remuneration:				
- statutory audits		11	504	515
- non-audit fee		-	48	48
Depreciation of property and equipment	3	-	51,936	51,936
Amortisation of prepaid land lease payments	5	-	142	142
Rental of properties		-	9,169	9,169
Operating lease payment		-	702	702
Others		603	176,706	177,309
		614	398,687	399,301
(a) Employee Benefits Expense				
Wages and salaries		-	128,842	128,842
Short term accumulating compensated absences		-	129	129
Social security contributions		-	927	927
Defined contribution plans - EPF		-	19,993	19,993
Other employee benefits expense		-	8,686	8,686
		-	158,577	158,577

24 MANAGEMENT EXPENSES (CONTINUED)

	Note	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
2012 (continued)				
(b) Directors' Remuneration				
The details of remuneration receivable by Directors during the year are as follows:				
Executive:				
Salaries and other emoluments		-	1,751	1,751
Bonus		-	741	741
Estimated money value of benefits-in-kind		-	31	31
		-	2,523	2,523
Non-executive:				
Fees		-	903	903
		-	3,426	3,426
Represented by:				
Directors' fees		-	903	903
Amount included in employee benefits expense				
		-	2,523	2,523

The remuneration, including benefits-in-kind, attributable to the CEO, who is the Director of the Company amounted to RM2,549,000 (2012: RM2,523,000).

The directors' fees are subject to the recommendation of the Remuneration Committee to the Board of Directors for endorsement and approval by shareholder at the AGM.

The number of Directors whose total remuneration received from the Company during the year that fall within the following bands is analysed below:

	Number of Directors 2013	2012
Executive Director		
RM2,500,001 - RM2,550,000	**1**	1
Non-Executive Directors		
Below RM50,000	**1**	-
RM50,001 - RM100,000	**-**	3
RM100,001 - RM150,000	**1**	1
RM150,001 - RM200,000	**-**	1
RM200,001 - RM250,000	**1**	2
RM250,001 - RM300,000	**3**	-

25 TAXATION

	2013 RM'000	2012 RM'000
Tax expense/(income):		
Current	**137,305**	149,211
Deferred	**37,073**	(1,878)
	174,378	147,333
Current income tax:		
Malaysian income tax	**171,541**	184,347
Double taxation relief	**(34,236)**	(35,136)
	137,305	149,211
Deferred tax:		
Relating to origination and reversal of temporary differences (Note 14)	**37,073**	(1,878)
	174,378	147,333

The current income tax is calculated at 25% of the estimated assessable profit for the financial year.

The income tax for the Shareholders' Funds are calculated based on the tax rate of 25% (2012: 25%) of the estimated assessable profit for the financial year.

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

	2013 RM'000	2012 RM'000
Profit before taxation	**816,494**	730,413
Taxation at Malaysian statutory tax rate of 25%	**204,124**	182,603
Income not subject to tax	**(598)**	(274)
Expenses not deductible for tax purposes	**5,088**	140
Double taxation relief	**(34,235)**	(35,136)
Tax expense for the year	**174,378**	147,333

Taxation of life insurance business

	2013 RM'000	2012 RM'000
Tax expense/(income)		
Current	**234,233**	358,289
Deferred	**(126,672)**	(10,140)
	107,561	348,149
Current income tax:		
Malaysian income tax	**234,192**	358,231
Tax on foreign dividend income	**41**	58
	234,233	358,289
Deferred tax:		
Relating to origination and reversal of temporary differences (Note 14)	**(126,672)**	(10,140)
	107,561	348,149

25 TAXATION (CONTINUED)

The Malaysian tax charge on the life business is based on the method prescribed under the Income Tax Act 1967 for life business.

The income tax for the life fund is calculated based on tax rate of 8% (2012: 8%) of the assessable investment oncome net of allowable deductions for the financial year.

26 EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit for the year attributed to ordinary equity holder of the Company by the weighted average number of ordinary shares in issue during the year.

	2013	2012
Profit attributable to ordinary equity holder (RM'000)	**642,116**	583,080
Weighted average number of shares in issue (RM'000)	**100,000**	100,000
Basic earnings per share (sen)	**642**	583

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 this financial statements.

27 DIVIDENDS

	2013 RM'000	2012 RM'000
Recognised during the financial year:		
Dividend on ordinary shares:		
- Interim single tier dividend for 2013: RM1.12 (2012: RM1.24) per share	**112,000**	124,000
- Final single tier dividend for 2012: RM4.07 (2011: RM3.72) per share	**407,000**	372,000
	519,000	496,000
Proposed but not recognised as a liability as at 31 December:		
- Final single tier dividend for 2013: RM4.945(2012: RM4.07) per share	**494,500**	407,000

At the forthcoming AGM of the Company, a second and final single tier dividend in respect of the financial year ended 31 December 2013 of RM4.945 (2012: RM4.07) per ordinary share on 100,000,005 ordinary shares, amounting to a dividend payable of RM494,500,025 (2012: RM407,000,020) will be proposed for shareholder's approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholder, will be accounted for in equity as an appropriation from retained earnings in the next financial year ending 31 December 2014.

28 CASH FLOWS

	2013	2012
	RM'000	RM'000
Profit before taxation	**816,494**	730,413
Adjustment for non-cash items:		
Taxation of life fund	**107,561**	348,149
Investment income	**(2,618,730)**	(2,414,578)
Realised gains recorded in the income statement	**(275,873)**	(1,584,152)
Fair value gains recorded in the income statement	**1,073,647**	(701,215)
Purchases of FVTPL financial investments	**(20,027,724)**	(25,516,123)
Proceeds from disposals/maturities of FVTPL financial investments	**17,785,914**	18,794,622
Purchases of AFS financial investments	**(1,891,003)**	(1,641,259)
Proceeds from disposals/maturities of AFS financial investments	**1,359,330**	3,669,548
(Increase)/decrease in LAR	**(775,263)**	1,239,349
Non-cash items:		
Depreciation of property and equipment	**51,973**	51,936
Amortisation of prepaid land lease payments	**138**	142
Net accretion of discounts	**565**	41
Impairment losses on financial investments	**-**	5
Impairment of insurance and other receivables	**75**	(1,462)
Provision for agents' retirement benefits	**74,015**	85,263
Property and equipment write-off	**156**	195
Realised foreign exchange loss on receipts of dividend	**(1)**	(60)
Realised foreign exchange gain on disposal of investments	**(4,324)**	(13,738)
Unrealised derivative forward foreign exchange	**27,740**	14,806
Unrealised bond foreign exchange	**(26,635)**	(16,086)
Changes in working capital:		
Increase in reinsurance assets	**(3,021)**	(11,990)
Decrease/(Increase) in insurance receivables	**2,712**	(7,606)
Decrease/(Increase) in other receivables	**2,953**	(11,890)
Increase in insurance contract liabilities	**2,610,266**	5,618,798
Increase in other financial liabilities	**105,348**	2,467
Decrease in insurance payables	**(12,942)**	(1,617)
Increase in other payables	**43,593**	16,701
Cash used in operations activities	**(1,573,036)**	(1,349,341)

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 benefits and claim incurred for insurance contracts, which are respectively treated under operating activities.

29 OPERATING LEASE ARRANGEMENTS

The Company (as lessor) has entered into operating lease agreements on its investment properties portfolio and certain self-occupied properties. These leases have remaining lease term of between 1 and 5 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions and certain contracts include contingent rental arrangements computed based on sales achieved by tenants.

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

	2013	2012
	RM'000	RM'000
(a) The Company as lessee		
Not later than 1 year	**157**	160
Later than 1 year and not later than 5 years	**1,709**	1,712
	1,866	1,872
(b) The Company as lessor		
Not later than 1 year	**20,224**	10,103
Later than 1 year and not later than 5 years	**49,490**	85,297
	69,714	95,400

The lease payments and rental income including contingent rent recognised in the income statement during the financial year are described in Note 24 and Note 19 respectively.

30 CAPITAL COMMITMENTS

	2013	2012
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
- Investment properties	**238**	340
- Property and equipment	**53,336**	15,162
Approved but not contracted for:		
Investment properties	**93,042**	95,569
	146,616	111,071

31 RELATED PARTY DISCLOSURES

(a) In addition to the transactions detailed elsewhere in the financial statements, the Company had the following transactions and balances with related parties during the financial year:

	2013 RM'000	2012 RM'000
Transactions with related parties during the year:		
Property rentals received (note ii)		
- OCBC Bank (Malaysia) Berhad	**768**	768
- Overseas Assurance Corporation (Malaysia) Berhad	**1,738**	1,729
- Great Eastern Takaful Berhad	**989**	931
Service charges paid (note iii)		
- OCBC Bank (Malaysia) Berhad	**36,904**	36,646
- E2 Power Limited	**3,531**	316
- Pacific Mutual Fund Bhd	**360**	338
- Lion Global Investor Ltd	**204**	-
Service charges received		
- Overseas Assurance Corporation (Malaysia) Berhad	**4,502**	3,311
- Great Eastern Takaful Berhad	**6,286**	4,318
Premium paid (note i)		
- Overseas Assurance Corporation (Malaysia) Berhad	**2,435**	2,457
Premium received (note i)		
- Overseas Assurance Corporation (Malaysia) Berhad	**160**	221
- E2 Power Sdn Bhd	**233**	152
- OCBC Bank (Malaysia) Berhad	**604**	620
- OCBC Al-Amin Bank Berhad	**53**	42
Commission received		
- Overseas Assurance Corporation (Malaysia) Berhad	**379**	376
Commission fees paid		
- OCBC Bank (Malaysia) Berhad	**28,892**	24,995
- OCBC Securities Private Limited	**784**	671
- PAC Lease Sdn Bhd	**118**	74
Interest income (note iv)		
- OCBC Bank (Malaysia) Berhad	**73,736**	60,583
Dividend income from preference shares (note v)		
- OCBC Bank (Malaysia) Berhad	**4,510**	4,522
Bank charges		
- OCBC Bank (Malaysia) Berhad	**1,882**	1,258
Employee Share Purchase Plan		
- Overseas Chinese Banking Corporation Ltd.	**403**	628

31 RELATED PARTY DISCLOSURES (CONTINUED)

(a) In addition to the transactions detailed elsewhere in the financial statements, the Company had the following transactions and balances with related parties during the financial year (continued):

	2013 RM'000	2012 RM'000
Transactions with related parties during the year (continued):		
Employee Share Option Scheme paid		
- Overseas Chinese Banking Corporation Ltd.	**629**	1,108
Deferred Share Plan		
- Overseas Chinese Banking Corporation Ltd.	**347**	-
Charges for group services (note vi)		
- Great Eastern Life Assurance Company Limited	**24,148**	16,092
Balances with related parties at year end:		
Investment in preference shares (note v)		
- OCBC Bank (Malaysia) Berhad	**100,000**	100,000
Investment in redeemable subordinated bonds		
- OCBC Bank (Malaysia) Berhad	**198,992**	203,604
- PAC Lease Sdn Bhd	**199,593**	189,584
Cash and bank balances		
- OCBC Bank (Malaysia) Berhad	**13,313**	6,757
Fixed deposits, structured deposits and repurchase agreements		
- OCBC Bank (Malaysia) Berhad	**1,677,093**	1,466,526
- OCBC Al-Amin Bank Berhad	**92,042**	52,077
Investment in unit trust		
- Lion Global Investors Limited	**899**	1,584
Amount due from related companies:		
- The Great Eastern General Insurance Sdn Bhd	**29**	24
- Overseas Assurance Co (Malaysia) Berhad	**1,846**	499
- Great Eastern Takaful Berhad	**2,695**	720
Amount due to ultimate holding company:		
- Overseas Chinese Banking Corporation Ltd	**1,045**	912
Amount due to intermediate holding company:		
- Great Eastern Life Assurance Company Limited	**6,012**	755
- Great Eastern Holdings Company Limited	**-**	709
Amount due from intermediate holding company:		
- Great Eastern Holdings Company Limited	**131**	-
Amount due to holding company:		
- Great Eastern Capital (M) Sdn Bhd	**381**	397

31 RELATED PARTY DISCLOSURES (CONTINUED)

(a) In addition to the transactions detailed elsewhere in the financial statements, the Company had the following transactions and balances with related parties during the financial year (continued):

Related companies are companies within the OCBC group:

(i) The sale and purchase of insurance policies to related companies are made according to normal market prices and at terms and conditions no more favourable than those to other customers and employees.

(ii) Rental of property to related parties are made according to normal market prices, terms and conditions.

(iii) Payment of service charges to related parties are made according to normal market prices.

(iv) The interest income arose mainly from investment in fixed deposits and repurchase agreements which are made according to prevailing market rates, terms and conditions.

(v) The dividend income arose from investment in OCBC Bank (Malaysia) Bhd preference shares which are made according to arms length terms and conditions. The investment in OCBC (Malaysia) Bhd preference shares amounting to RM100 million was approved by the Board.

(vi) With effect from June 2010, Great Eastern Holdings Limited had allocated its Group function cost to all its subsidiaries including to the Company based on allocation rates approved by Group function heads.

(b) Compensation of Key Management Personnel

The remuneration of Directors and other members of key management during the year was as follows:

	2013 RM'000	2012 RM'000
Short-term employee benefits	**6,535**	6,348
Post-employments benefits:		
Defined contribution plan - EPF	**794**	736
Share-based payment	**496**	520
	7,825	7,604
Share-based payment (in units)	**301,826**	162,959
Included in the total key management personnel are:		
Directors' remuneration (Note 24(b))	**3,749**	3,426

32 FINANCIAL INSTRUMENT BY CATEGORY

	Note	FVTPL RM'000	AFS RM'000	LAR RM'000	Sub-total RM'000	Assets not in scope of MFRS 139 RM'000	Total RM'000
2013							
Assets							
Property and equipment	3	-	-	-	-	455,101	455,101
Investment properties	4	-	-	-	-	532,100	532,100
Prepaid land lease payments	5	-	-	-	-	16,942	16,942
Investments	6	39,498,385	13,431,733	8,595,451	61,525,569	-	61,525,569
Reinsurance assets	7	-	-	-	-	82,381	82,381
Insurance receivables	8	-	-	266,116	266,116	-	266,116
Other receivables	9	-	-	548,861	548,861	-	548,861
Cash and bank balances		-	-	38,283	38,283	-	38,283
Total assets		39,498,385	13,431,733	9,448,711	62,378,829	1,086,524	63,465,353

	Note	FVTPL RM'000	Other financial liabilities RM'000	Sub-total RM'000	Liabilities not in scope of MFRS 139 RM'000	Total RM'000
2013 (continued)						
Liabilities						
Insurance contract liabilities	11	-	-	-	59,648,004	59,648,004
Derivative financial liabilities	12	131,498	-	131,498	-	131,498
Agents' retirement benefits	13	-	-	-	670,930	670,930
Deferred tax liabilities	14	-	-	-	634,989	634,989
Other financial liabilities	15	-	122,019	122,019	-	122,019
Insurance payables	16	-	176,828	176,828	-	176,828
Provision for taxation		-	-	-	79,130	79,130
Other payables	17	-	485,561	485,561	85,563	571,124
Total liabilities		131,498	784,408	915,906	61,118,616	62,034,522

32 FINANCIAL INSTRUMENT BY CATEGORY (CONTINUED)

	Note	FVTPL RM'000	AFS RM'000	LAR RM'000	Sub-total RM'000	Assets not in scope of MFRS 139 RM'000	Total RM'000
2012							
Assets							
Property and equipment	3	-	-	-	-	470,396	470,396
Investment properties	4	-	-	-	-	529,650	529,650
Prepaid land lease payments	5	-	-	-	-	17,080	17,080
Investments	6	38,258,606	11,650,126	7,820,189	57,728,922	-	57,728,922
Reinsurance assets	7	-	-	-	-	79,360	79,360
Insurance receivables	8	-	-	268,991	268,991	-	268,991
Other receivables	9	-	-	523,773	523,773	-	523,773
Cash and bank balances		-	-	17,284	17,284	-	17,284
Total assets		38,258,606	11,650,126	8,630,237	58,538,970	1,096,486	59,635,456

	Note	FVTPL RM'000	Other financial liabilities RM'000	Sub-total RM'000	Liabilities not in scope of MFRS 139 RM'000	Total RM'000
2012 (continued)						
Liabilities						
Insurance contract liabilities	11	-	-	-	56,128,941	56,128,941
Derivative financial liabilities	12	66,402	-	66,402	-	66,402
Agents' retirement benefits	13	-	-	-	613,535	613,535
Deferred tax liabilities	14	-	-	-	646,093	646,093
Other financial liabilities	15	-	16,671	16,671	-	16,671
Insurance payables	16	-	189,770	189,770	-	189,770
Provision for taxation		-	-	-	131,307	131,307
Other payables	17	-	456,492	456,492	70,699	527,191
Total liabilities		66,402	662,933	729,335	57,590,575	58,319,910

33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES

Governance Framework

Managing risk is an integral part of the Company's core business. As stated in the Enterprise Risk Management ("ERM") Framework, the Company shall not shy away from taking risk, but shall:

- Always operate within the risk appetite set by the Board; and
- Ensure commensurate reward for any risk taken.

The Risk Management Department spearheads the development and implementation of the ERM Framework for the Company.

33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Governance Framework (continued)

The Board Risk Committee ("BRC"), constituted in 2003, provides the oversight on the risk management initiatives. Detailed risk management and oversight activities are undertaken by the following Management Committees comprising the Chief Executive Officer and key Senior Management Executives:

- Senior Management Team ("SMT")
- Asset-Liability Committee ("ALC")
- Product Development Committee ("PDC")
- IT Steering Committee ("ITSC")

The SMT is responsible for providing leadership, direction and oversight with regards to all matters of the Company. The SMT is also responsible for ensuring compliance and alignment with Group Governance and Oversight Framework, i.e. Group standards and guidelines.

The ALC is responsible for assisting the SMT in balance sheet management. Specifically, the ALC reviews and formulates technical frameworks, policies and methodology relating to balance sheet management. The ALC is also responsible for ensuring compliance and alignment with Group Governance and Oversight Framework, i.e. Group standards and guidelines.

The PDC oversees the product development and launch process. In addition, the PDC regularly reviews and monitors the performance of new and existing products.

The ITSC is responsible for the oversight of technology and information risks and any relevant regulatory and compliance risks relating to technology and information risks within the Company.

On 1 March 2013, Bank Negara Malaysia ("BNM") issued a policy document on Risk Governance which sets out a framework of principles on risk governance to guide the Board and SMT in performing their risk oversight function. The principles in this document are foundation for and complement other guidelines and sound practices papers issued by BNM on specific risks. Collectively, they reflect BNM's supervisory expectations with regards to the Company's risk management framework and practices, and form the basis for supervisory assessments performed by the BNM.

Regulatory Framework

Insurers have to comply with the Financial Services Act 2013 ("FSA") which came into force on 30 June 2013, including guidelines on investment limits.

As the FSA effectively serves to replace the Insurance Act ("IA")1996, the enforcement of the FSA has a profound impact on the way the Company operates and it raises challenges to business departments to put the house in order for compliance with the new regulatory requirements. In comparison with IA 1996, FSA provides greater sense of regulatory control and consumer protection as well as endowing BNM with wide powers to intervene with a financial institution's business or operations to manage risk and ensure good governance. Insurers are still subjected to certain requirements under IA while transitioning to FSA.

Notwithstanding the impact of FSA on the Company's overall operations and business conduct, the Company had started moving towards full compliance with the applicable provisions of the FSA since February 2013. Through Life Insurance Association of Malaysia, the Company continues to engage with BNM, particularly in implementation of procedures, with the objective of gaining mutual understanding on the standards and regulations issued by BNM.

The responsibility for the formulation, establishment and approval of the Company's investment policies rests with the Board. The Board exercises oversight on the investments to safeguard the interests of the policyholders and shareholders.

33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Capital Management Framework

The Company's capital management policy is to create shareholder value, deliver sustainable returns to shareholder, maintain a strong capital position with sufficient buffer to meet policyholders' obligations and regulatory requirements and make strategic investments for business growth. The Company has had no significant changes in the policies and processes relating to its capital structure during the year.

Under the Risk-Based Capital Framework for Insurers ("RBC"), the insurer has to maintain a capital adequacy level that commensurate with its risk profiles. The minimum capital requirement under the Risk-Based Capital Framework regulated by Bank Negara Malaysia (BNM) is 130%. The Capital Adequacy Ratios of the Company remained well above the minimum capital requirement of 130% under the RBC Framework regulated by BNM.

The Internal Capital Adequacy Assessment Process ("ICAAP") Framework came into effect on 1 September 2012. Under this Framework, the Company has to ensure adequate capital to meet its capital requirements on an ongoing basis. The key elements supporting the Framework include Board and Senior Management oversight, comprehensive risk assessment, individual target capital level and stress testing, sound capital management as well as ongoing monitoring, reporting and review. Capital management and planning policies were further developed and refined under the Framework to outline the approaches and principles under which the Company's capital will be monitored and managed, as well as the corrective actions to be implemented at various critical capital levels. In addition, a risk appetite statement was established to outline the Company's capacity to take on risks to achieve its business objectives while managing the expectations of key stakeholders.

The following sections provide details regarding the Company's exposure to the insurance and key financial risks and the objectives, policies and processes for the management of these risks.

There has been no major change to the Company's exposure to these insurance and key financial risks or the manner in which it manages and measures the risks.

Insurance Risk

The principal activities of the Company are the provision of financial services coupled with insurance protection against risks such as mortality and morbidity (health, critical illness, disability and personal accident).

The Company's underwriting strategy is designed to ensure that these risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims handling procedures. Underwriting limits are also set in place to enforce appropriate risk selection criteria. For examples, the Company has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of fraudulent claims.

Insurance risk comprises both actuarial and underwriting risks resulting from the pricing and acceptance of insurance contracts. The risks arise when actual claims experience is different from the assumptions used in setting the prices for products and establishing the technical provisions and liabilities for claims. Sources of assumptions affecting insurance risk include policy lapses and policy claims, such as mortality, morbidity and expenses.

The Company utilises reinsurance to manage the mortality and morbidity risks. The Company's reinsurance management strategy and policy are reviewed annually by the ALC and BRC, and approved by the Board. Reinsurance structures are set based on the type of risk. Catastrophe reinsurance is procured to limit catastrophic losses. The Company's exposure to group insurance business is not significant, thus there is no material concentration in insurance risk.

Only reinsurers meeting a minimum credit rating of S&P "A-" are considered when deciding on which reinsurers to reinsure the Company's risk. The Company limits its risk to any one reinsurer by ceding different products to different reinsurers or to a panel of reinsurers.

33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Insurance Risk (continued)

The SMT reviews the actual experience of mortality, morbidity, lapses and surrenders, as well as expenses to ensure that appropriate policies, guidelines and limits put in place to manage these risks remain adequate and appropriate.

A substantial portion of the Company's life assurance funds is participating in nature. In the event of volatile investment climate and/or unusual claims experience, the insurer has the option of revising the bonuses and dividends payable to policyholders.

For non-participating funds, the risk is that the guaranteed policy benefits must be met even when investment markets perform poorly, or claims experience is higher than expected.

For investment-linked funds, the risk exposure for the Company is limited only to the underwriting aspect as all investment risks are borne by the policyholder.

Stress Testing ("ST") is performed twice a year. The purpose of the ST is to test the solvency of the life insurance fund under the various scenarios according to regulatory guidelines, simulating drastic changes in major parameters such as new business volume, investment environment, mortality/morbidity patterns, lapse rates and operational loss.

Table 33(A): The table below shows the concentration of life insurance contract liabilities by type of contract as at the balance sheet date, net of reinsurance:

Life Insurance Fund

	Net of reinsurance		
	With DPF RM'000	**Without DPF RM'000**	**Total RM'000**
2013			
Whole Life	**28,516,540**	**4,688,104**	**33,204,644**
Endowment	**7,950,572**	**1,277,586**	**9,228,158**
Term	**(2,647)**	**296,975**	**294,328**
Accident and Health	**8,910**	**125,253**	**134,163**
Annuity	**-**	**1,176**	**1,176**
Others	**1,452,578**	**79,264**	**1,531,842**
Total	**37,925,953**	**6,468,358**	**44,394,311**
2012			
Whole Life	24,646,865	3,887,439	28,534,304
Endowment	6,982,053	1,425,977	8,408,030
Term	(2,906)	277,461	274,555
Accident and Health	9,486	123,361	132,847
Annuity	-	4,108	4,108
Others	1,110,316	50,209	1,160,525
Total	32,745,814	5,768,555	38,514,369

The sensitivity analysis below shows the impact of changes in key parameters on the value of policy liabilities, and hence on the income statement and shareholders' equity.

33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Insurance Risk (continued)

Sensitivity analysis produced is based on parameters set out as follows:

		Change in Assumptions
(a)	Scenario 1 - Mortality & Major Illness	+ 25% for all future years
(b)	Scenario 2 - Mortality & Major Illness	- 25% for all future years
(c)	Scenario 3 - Health & Disability	+ 25% for all future years
(d)	Scenario 4 - Health & Disability	- 25% for all future years
(e)	Scenario 5 - Lapse & Surrender rates	+ 25% for all future years
(f)	Scenario 6 - Lapse & Surrender rates	- 25% for all future years
(g)	Scenario 7 - Expenses	+ 30% for all future years

Table 33(B): The table below shows the insurance risk sensitivity analysis on the policy liabilities, profit/(loss) after taxation and shareholders' equity.

RM '000	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7
2013							
Gross impact	**(131,044)**	**119,626**	**(33,914)**	**28,021**	**(12,556)**	**17,556**	**(18,113)**
Reinsurance ceded	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net impact	**(131,044)**	**119,626**	**(33,914)**	**28,021**	**(12,556)**	**17,556**	**(18,113)**
2012							
Gross impact	(159,194)	139,283	(35,348)	28,918	3,273	(2,907)	(18,530)
Reinsurance ceded	-	-	-	-	-	-	-
Net impact	(159,194)	139,283	(35,348)	28,918	3,273	(2,907)	(18,530)

The above table demonstrates the sensitivity of the Company's profit and loss after tax to a reasonably possible change in actuarial valuation assumptions on an individual basis with all other variables held constant. The effect of sensitivity analysis on reinsurance ceded is not material. The method used and significant assumptions made for deriving sensitivity information above did not change from previous year.

Market and Credit Risk

Market risk arises when the market value of assets and liabilities do not move consistently as financial markets change. Changes in interest rates, foreign exchange rates, equity prices and alternative investment prices can impact present and future investment earnings of the insurance operations as well as shareholder's equity.

The Company is exposed to market risk in the Shareholder's Fund as well as in the mismatch risk between the assets and liabilities of the Insurance Funds. The ALC actively manages market risk through setting and monitoring of the investment policy, asset allocation, portfolio construction and risk measurement as well as approving hedging strategies. Investment limits monitoring is in place at various levels to ensure that all investment activities are aligned with the Company's risk management principles and philosophies. Compliance with established financial risk limits forms an integral part of the risk governance and financial reporting framework. Management of market risk resulting from changes in interest rates and currency exchange rates, volatility in equity price, as well as other risks like credit and liquidity risks are briefly described as follows:

33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Market and Credit Risk (continued)

(a) Interest rate risk (including asset liability mismatch)

The Company is exposed to interest rate risk through (i) investments in fixed income instruments in both the Shareholder's Fund and the Insurance Funds and (ii) policy liabilities in the Insurance Funds. Since the Shareholder's Fund has exposure to investments in fixed income instruments but no exposure to insurance policies liabilities, it will incur an economic loss when interest rates rise. Given the long duration of policy liabilities and the uncertainty of cash flows for the Insurance Funds, it is difficult to source assets that will perfectly match the policy liabilities. This results in a net interest rate risk or asset liability mismatch risk, which is managed and monitored by the ALC. On the other hand, the Insurance Funds is likely to incur economic loss when interest rates drop since the duration of policyholders' liabilities are generally longer than the duration of the fixed income assets.

(b) Foreign currency risk

Investments denominated in foreign currencies are limited to 10% of individual funds regardless of country, subject to the foreign investments being in jurisdictions with sovereign ratings at least equivalent to that of Malaysia, as prescribed by the regulator. Most of the foreign currency risk comes from our Singapore core holdings, which are long-term in nature with good dividends on purchase cost. The percentage exposure is small. (Refer to Table 33(C)).

(c) Equity price risk

Exposure to equity price risk exists in both assets and liabilities. Asset exposure exists through direct equity investment, where the Company through its investments in the Shareholder's Fund and Insurance Funds, bears all or most of the volatility in returns and investment performance risk.

Equity price risk also exists in investment linked products where the revenues of the insurance operations are linked to the value of the underlying equity funds since this has an impact on the level of fees earned. A robust monitoring process is in place to manage equity risk by activating appropriate risk management strategies to limit the downside risk at certain predetermined levels. Limits are set for single security holdings as a percentage of equity holdings.

(d) Credit spread risk

Exposure to credit spread risk exists in the Company's investments in bonds. Credit spread is the difference between the corporate yields against risk-free rate of the same tenure. When spreads widen, it generally implies that the market is factoring more risk of default on the bonds. A widening in credit spreads will result in a fall in the values of the Company's bond portfolio.

(e) Alternative investment risk

The Company is exposed to alternative investment risk through the investments in direct real estate that it owns through real estate. Due to the special nature of this risk, every property deal is reviewed by the BRC regardless of its value, but subject to the approval by the Board. The ALC assists in deliberating matters relating to property, including real estate guidelines, risk management, performance, expenditure, operations and facilities management.

(f) Commodity risk

The Company does not have any direct exposure to commodity risk.

33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Market and Credit Risk (continued)

(g) Cash flow and liquidity risk

Cash flow and liquidity risk arises when a company is unable to meet its obligations associated with financial instruments when required to do so. This typically happens when the investments in the portfolio are illiquid. Demands for funds can usually be met through ongoing normal operations, premiums received, sale of assets or borrowings. Unexpected demands for liquidity may be triggered by negative publicity, deterioration of the economy, reports of problems in other companies in the same or similar lines of business, unanticipated policy claims, or other unexpected cash demands from policyholders.

Expected liquidity demands are managed through a combination of treasury, investment and asset-liability management practices, which are monitored on an ongoing basis. Actual and projected cash inflows and outflows are monitored and a reasonable amount of assets are kept in liquid instruments at all times.

The projected cash flows from the in-force insurance policy contract liabilities consist of renewal premiums, expenses, commissions, claims, maturities and surrenders. Renewal premiums, expenses, commissions, claims and maturities are generally stable and predictable. Surrenders can be more uncertain although it has been quite stable over the past several years.

Unexpected liquidity demands are managed through a combination of product design, diversification limits, investment strategies and systematic monitoring. The existence of surrender penalty in insurance contracts also protects the Company from losses due to unexpected surrender trends as well as reduces the sensitivity of surrenders to changes in interest rates. (Refer to Table 33(D1)&(D2)).

(h) Credit risk

Credit risk is the risk that one party to a financial instrument will cause financial loss to the other party by failing to discharge an obligation. The Company is exposed to credit risk through (i) investment in cash, deposits and bonds, (ii) corporate lending activities and (iii) exposure to counterparty's credit in derivatives transactions and reinsurance contracts. For all three types of exposures, financial loss may materialize as a result of credit default by the borrower or counterparty. For investment in bonds, financial loss may materialize as a result of the widening credit spread or downgrade of credit rating.

The task of evaluating and monitoring credit risk is undertaken by the Credit Risk Committee ("CRC"), which in turn reports to the ALC. The Company has internal limits by issuer or counterparty and by credit ratings. These limits are actively monitored to manage the credit and concentration risk. These limits are reviewed on a regular basis. The creditworthiness of reinsurers and banks is assessed on an annual basis by reviewing their financial strength through published credit ratings and other publicly available financial information. (Refer to Table 33(E1)&(E2)).

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year.

Credit risk in respect of customer balances incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated.

The Company issues unit-linked investment policies. In the unit-linked business, the policyholder bears the investment risk on the assets held in the unit-linked funds as the policy benefits are directly linked to the value of the assets in the fund. Therefore, the Company has no material credit risk on unit-linked financial assets.

The loans in the Company's portfolio are generally secured by collateral with maximum loan to value ratio of 80% predominantly.

33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Market and Credit Risk (continued)

(h) Credit risk (continued)

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and the valuation parameters. Credit risk is also mitigated by entering into collateral agreements. Management monitors the market value of the collateral, request additional collateral when needed and performs an impairment valuation, whenever applicable. The fair value of collateral, held by the company as lender, for which it is entitled to sell or pledge in the event of default is as follows:

RM'000	Type of Collateral	Carrying Amount of Loans	Fair Value of Collateral
2013			
Mortgage loans	Properties	**1,518,919**	**3,626,941**
Secured loans	Others	**1,585,164**	**2,975**
Policy loans	Cash value of policies	**3,763,428**	**7,431,129**
		6,867,511	**11,061,045**
2012			
Mortgage loans	Properties	1,091,018	2,849,693
Secured loans	Others	1,286,057	2,771
Policy loans	Cash value of policies	3,635,967	7,167,567
		6,013,042	10,020,031

Transactions are conducted under terms and conditions that are usual and customary to standard securities borrowing and lending activities.

(i) Concentration risk

An important element of managing both market and credit risk is to actively manage concentration to specific issuers, counterparties, industry sectors, countries and currencies. Both internal and regulatory limits are put in place and monitored to manage this risk. These limits are reviewed on a regular basis by the ALC. The Company's exposures are within the concentration limits set by the regulator. The Company actively manages its product mix to ensure that there is no significant concentration of credit risk.

33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Market and Credit Risk (continued)

(j) Sensitivity analysis on financial risks

The analysis below is performed for reasonably possible movements in key variables with all other variables constant. The correlation of variables will have a significant effect in determining the ultimate fair value and/or amortised cost of financial assets, but to demonstrate the impact due to changes in variables, these variables have to be changed on an individual basis. It should be noted that the movements in these variables are non-linear.

The impact on net profit after tax represents the effect caused by changes in fair value of financial assets whose fair values are recorded in the income statement, and changes in valuation of insurance contract liabilities. The impact on equity represents the impact on net profit after tax and the effect on changes in fair value of financial assets held in Shareholder's Funds.

	2013		2012	
RM (millions)	**Impact on Profit After Taxation**	**Impact on Equity***	Impact on Profit After Taxation	Impact on Equity*
Change in variables				
a) Equity				
+/-20% - STI	**0.0**	**+/-2.3**	0.0	+/-0.7
- KLCI	**0.0**	**+/-35.9**	0.0	+/-25.9
b) Alternative Investment				
+/-10%	**0.0**	**+/-13.3**	0.0	+/-10.4
c) Foreign Currency				
+/-5%	**+/-0.1**	**+/-1.6**	0.0	+/-0.8
d) Interest Rate				
Yield curve +100 bps	**-26.7**	**-48.0**	-25.2	-50.0
Yield curve -100 bps	**27.7**	**50.9**	18.0	45.4
e) Credit Spread				
Spread +100 bps	**-109.1**	**-120.5**	-108.5	-126.9
Spread - 100 bps	**123.4**	**136.3**	+124.0	+144.7

* The impact on equity reflects the after tax impact, when applicable.

The method for deriving sensitivity information and significant variables is enhanced from previous year to more accurately estimate the change in asset value due to changes in interest rate and credit spread. Comparative figures have been revised using the new computation method.

Operational And Compliance Risk

Operational risk is an event or action that may potentially impact partly or completely the achievement of the Company's objectives resulting from inadequate or failed internal processes and systems, human factors or external events.

33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Market and Credit Risk (continued)

Operational And Compliance Risk (continued)

Compliance risk is any event or action that may potentially impact partly or completely the achievement of the Company's objectives, via legal or regulatory sanctions or financial losses, as a result of its failure to comply with applicable laws, regulations, rules and standards, which are defined as:

- Laws, regulations and rules governing insurance business and financial activities undertaken by the Company
- Codes of practice promoted by industry associations
- Internal standards and guidelines

The day-to-day management of operational and compliance risk is effected through the maintenance of comprehensive internal controls, supported by an infrastructure of systems and procedures to monitor processes and transactions. The SMT reviews and monitors operational and compliance issues at its monthly meetings. The Internal Audit team reviews the systems of internal control to assess their effectiveness and continued relevance, and report at least quarterly to the Audit Committee. As an added measure, the risk appetite statement explicitly sets the Company's tolerance level to financial loss arising from operational risk.

Table 33(C): The table below shows the foreign exchange position of the Company's financial assets and liabilities by major currencies.

	RM RM'000	SGD RM'000	USD RM'000	Others RM'000	Total RM'000
2013					
Assets					
Investments					
Malaysian government securities	7,818,148	-	-	-	7,818,148
Debt securities	25,264,398	615,266	136,901	-	26,016,565
Equity securities	14,489,911	1,062,592	1,715	416,948	15,971,166
Unit and property trust funds	425,578	107,118	-	447	533,143
Loans	7,855,847	-	-	-	7,855,847
Deposits with financial institutions	1,727,890	-	-	-	1,727,890
Financial instruments with embedded derivatives	2,591,095	-	-	-	2,591,095
Reinsurance assets	82,381	-	-	-	82,381
Insurance receivables	266,116	-	-	-	266,116
Other receivables	548,861	-	-	-	548,861
Cash and bank balances	16,086	12,594	159	9,446	38,285
Liabilities					
Insurance contract liabilities	59,648,004	-	-	-	59,648,004
Derivative financial liabilities	-	102,118	29,380	-	131,498
Agents' retirement benefits	670,930	-	-	-	670,930
Other financial liabilities	122,019	-	-	-	122,019
Insurance payables	176,828	-	-	-	176,828
Other payables	571,124	-	-	-	571,124

33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Market and Credit Risk (continued)

Table 33(C): The table below shows the foreign exchange position of the Company's financial assets and liabilities by major currencies (continued).

	RM RM'000	SGD RM'000	USD RM'000	Others RM'000	Total RM'000
2012					
Assets					
Investments					
Malaysian government securities	7,396,021	-	-	-	7,396,021
Debt securities	25,787,918	592,936	881,185	-	27,262,039
Equity securities	11,649,550	804,560	3,255	110,770	12,568,135
Unit and property trust funds	594,461	131,893	-	-	726,354
Loans	6,028,124	-	-	-	6,028,124
Deposits with financial institutions	1,807,089	-	-	-	1,807,089
Financial instruments with embedded derivatives	1,940,697	-	-	-	1,940,697
Derivatives financial assets	-	463	-	-	463
Reinsurance assets	79,360	-	-	-	79,360
Insurance receivables	268,991	-	-	-	268,991
Other receivables	523,773	-	-	-	523,773
Cash and bank balances	9,225	4,644	30	3,385	17,284
Liabilities					
Insurance contract liabilities	56,128,941	-	-	-	56,128,941
Derivative financial liabilities	-	56,054	10,348	-	66,402
Agents' retirement benefits	613,535	-	-	-	613,535
Other financial liabilities	16,671	-	-	-	16,671
Insurance payables	189,770	-	-	-	189,770
Other payables	527,191	-	-	-	527,191

33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Market and Credit Risk (continued)

Table 33(D1): The following table shows the maturity profile of the Company's financial liabilities and the expected recovery or settlement of financial assets based on contractual undiscounted cash flow basis.

For insurance contract liabilities and reinsurance assets, maturity profiles are determined based on the estimated timing of net cash outflows from the recognised insurance liabilities.

Unit-linked liabilities are repayable or transferable on demand and are included in the "up to a year" column.

	Carrying value RM'000	Up to a Year* RM'000	1 - 5 Years RM'000	> 5 Years RM'000	No maturity date RM'000	Total RM'000
2013						
Investments:						
LAR	**8,595,451**	**1,984,608**	**1,811,527**	**1,812,457**	**3,763,428**	**9,372,020**
AFS	**13,431,733**	**20,770**	**101,978**	**259,314**	**13,057,386**	**13,439,447**
FVTPL	**39,498,385**	**2,580,060**	**13,626,060**	**38,997,627**	**3,315,647**	**58,519,394**
Reinsurance assets	**82,381**	**4,942**	**15,709**	**18,594**	**43,136**	**82,381**
Insurance receivables	**266,116**	**266,116**	**-**	**-**	**-**	**266,116**
Other receivables	**548,861**	**462,761**	**2,083**	**2,920**	**81,097**	**548,861**
Cash and bank balances	**38,283**	**38,283**	**-**	**-**	**-**	**38,283**
Total financial assets	**62,461,210**	**5,357,540**	**15,557,357**	**41,090,912**	**20,260,695**	**82,266,503**
Insurance contract liabilities:						
With DPF	**52,947,385**	**939,087**	**3,836,570**	**33,170,292**	**15,001,436**	**52,947,385**
Without DPF	**6,700,619**	**748,523**	**236,386**	**1,180,811**	**4,534,899**	**6,700,619**
Derivatives financial liabilities	**131,498**	**-**	**131,498**	**-**	**-**	**131,498**
Agents' retirement benefit	**670,930**	**180,589**	**130,491**	**359,850**	**-**	**670,930**
Other financial liabilities	**122,019**	**121,261**	**758**	**-**	**-**	**122,019**
Insurance payables	**176,828**	**176,828**	**-**	**-**	**-**	**176,828**
Other payables	**485,561**	**468,248**	**17,313**	**-**	**-**	**485,561**
Total financial liabilities	**61,234,840**	**2,634,536**	**4,353,016**	**34,710,953**	**19,536,335**	**61,234,840**

* Expected utilisation or settlement within 12 months from the Balance Sheet date.

33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Market and Credit Risk (continued)

Table 33(D1) (continued)

	Carrying value RM'000	Up to a Year* RM'000	1 - 5 Years RM'000	> 5 Years RM'000	No maturity date RM'000	Total RM'000
2012						
Investments:						
LAR	7,820,189	1,864,128	1,435,072	1,172,638	3,635,967	8,107,805
AFS	11,650,126	53,821	143,425	397,325	11,247,385	11,841,956
FVTPL	38,258,606	4,700,758	14,060,365	34,100,774	2,056,631	54,918,528
Reinsurance assets	79,360	5,448	51,676	22,236	-	79,360
Insurance receivables	268,991	267,489	1,502	-	-	268,991
Other receivables	523,773	436,418	2,077	2,920	82,358	523,773
Cash and bank balances	17,284	17,284	-	-	-	17,284
Total financial assets	58,618,330	7,345,346	15,694,117	35,695,893	17,022,341	75,757,697
Insurance contract liabilities:						
With DPF	50,138,568	492,097	2,811,794	29,441,924	17,392,753	50,138,568
Without DPF	5,990,373	705,123	221,588	1,254,964	3,808,698	5,990,373
Derivatives financial liabilities	66,402	66,402	-	-	-	66,402
Agents' retirement benefit	613,535	157,959	120,192	335,384	-	613,535
Other financial liabilities	16,671	15,848	823	-	-	16,671
Insurance payables	189,770	143,456	46,314	-	-	189,770
Other payables	456,492	439,585	16,907	-	-	456,492
Total financial liabilities	57,471,811	2,020,470	3,217,618	31,032,272	21,201,451	57,471,811

* Expected utilisation or settlement within 12 months from the Balance Sheet date.

33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Market and Credit Risk (continued)

Table 33(D2): The following table shows the current/non current classification of assets and liabilities.

	Current* RM'000	Non-current RM'000	Unit-linked RM'000	Total RM'000
2013				
Property and equipment	-	455,101	-	455,101
Investment properties	-	532,100	-	532,100
Prepaid lease payments	-	16,942	-	16,942
Investments:				
LAR	5,082,520	3,104,071	408,860	8,595,451
AFS	13,188,662	243,071	-	13,431,733
FVTPL	1,029,576	34,384,316	4,084,493	39,498,385
Reinsurance assets	48,078	34,303	-	82,381
Insurance receivables	265,850	266	-	266,116
Other receivables	440,823	86,101	21,937	548,861
Cash and bank balances	36,613	-	1,670	38,283
Total assets	20,092,122	38,856,271	4,516,960	63,465,353
Insurance contract liabilities:				
With DPF	15,940,526	37,006,859	-	52,947,385
Without DPF	941,534	1,417,200	4,341,885	6,700,619
Derivatives financial liabilities	131,498	-	-	131,498
Agents' retirement benefit	180,589	490,341	-	670,930
Deferred tax liabilities	585,687	-	49,302	634,989
Other financial liabilities	63,456	758	57,805	122,019
Insurance payables	151,393	25,435	-	176,828
Provision for taxation	67,534	-	11,596	79,130
Other payables	519,560	17,313	34,251	571,124
Total liabilities	18,581,777	38,957,906	4,494,839	62,034,522

* Expected utilisation or settlement within 12 months from the Balance Sheet date.

33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Market and Credit Risk (continued)

Table 33(D2): (continued)

	Current* RM'000	Non-current RM'000	Unit-linked RM'000	Total RM'000
2012				
Property and equipment	-	470,396	-	470,396
Investment properties	-	529,650	-	529,650
Prepaid lease payments	-	17,080	-	17,080
Investments:				
LAR	4,874,850	2,376,979	568,360	7,820,189
AFS	11,282,453	367,673	-	11,650,126
FVTPL	2,853,451	32,288,646	3,116,509	38,258,606
Reinsurance assets	5,448	73,912	-	79,360
Insurance receivables	267,489	1,502	-	268,991
Other receivables	436,418	87,355	-	523,773
Cash and bank balances	15,032	-	2,252	17,284
Total assets	19,735,141	36,213,194	3,687,121	59,635,456
Insurance contract liabilities:				
With DPF	5,072,437	45,066,131	-	50,138,568
Without DPF	881,752	1,476,552	3,632,069	5,990,373
Derivatives financial liabilities	66,402	-	-	66,402
Agents' retirement benefit	157,959	455,576	-	613,535
Deferred tax liabilities	614,905	-	31,188	646,093
Other financial liabilities	7,850	-	8,821	16,671
Insurance payables	143,456	46,314	-	189,770
Provision for taxation	115,892	-	15,415	131,307
Other payables	510,284	16,907	-	527,191
Total liabilities	7,570,937	47,061,480	3,687,493	58,319,910

* Expected utilisation or settlement within 12 months from the Balance Sheet date.

33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Market and Credit Risk (continued)

Table 33(E1): The table below shows the maximum exposure to credit risk for the components of the Balance Sheet. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting or collateral agreements and use of credit derivatives. For derivatives, the fair value shown on the Balance Sheet represents the current risk exposure but not the maximum risk exposure that would arise in the future as a result of the change in value.

	Note	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Unit-linked RM'000	Total RM'000
2013					
LAR:	6(a)				
Deposits with financial institutions		34,490	1,284,540	408,860	1,727,890
Policy loans		-	3,763,428	-	3,763,428
Mortgage loans		29,167	1,489,752	-	1,518,919
Secured loans		15,016	1,570,148	-	1,585,164
Unsecured loans		44	6	-	50
AFS financial investments:	6(b)				
Equity securities		123,277	12,601,451	-	12,724,728
Malaysian government securities		19,444	-	-	19,444
Debt securities		223,627	-	-	223,627
Unit and property trust funds		8,000	455,934	-	463,934
Financial investments at FVTPL:	6(c)				
Equity securities		-	-	3,246,439	3,246,439
Financial instruments with embedded derivatives		18,082	2,526,800	46,214	2,591,096
Malaysian government securities		-	7,745,889	52,815	7,798,704
Debt securities		-	25,123,121	669,816	25,792,937
Unit and property trust funds		-	-	69,209	69,209
Derivatives financial assets		-	-	-	-
Reinsurance assets	7	-	82,381	-	82,381
Insurance receivables	8	-	266,116	-	266,116
Other receivables	9	8,087	518,832	21,942	548,861
Cash and bank balances		5,505	31,108	1,670	38,283
		484,739	57,459,506	4,516,965	62,461,210

33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Market and Credit Risk (continued)

Table 33(E1) (continued)

	Note	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Unit-linked RM'000	Total RM'000
2012					
LAR:	6(a)				
Deposits with financial institutions		9,920	1,228,809	568,360	1,807,089
Policy loans		-	3,635,967	-	3,635,967
Mortgage loans		15,000	1,076,018	-	1,091,018
Secured loans		15,024	1,271,034	-	1,286,057
Unsecured loans		39	19	-	58
AFS financial investments:	6(b)				
Equity securities		41,147	10,662,270	-	10,703,417
Malaysian government securities		25,797	-	-	25,797
Debt securities		376,943	-	-	376,943
Unit and property trust funds		8,094	535,875	-	543,969
Financial investments at FVTPL:	6(c)				
Equity securities		-	-	1,864,718	1,864,718
Financial instruments with embedded derivatives		-	1,701,639	239,058	1,940,697
Malaysian government securities		-	7,281,587	88,637	7,370,224
Debt securities		-	26,158,408	741,711	26,900,119
Unit and property trust funds		-	-	182,385	182,385
Derivatives financial assets		-	463	-	463
Reinsurance assets	7	-	79,360	-	79,360
Insurance receivables	8	-	268,991	-	268,991
Other receivables	9	5,773	501,835	16,165	523,773
Cash and bank balances		938	14,094	2,252	17,284
		498,675	54,416,369	3,703,286	58,618,330

33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Market and Credit Risk (continued)

Table 33(E2): The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit ratings of counterparties.

	Neither past-due nor impaired						
	Investment grade* (BBB to AAA) RM'000	Non-Investment grade* (C to BB) RM'000	Not rated RM'000	Unit-linked RM'000	Not subject to credit risk RM'000	Past-due** RM'000	Total RM'000
2013							
LAR:							
Deposits with financial institutions	1,309,030	-	10,000	408,860	-	-	1,727,890
Policy loans	-	-	3,763,428	-	-	-	3,763,428
Mortgage loans	29,167	-	1,489,752	-	-	-	1,518,919
Secured loans	1,585,164	-	-	-	-	-	1,585,164
Unsecured loans	-	-	50	-	-	-	50
AFS financial investments:							
Equity securities	-	-	-	-	12,724,728	-	12,724,728
Malaysian government securities	19,444	-	-	-	-	-	19,444
Debt securities	223,627	-	-	-	-	-	223,627
Unit and property trust funds	-	-	-	-	463,934	-	463,934
Financial investments at FVTPL:							
Equity securities	-	-	-	3,246,439	-	-	3,246,439
Financial instruments with embedded derivatives	2,503,189	-	41,693	46,214	-	-	2,591,096
Malaysian government securities	7,745,889	-	-	52,815	-	-	7,798,704
Debt securities	23,712,703	45,793	1,364,625	669,816	-	-	25,792,937
Unit and property trust fund	-	-	-	69,209	-	-	69,209
Reinsurance assets	81,286	-	1,095	-	-	-	82,381
Insurance receivables	266	-	264,841	-	-	1,009	266,116
Other receivables	379,129	10	147,681	21,943	-	98	548,861
Cash and bank balances	36,613	-	-	1,670	-	-	38,283
	37,625,506	45,803	7,083,164	4,516,966	13,188,662	1,107	62,461,209

* Based on public ratings assigned by external rating agencies including RAM and MARC.

** An aging analysis for financial assets past due is provided below.

33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Market and Credit Risk (continued)

Table 33(E2): (continued)

	Neither past-due nor impaired						
	Investment grade* (BBB to AAA) RM'000	**Non-Investment grade* (C to BB) RM'000**	**Not rated RM'000**	**Unit-linked RM'000**	**Not subject to credit risk RM'000**	**Past-due** RM'000**	**Total RM'000**
2012							
LAR:							
Deposits with financial institutions	1,115,409	-	123,320	568,360	-	-	1,807,089
Policy loans	-	-	3,635,967	-	-	-	3,635,967
Mortgage loans	527,692	-	563,326	-	-	-	1,091,018
Secured loans	1,283,286	-	2,771	-	-	-	1,286,057
Unsecured loans	-	-	58	-	-	-	58
AFS financial investments:							
Equity securities	-	-	-	-	10,703,417	-	10,703,417
Malaysian government securities	25,797	-	-	-	-	-	25,797
Debt securities	366,939	-	10,004	-	-	-	376,943
Unit and property trust funds	-	-	-	-	543,969	-	543,969
Financial investments at FVTPL:							
Equity securities	-	-	-	1,864,718	-	-	1,864,718
Financial instruments with embedded derivatives	1,698,424	-	-	239,058	3,215	-	1,940,697
Malaysian government securities	7,281,587	-	-	88,637	-	-	7,370,224
Debt securities	24,151,880	-	2,006,528	741,711	-	-	26,900,119
Unit and property trust fund	-	-	-	182,385	-	-	182,385
Derivative financial assets	463	-	-	-	-	-	463
Reinsurance assets	78,272	-	1,088	-	-	-	79,360
Insurance receivables	1,502	-	258,435	-	-	9,054	268,991
Other receivables	359,511	-	148,025	16,165	-	72	523,773
Cash and bank balances	15,002	-	30	2,252	-	-	17,284
	36,905,765	-	6,749,552	3,703,286	11,250,601	9,126	56,618,330

* Based on public ratings assigned by external rating agencies including RAM and MARC.

** An aging analysis for financial assets past due is provided below.

33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Market and Credit Risk (continued)

Aging Analysis of financial assets past due:

Table 33(E2): (continued)

	Past-due but not impaired					
	< 6 Months RM'000	6 Months to 12 Months RM'000	>12 Months RM'000	Total RM'000	Past Due and impaired RM'000	Total RM'000
2013						
Insurance receivables	**188**	**530**	**291**	**1,009**	**5,401**	**6,410**
Other receivables	**30**	**68**	**-**	**98**	**110**	**208**
	218	**598**	**291**	**1,107**	**5,511**	**6,618**
2012						
Insurance receivables	8,306	244	504	9,054	5,236	14,290
Other receivables	51	5	16	72	335	407
	8,357	249	520	9,126	5,571	14,697

<u>Receivables that are neither past due nor impaired</u>
Receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Company.

<u>Receivables that are past due but not impaired</u>
The Company has receivables amounting to RM1,107,000 (31 December 2012: RM9,126,000) that are past due at reporting date but not impaired.

At reporting date, receivables amounting to RM1,009,000 (31 December 2012: RM8,456,000) have been arranged to be settled. The remaining balances of receivables that are past due but not impaired are unsecured in nature.

<u>Receivables that are impaired</u>
Receivables that are impaired are individually assessed and determined to be impaired relates to debtors that are in financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

34 FAIR VALUE OF ASSETS AND LIABILITIES

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts are reasonable approximations of fair values:

	Carrying Amount		Fair Value	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Financial Assets:				
Investments				
AFS financial assets (Note 6(b)):				
Equity securities:				
Quoted in Malaysia	**11,147,157**	9,606,601	**11,147,157**	9,606,601
Quoted outside Malaysia	**1,462,705**	981,713	**1,462,705**	981,713
Malaysian government securities	**19,444**	25,797	**19,444**	25,797
Debt securities:				
Unquoted in Malaysia	**223,627**	376,943	**223,627**	376,943
Unit and property trust funds:				
Quoted in Malaysia	**357,274**	416,086	**357,274**	416,086
Quoted outside Malaysia	**106,660**	127,883	**106,660**	127,883
Equity securities:				
Unquoted in Malaysia	**114,866**	115,103	**114,866**	115,103
FVTPL - Held for Trading (Note 6(c)):				
Equity securities:				
Quoted in Malaysia	**3,227,889**	1,848,326	**3,227,889**	1,848,326
Quoted outside Malaysia	**18,550**	16,392	**18,550**	16,392
Financial instruments with embedded derivatives	**2,591,096**	1,940,697	**2,591,096**	1,940,697
Malaysian government securities	**52,815**	88,637	**52,815**	88,637
Debt securities:				
Unquoted in Malaysia	**669,816**	741,711	**669,816**	741,711
Unit and property trust funds:				
Quoted in Malaysia	**68,304**	178,376	**68,304**	178,376
Quoted outside Malaysia	**905**	4,009	**905**	4,009
Derivative financial assets	**-**	463	**-**	463
FVTPL - Designated Upon Initial Recognition (Note 6(c)):				
Malaysian government securities	**7,745,889**	7,281,587	**7,745,889**	7,281,587
Debt securities:				
Quoted outside Malaysia	**615,266**	592,936	**615,266**	592,936
Unquoted in Malaysia	**24,370,954**	25,430,738	**24,370,954**	25,430,738
Unquoted outside Malaysia	**136,901**	134,734	**136,901**	134,734
Loans and receivables (Note 6(a)):				
Mortgage loans	**1,518,919**	1,091,018	**1,545,472**	1,120,461
	54,449,037	50,999,751	**54,475,590**	51,029,194
Financial Liabilities:				
Derivative financial liabilities (Note 12):				
Currency swaps	**131,498**	66,402	**131,498**	66,402
	131,498	66,402	**131,498**	66,402

34 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

The management assessed that cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- The fair value of financial assets that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets at the close of business on the balance sheet date.

- For investments in quoted unit and real estate investment trusts, fair value is determined by reference to published net asset values. Investments in equity that do not have quoted market price in an active market and whose fair value cannot be reliably measured will be stated at cost.

- For financial instruments where there is no active market such as unquoted fixed income securities i.e. unquoted bonds, fair value is obtained from Bond Pricing Agency Malaysia Sdn. Bhd. ("BPAM").

- For unquoted and unrated bonds, the unrated bonds are first assigned an internal rating using the Internal Credit Rating model and subsequently benchmarked against Bank Negara's indicative bond yields for a bond with similar rating and tenure.

- If the fair value cannot be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the instrument or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

34 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

	Date of valuation	Level 1 Quoted Market Price RM'000	Level 2 Valuation Techniques - Market Observable Inputs RM'000	Level 3 Valuation Techniques - Unobservable Inputs RM'000	Total Fair Value RM'000
2013					
Assets measured at fair value:					
Financial Assets:					
AFS financial assets (Note 6(b)):					
Equity securities:					
Quoted in Malaysia	**31 December 2013**	**11,147,157**	**-**	**-**	**11,147,157**
Quoted outside Malaysia	**31 December 2013**	**1,462,705**	**-**	**-**	**1,462,705**
Malaysian government securities	**31 December 2013**	**-**	**19,444**	**-**	**19,444**
Debt securities:					
Unquoted in Malaysia	**31 December 2013**	**-**	**223,627**	**-**	**223,627**
Unit and property trust funds:					
Quoted in Malaysia	**31 December 2013**	**357,274**	**-**	**-**	**357,274**
Quoted outside Malaysia	**31 December 2013**	**106,660**	**-**	**-**	**106,660**
FVTPL - Held for Trading (Note 6(c)):					
Equity securities:					
Quoted in Malaysia	**31 December 2013**	**3,227,889**	**-**	**-**	**3,227,889**
Quoted outside Malaysia	**31 December 2013**	**18,550**	**-**	**-**	**18,550**
Financial instruments with embedded derivatives	**31 December 2013**	**62,135**	**2,528,961**	**-**	**2,591,096**
Malaysian government securities	**31 December 2013**	**-**	**52,815**	**-**	**52,815**
Debt securities:					
Unquoted in Malaysia	**31 December 2013**	**-**	**669,816**	**-**	**669,816**
Unit and property trust funds:					
Quoted in Malaysia	**31 December 2013**	**68,304**	**-**	**-**	**68,304**
Quoted outside Malaysia	**31 December 2013**	**905**	**-**	**-**	**905**
FVTPL - Designated Upon Initial Recognition (Note 6(c)):					
Malaysian government securities	**31 December 2013**	**-**	**7,745,889**	**-**	**7,745,889**
Debt securities:					
Quoted outside Malaysia	**31 December 2013**	**615,266**	**-**	**-**	**615,266**
Unquoted in Malaysia	**31 December 2013**	**-**	**24,370,954**	**-**	**24,370,954**
Unquoted outside Malaysia	**31 December 2013**	**-**	**136,901**	**-**	**136,901**
Financial assets		**17,066,845**	**35,748,407**	**-**	**52,815,252**

34 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities. (continued)

	Date of valuation	Level 1 Quoted Market Price RM'000	Level 2 Valuation Techniques - Market Observable Inputs RM'000	Level 3 Valuation Techniques - Unobservable Inputs RM'000	Total Fair Value RM'000
2013 (continued)					
Assets measured at fair value (continued):					
Non Financial Assets:					
Investment Properties (Note 4):					
Commercial	**31 December 2013**	**-**	**301,450**	**-**	**301,450**
Residential	**31 December 2013**	**-**	**230,650**	**-**	**230,650**
Non financial assets		**-**	**532,100**	**-**	**532,100**
Assets for which fair values are disclosed:					
LAR (Note 6(a)):					
Mortgage loans	**31 December 2013**	**-**	**1,545,472**	**-**	**1,545,472**
Liabilities measured at fair value:					
Financial Liabilities					
Derivative financial liabilities (Note 12):					
Currency swaps	**31 December 2013**	**-**	**131,498**	**-**	**131,498**

34 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities. (continued)

	Date of valuation	Level 1 Quoted Market Price RM'000	Level 2 Valuation Techniques - Market Observable Inputs RM'000	Level 3 Valuation Techniques - Unobservable Inputs RM'000	Total Fair Value RM'000
2012					
Assets measured at fair value:					
Financial Assets:					
AFS financial assets (Note 6(b)):					
Equity securities:					
Quoted in Malaysia	31 December 2012	9,606,601	-	-	9,606,601
Quoted outside Malaysia	31 December 2012	981,713	-	-	981,713
Malaysian government securities	31 December 2012	-	25,797	-	25,797
Debt securities:					
Unquoted in Malaysia	31 December 2012	-	376,943	-	376,943
Unit and property trust funds:					
Quoted in Malaysia	31 December 2012	416,086	-	-	416,086
Quoted outside Malaysia	31 December 2012	127,883	-	-	127,883
FVTPL - Held for Trading (Note 6(c)):					
Equity securities:					
Quoted in Malaysia	31 December 2012	1,848,326	-	-	1,848,326
Quoted outside Malaysia	31 December 2012	16,392	-	-	16,392
Financial instruments with embedded derivatives	31 December 2012	11,102	1,929,595	-	1,940,697
Malaysian government securities	31 December 2012	-	88,637	-	88,637
Debt securities:					
Unquoted in Malaysia	31 December 2012	-	741,711	-	741,711
Unit and property trust funds:					
Quoted in Malaysia	31 December 2012	178,376	-	-	178,376
Quoted outside Malaysia	31 December 2012	4,009	-	-	4,009
Derivative financial assets		463	-	-	463
FVTPL - Designated Upon Initial Recognition (Note 6(c)):					
Malaysian government securities	31 December 2012	-	7,281,587	-	7,281,587
Debt securities:					
Quoted outside Malaysia	31 December 2012	592,936	-	-	592,936
Unquoted in Malaysia	31 December 2012	-	25,430,738	-	25,430,738
Unquoted outside Malaysia	31 December 2012	-	134,734	-	134,734
Financial assets		13,783,887	36,009,743	-	49,793,630

34 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities. (continued)

	Date of valuation	Level 1 Quoted Market Price RM'000	Level 2 Valuation Techniques - Market Observable Inputs RM'000	Level 3 Valuation Techniques - Unobservable Inputs RM'000	Total Fair Value RM'000
2012 (continued)					
Assets measured at fair value (continued):					
Non Financial Assets:					
Investment Properties (Note 4):					
Commercial	31 December 2012	-	299,000	-	299,000
Residential	31 December 2012	-	230,650	-	230,650
Non financial assets		-	529,650	-	529,650
Assets for which fair values are disclosed:					
LAR (Note 6(a)):					
Mortgage loans	31 December 2012	-	1,120,461	-	1,120,461
Liabilities measured at fair value:					
Financial Liabilities					
Derivative financial liabilities (Note 12):					
Currency swaps	31 December 2012	-	66,402	-	66,402

Fair value Hierarchy

The Company classifies fair value measurement using a fair value hierarchy that reflects the significant of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 assets/liabilities are those which market values are determined in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those process represent actual and regularly occurring market transactions on an arm's length basis.

34 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

Fair value Hierarchy (Continued)
Level 2 assets/liabilities are those which market values are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions. These type of assets/liabilities includes assets/liabilities which pricing is obtained via pricing services but where prices have not been determined in an active market, financial assets/ financial liabilities with fair values based on broker quotes, investments in private equity funds with fair values obtained from counterparties and assets/liabilities that are valued using the Company's own model whereby the majority of assumptions are market observable.

Level 3 assets/liabilities are those which market values are measured using a valuation technique based on assumptions formed from unobservable inputs. Unobservable inputs are inputs not supported by market data, but which are set on the basis that they represent what is reasonable given the prevailing market conditions.

There has been no transfers of financial assets between Level 1 and Level 2 during the financial years ended 31 December 2013 and 31 December 2012.

35 REGULATORY CAPITAL REQUIREMENT

The capital structure of the Company as at 31 December 2013, as prescribed under the RBC is provided below:

	2013 RM'000	2012 RM'000
Eligible Tier 1 Capital		
Share capital (paid-up)	**100,000**	100,000
Reserves, including retained earnings	**17,076,689**	18,476,533
	17,176,689	18,576,533
Tier 2 Capital		
Eligible reserves	**5,083,277**	4,159,927
Total Capital Available	**22,259,966**	22,736,460

36 CONTINGENT LIABILITIES

	2013 RM'000	2012 RM'000
Unsecured:		
Arising from litigation cases	**341**	928

As at end of the financial year, the Company has a few outstanding litigation claims that may incur potential liabilities for the Company. These outstanding litigation claims arise mainly from disputes on claims settlement, agency and staff industrial relation matters.

37 INSURANCE FUNDS

The Company's activities are organised by funds and segregated into Life Insurance, Shareholder and General and Unit-Linked funds in accordance with the Financial Services Act, 2013. The Income Statement and Balance Sheet by funds are presented as follow:

Balance Sheet by Funds
As at 31 December 2013

	Shareholder's Fund		Life Insurance Fund		Elimination*		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets								
Financial investments	**471,146**	491,964	**61,054,423**	57,236,958	**-**	-	**61,525,569**	57,728,922
Reinsurance assets	**-**	-	**82,381**	79,360	**-**	-	**82,381**	79,360
Insurance receivables	**-**	-	**266,116**	268,991	**-**	-	**266,116**	268,991
Other assets	**1,164,827**	1,003,590	**1,619,510**	1,564,206	**(1,193,050)**	(1,009,613)	**1,591,287**	1,558,183
	1,635,973	1,495,554	**63,022,430**	59,149,515	**(1,193,050)**	(1,009,613)	**63,465,353**	59,635,456
Equity, Policyholders' Fund and Liabilities								
Total Equity	**1,430,831**	1,315,546	**-**	-	**-**	-	**1,430,831**	1,315,546
Insurance contract liabilities	**-**	-	**59,648,004**	56,128,941	**-**	-	**59,648,004**	56,128,941
Other liabilities	**205,142**	180,008	**3,374,426**	3,020,574	**(1,193,050)**	(1,009,613)	**2,386,518**	2,190,969
Total Policyholders' fund and liabilities	**205,142**	180,008	**63,022,430**	59,149,515	**(1,193,050)**	(1,009,613)	**62,034,522**	58,319,910
	1,635,973	1,495,554	**63,022,430**	59,149,515	**(1,193,050)**	(1,009,613)	**63,465,353**	59,635,456

* Refers to elimination of Interfund balances.

37 INSURANCE FUNDS (CONTINUED)

Income Statement by Funds
For the year ended 31 December 2013

	Shareholder's Fund		Life Insurance Fund		Total	
	2013	2012	**2013**	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000	**RM'000**	RM'000
Gross earned premiums	**-**	-	**6,495,615**	6,152,193	**6,495,615**	6,152,193
Premiums ceded to reinsurers	**-**	-	**(117,282)**	(119,596)	**(117,282)**	(119,596)
Net earned premiums	**-**	-	**6,378,333**	6,032,597	**6,378,333**	6,032,597
Investment income	**25,172**	26,938	**2,522,537**	2,327,117	**2,547,709**	2,354,055
Fee and commission income	**-**	-	**5,965**	16,931	**5,965**	16,931
Gains and losses and other operating revenue	**10,621**	9,839	**(803,376)**	2,291,672	**(792,755)**	2,301,511
Other revenue	**35,793**	36,777	**1,725,126**	4,635,720	**1,760,919**	4,672,497
Gross benefits and claims paid	**-**	-	**(4,442,636)**	(3,619,462)	**(4,442,636)**	(3,619,462)
Claims ceded to reinsurers	**-**	-	**75,920**	78,986	**75,920**	78,986
Gross change in contract liabilities	**-**	-	**(1,582,826)**	(4,818,665)	**(1,582,826)**	(4,818,665)
Change in contract liabilities ceded to reinsurers	**-**	-	**(5,945)**	2,051	**(5,945)**	2,051
Net benefits and claims	**-**	-	**(5,955,487)**	(8,357,090)	**(5,955,487)**	(8,357,090)
Depreciation and amortisation	**-**	-	**(52,112)**	(52,078)	**(52,112)**	(52,078)
Other operating and management expenses	**(622)**	(393)	**(1,206,976)**	(1,216,971)	**(1,207,598)**	(1,217,364)
Taxation of life insurance business	**-**	-	**(107,561)**	(348,149)	**(107,561)**	(348,149)
Other expenses	**(622)**	(393)	**(1,366,649)**	(1,617,198)	**(1,367,271)**	(1,617,591)
Profit from operations	**35,171**	36,384	**781,323**	694,029	**816,494**	730,413
Reversal of excess transfer in the prior years	**(20,000)**	-	**20,000**	-	**-**	-
Transfer from Life Insurance Fund*	**801,323**	694,029	**(801,323)**	(694,029)	**-**	-
Profit/Surplus before Taxation	**816,494**	730,413	**-**	-	**816,494**	730,413
Taxation (Note 25)	**(174,378)**	(147,333)	**-**	-	**(174,378)**	(147,333)
Net profit/surplus for the year	**642,116**	583,080	**-**	-	**642,116**	583,080

* The amount transferred from the Life Insurance Fund to the Shareholder's Fund is net of tax.

37 INSURANCE FUNDS (CONTINUED)

Information on Cash Flows by Funds
As at 31 December 2013

	Shareholder's Fund		Life Insurance Fund		Total	
	2013	2012	**2013**	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000	**RM'000**	RM'000
Cash flow from:						
Operating activities	**697,390**	573,740	**(118,754)**	(179,522)	**578,636**	394,218
Investing activities	**-**	-	**(38,843)**	(21,135)	**(38,843)**	(21,135)
Financing activities	**(518,794)**	(495,909)	**-**	-	**(518,794)**	(495,909)
Increase/(Decrease) in cash and cash equivalents	**178,596**	77,831	**(157,597)**	(200,657)	**20,999**	(122,826)
Cash and cash equivalents:						
At beginning of year	**185,665**	107,834	**(168,381)**	32,276	**17,284**	140,110
At end of year	**364,261**	185,665	**(325,978)**	(168,381)	**38,283**	17,284

HEAD OFFICE AND BRANCH NETWORK

Head Office
Menara Great Eastern
303 Jalan Ampang
50450 Kuala Lumpur
Tel: +603 4259 8888
Fax: +603 4259 8000
Email: wecare-my@greateasternlife.com
Website: greateasternlife.com

Alor Setar
66 & 68 Jalan Teluk Wanjah
05200 Alor Setar, Kedah
Tel: +604 731 9877
Fax: +604 731 9878
Branch Administration Manager: Yap Sun Lin
Business Development Manager: Brandon Lee Chi Ping

Batu Pahat
109, Jalan Rahmat
83000 Batu Pahat, Johor
Tel: +607 432 5562
Fax: +607 432 5560
Branch Administration Manager: Yap Ley Tin
Business Development Manager: Irene Koh Ai Lian

Bintulu
No 313, Lot 3956, Phase 4
Bintulu Parkcity Commerce Square
Jalan Tun Ahmad Zaidi / Jalan Tanjung Batu
97000 Bintulu, Sarawak
Tel: +6086 336 676
Fax: +6086 332 601
Branch Administration Manager: Ting Siew Hoon

Ipoh
Wisma Great Eastern
No 16, Persiaran Tugu
Greentown Avenue
30450 Ipoh, Perak
Tel: +605 254 2027
Fax: +605 255 5578
Regional Manager (Branch Operations):
Siah Koh Leong
Regional Manager (Business Development):
David Ong Kar Perng

Johor Bahru
10th Floor, Menara Pelangi
Jalan Kuning, Taman Pelangi
80400 Johor Bahru, Johor
Tel: +607 334 1022
Fax: +607 334 9122
Regional Manager (Branch Operations): Teo Hui Ling
Regional Manager
(Business Development): James Pang Shau Hwa

Klang
No.8 & 10 Jalan Tiara 2A
Bandar Baru Klang
41150 Klang, Selangor
Tel: +603 3343 6688
Fax: +603 3341 3398
Branch Administration Manager: Matthew Nah Yu Jen
Business Development Manager: Tan Pang Siang

Kluang
No 22 & 24
Jalan Md Lazim Saim
86000 Kluang, Johor
Tel: +607 772 3529
Fax: +607 772 3449
Branch Administration Manager: Lim Kee Chii

Kota Bharu
No.S25/5252-T & U
Jalan Sultan Yahya Petra
15200 Kota Bharu, Kelantan
Tel: +609 748 2332
Fax: +609 744 9701
Branch Administration Manager: Yeap Siew Giok
Senior Business Development Manager:
Radzuan Abu Bakar

Kota Kinabalu
Wisma Great Eastern
Level 4 & 5
No. 65 Jalan Gaya
88000 Kota Kinabalu, Sabah
Tel: +6088 252 033
Fax: +6088 210 437
Deputy Regional Manager (Branch Operations):
Chong Kee Jyh
Senior Business Development Manager:
Scott Wong Charng Yeon

Kuala Terengganu
2nd Floor, 6F
Bangunan Persatuan Hin Ann
Jalan Air Jernih
20300 Kuala Terengganu, Terengganu
Tel: +609 622 4959
Fax: +609 626 5195
Branch Administration Head: Yeo Ai May

Kuantan
A25 Jalan Dato Lim Hoe Lek
25200 Kuantan, Pahang
Tel: +609 515 7666
Fax: +609 515 8477
Branch Administration Manager: Hong Shee Yi
Business Development Manager: See Han Chung

Kuching
House No 51, Lot 435, Section 54, KTLD
Travilion Commercial Centre
Jalan Padungan
93100 Kuching, Sarawak
Tel: +082 412 736
Fax: +082 426 684
Regional Manager (Branch Operations):
Ting Lee
Regional Manager (Business Development):
Ricky Voon Woo Kian

Lahad Datu
Ground & 1st Floor
MDLD 3804, Lot 66
Fajar Centre, Jalan Segama
91100 Lahad Datu, Sabah
Tel: +6089 884 136
Fax: +6089 884 226
Branch Administration Manager: Charlene Ng Oi Len

Melaka
No.23 Jalan PM 15
Plaza Mahkota
75000 Melaka
Tel: +606 282 4577
Fax: +606 283 4579
Business Development Manager: Tan Chu Boon

Miri
Lots 1260 & 1261, Block 10
M.C.L.D, Jalan Melayu
98000 Miri, Sarawak
Tel: +6085 413 299
Fax: +6085 417 518
Branch Administration Manager: Tiong Hie Hung

Penang
25, Light Street
10200 Penang
Tel: +604 262 2141
Fax: +604 262 2140
Branch Administration Manager: Betty Lim Sut Lang
Regional Manager (Business Development):
Ken Ong Kean Teik
Senior Business Development Manager:
Alex Ch'ng Seet Loke

Sandakan
Lot 5 & 6, Block 40
Lorong Indah 15
Bandar Indah, Phase 7
Mile 4, North Road
90000 Sandakan, Sabah
Tel: +6089 213 484
Fax: +6089 271 343
Branch Administration Manager: Joan Lai Kar Kee

Seremban

101 & 103
Jalan Yam Tuan
70000 Seremban, Negeri Sembilan
Tel: +606 763 6120
Fax: +606 763 1480
Regional Manager (Branch Operations):
Mohd Azidi Kamaruddin
Senior Business Development Manager:
Yap Hock Ban

Sibu

No. 10A-F, Wisma Great Eastern
Persiaran Brooke
96000 Sibu, Sarawak
Tel: +6084 312 829
Fax: +6084 333 925
Branch Administration Manager: Peter Wong Yuk Ung

Taiping

60 Jalan Barrack
34000 Taiping, Perak
Tel: +605 805 1021
Fax: +605 805 1023
Branch Administration Manager: Tan Hoe Soon

Tawau

Ground Floor, Wisma Great Eastern
Jalan Billian
91000 Tawau, Sabah
Tel: +6089 771 322
Fax: +6089 762 341
Branch Administration Manager: Crystal Ng Fong Kim

Great Eastern
Life is Great
A member of the OCBC Group

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (93745-A)
Menara Great Eastern
303 Jalan Ampang
50450 Kuala Lumpur
Tel: +603 4259 8888
Fax: +603 4259 8000
Website: greateasternlife.com
E-mail: wecare-my@greateasternlife.com