

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BHD
(93745-A)
(Incorporated in Malaysia)

Unaudited Interim Financial Statements

For the six months ended 30 June 2011

93745-A

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BHD
(Incorporated in Malaysia) - 93745 - A

Interim financial statements for the six months ended 30 June 2011

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Unaudited Balance Sheet as at 30 June 2011

	Note	30.06.2011 RM'000	31.12.2010 RM'000
Assets			
Property and equipment		515,455	530,958
Investment properties	10	518,334	510,585
Prepaid land lease payments	11	17,970	18,043
Investments	12	49,949,603	47,378,458
Malaysian Government securities		5,658,595	8,150,412
Debt securities		23,660,767	22,162,921
Equity securities		13,358,785	12,279,472
Unit and property trust funds		356,965	333,978
Loans		4,059,938	3,977,633
Deposits with financial institutions		2,838,740	457,552
Embedded derivatives		15,813	16,490
Reinsurance assets	13	74,301	57,395
Insurance receivables		208,614	287,902
Other receivables		412,886	485,838
Cash and bank balances		61,867	27,669
Total assets		51,759,030	49,296,848
Equity, policyholders' funds and liabilities			
Share capital		100,000	100,000
Retained earnings		450,033	721,680
Other reserves		16,416	15,529
Total equity		566,449	837,209
Insurance contract liabilities	14	49,278,136	46,625,778
Derivative financial liabilities	15	14,703	-
Agents' retirement benefit		538,664	515,111
Deferred tax liabilities		581,496	527,021
Other financial liabilities		158,210	94,550
Insurance payables		143,233	178,519
Tax payable		31,444	71,891
Other payables		446,695	446,769
Total liabilities		51,192,581	48,459,639
Total equity, policyholders' fund and liabilities		51,759,030	49,296,848

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Unaudited Income Statement

	6 months ended 30.06.2011 RM'000	6 months ended 30.06.2010 RM'000
Operating revenue	<u>3,372,866</u>	<u>3,094,080</u>
Gross earned premiums	2,401,833	2,254,858
Premiums ceded to reinsurers	(42,928)	(38,480)
Net earned premiums	<u>2,358,905</u>	<u>2,216,378</u>
Investment income	971,033	839,222
Realised gains and losses	294,956	187,820
Fair value gains and losses	215,237	449,578
Increase in provision of impairment		
Quoted investments	(6,916)	(28)
Unquoted investments	-	(2)
Fee and commission income	18,330	14,484
Other operating revenue	691	274
Other revenue	<u>1,493,331</u>	<u>1,491,348</u>
Gross benefits and claims paid	(1,381,850)	(1,401,841)
Claims ceded to reinsurers	36,290	23,870
Gross change to contract liabilities	(1,818,707)	(1,662,798)
Change in contract liabilities ceded to reinsurers	1,040	642
Net claims	<u>(3,163,227)</u>	<u>(3,040,127)</u>
Fee and commission expense	(379,480)	(385,383)
Management expenses	(182,510)	(150,555)
Other operating expenses	(8,513)	(2,162)
Other expenses	<u>(570,503)</u>	<u>(538,100)</u>
Profit before taxation	118,506	129,499
Taxation	(108,153)	(116,189)
Net profit for the period	<u>10,353</u>	<u>13,310</u>
Earnings per share (sen)		
Basic	<u>10.35</u>	<u>13.31</u>

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Unaudited Statement of Comprehensive Income

	6 months ended 30.06.2011 RM'000	6 months ended 30.06.2010 RM'000
Net profit for the period	10,353	13,310
Other comprehensive income:		
Available-for-sale fair value reserves		
Net gain arising during the period	2,650	9,777
Net realised gain transferred to Income Statement	<u>(1,419)</u>	<u>(3,657)</u>
	1,231	6,120
Tax effects thereon	<u>(344)</u>	<u>(1,931)</u>
	<u>887</u>	<u>4,189</u>
Total comprehensive income for the period	<u>11,240</u>	<u>17,499</u>

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Unaudited Statement of Changes in Equity

	—Non-Distributable		Distributable	Total
	Share Capital RM'000	Available- for-sale Fair Value Reserves RM'000		
At 1 January 2010	100,000	6,127	944,641	1,050,768
Effects due to adoption of FRS 139	-	(34)	-	(34)
At 1 January 2010 (restated)	100,000	6,093	944,641	1,050,734
Total comprehensive income for the period	-	4,189	13,310	17,499
Transfer from General Insurance fund	-	-	434	434
Dividends paid for the financial year ended	-	-	(505,500)	(505,500)
At 30 June 2010	100,000	10,282	452,885	563,167
At 1 January 2011	100,000	15,529	721,680	837,209
Total comprehensive income for the period	-	887	10,353	11,240
Dividends paid during the period	-	-	(282,000)	(282,000)
At 30 June 2011	100,000	16,416	450,033	566,449

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Unaudited Cash Flow Statement

	Note	6 months ended 30.06.2011 RM'000	6 months ended 30.06.2010 RM'000
Operating Activities			
Cash used in operating activities	16	(549,279)	(253,931)
Dividend/distribution income received		256,795	110,888
Interest/profit income received		726,210	703,026
Rental income on investment properties received		31,380	31,866
Agents' retirement benefit paid		(13,566)	(10,330)
Income tax paid		(120,415)	(81,228)
Net cash flow from operating activities		<u>331,125</u>	<u>500,291</u>
Investing Activities			
Proceeds from disposal of property and equipment		79	9
Proceeds from disposal of investment properties		4,873	-
Purchase of property and equipment		(9,613)	(17,751)
Purchase of investment properties		(11,302)	-
Net cash flows from investing activities		<u>(15,963)</u>	<u>(17,742)</u>
Financing Activities			
Dividends paid to equity holders		(280,964)	(504,451)
Net cash flows from financing activities		<u>(280,964)</u>	<u>(504,451)</u>
Net increase/(decrease) in cash and cash equivalents		34,198	(21,902)
Cash and cash equivalents at beginning of period		27,669	82,119
Cash and cash equivalents at 30 June		<u>61,867</u>	<u>60,217</u>
Cash and cash equivalents comprise:			
Cash and bank balances		<u>61,867</u>	<u>60,217</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2011

1. BASIS OF PREPARATION

The interim financial statements for half-year ended 30 June 2011 are unaudited and have been prepared in accordance with Financial Reporting Standards ('FRS') in Malaysia and Guidelines/Circulars issued by Bank Negara Malaysia ('BNM'). The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's audited financial statements for the financial year ended 31 December 2010.

The notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in financial position and performance of the Company since the last financial year ended 31 December 2010.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim financial statements are consistent with those adopted in the Company's audited financial statements for the financial year ended 31 December 2010, except for the adoption of the following revised FRS, Amendments to FRSs, Issues Committee ('IC') Interpretations and Technical Release ('TR'):

Effective for financial periods beginning on or after 1 January 2011

Amendments to FRS 1 : Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters

Amendments to FRS 1 : Additional Exemptions for First-time Adopters

Amendments to FRS 2 : Group Cash-settled Share-based Payment Transactions

Amendments to FRS 7 : Improving Disclosures about Financial Instruments

Amendments to FRSs contained in the document entitled 'Improvements to FRSs (2010)'

Amendments to IC Interpretation 14 : Prepayments of a Minimum Funding Requirement

IC Interpretation 4: Determining whether an Arrangement contains a Lease

IC Interpretation 15: Agreements for the Construction of Real Estate

IC Interpretation 18: Transfers of Assets from Customers

IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments

TR 3: Guidance on Disclosures of Transition to IFRSs

TR i-4: Shariah Compliant Sale Contracts

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2011

2. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

Effective for financial periods beginning on or after 1 January 2012

FRS 124: Related Party Disclosures (revised)

The Company plans to adopt the above pronouncements when they become effective in the respective financial period except for Amendments to FRS 2, Amendments to IC Interpretation 14, IC Interpretation 4, 15, 18, 19, TR 3 and TR *i*-4. These pronouncements are expected to have no significant impact to the financial statements of the Company upon their initial application.

3. SEASONALITY OF OPERATIONS

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

4. UNUSUAL ITEMS

There were no unusual items affecting the assets, liabilities, equity, net income, or cash flows for the interim financial period ended 30 June 2011.

5. CHANGES IN ESTIMATES

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

6. DEBT AND EQUITY SECURITIES

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

7. DIVIDENDS

A second and final single tier dividend of RM2.82 per ordinary share on 100,000,005 ordinary shares amounting to RM282,000,014 for financial year ended 31 December 2010 was approved at the last Annual General Meeting held on 30 March 2011 and the dividend was paid on 1 June 2011.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2011

8. MATERIAL EVENTS SUBSEQUENT TO THE END OF INTERIM PERIOD

There were no material events subsequent to the end of the interim reporting period that have not been reflected in the interim financial statements.

9. CHANGES IN THE COMPOSITION OF THE COMPANY

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

10. INVESTMENT PROPERTIES

	30.06.2011	31.12.2010
	RM'000	RM'000
At beginning of the period	510,585	502,485
Additions from acquisitions	11,302	416
Transfer from property and equipment	-	97
Disposals during the period	(3,364)	-
Fair value changes	(189)	7,587
At end of the period	<u>518,334</u>	<u>510,585</u>

Investment properties are stated at fair value, which had been determined based on valuations performed by an external independent valuer. The fair value changes are recorded in profit or loss.

11. PREPAID LAND LEASE PAYMENTS

	30.06.2011	31.12.2010
	RM'000	RM'000
Long term leasehold land		
At beginning of the period	18,043	18,189
Amortisation for the period	(73)	(146)
At end of the period	<u>17,970</u>	<u>18,043</u>

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12. INVESTMENTS

	As at 30 June 2011				As at 31 December 2010			
	Shareholder's	Life Fund	Unit-linked	Total	Shareholder's	Life Fund	Unit-linked	Total
	Fund RM'000	RM'000	RM'000	RM'000	Fund RM'000	RM'000	RM'000	RM'000
Malaysian Government securities	116,252	5,499,270	43,073	5,658,595	99,640	8,007,389	43,383	8,150,412
Debt securities	495,119	22,645,249	520,399	23,660,767	371,471	21,220,052	571,398	22,162,921
Equity securities	32,652	11,583,470	1,742,663	13,358,785	21,306	10,709,553	1,548,613	12,279,472
Unit and property trust funds	1,140	288,058	67,767	356,965	-	268,857	65,121	333,978
Loans	16	4,059,922	-	4,059,938	-	3,977,633	-	3,977,633
Deposits with financial institutions	36,200	2,407,010	395,530	2,838,740	650	259,802	197,100	457,552
Embedded derivatives	372	7,218	8,223	15,813	50	6,830	9,610	16,490
	681,751	46,490,197	2,777,655	49,949,603	493,117	44,450,116	2,435,225	47,378,458

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

Loans and receivables ("LAR")	36,216	6,466,932	395,530	6,898,678	650	4,237,435	197,100	4,435,185
Available-for-sale assets ("AFS")	645,163	11,871,528	-	12,516,691	492,417	10,978,410	-	11,470,827
Fair value through profit and loss ("FVTPL")	372	28,151,737	2,382,125	30,534,234	50	29,234,271	2,238,125	31,472,446
	681,751	46,490,197	2,777,655	49,949,603	493,117	44,450,116	2,435,225	47,378,458

The following investments mature after 12 months:

FVTPL	-	26,233,096	562,452	26,795,548	-	25,263,249	589,209	25,852,458
AFS	580,689	-	-	580,689	428,144	-	-	428,144
LAR	-	643,646	-	643,646	-	632,140	-	632,140
	580,689	26,876,742	562,452	28,019,883	428,144	25,895,389	589,209	26,912,742

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2011

12. INVESTMENTS (CONT'D.)

(a) LAR

	As at 30 June 2011				As at 31 December 2010			
	Shareholder's Funds RM'000	Life Fund RM'000	Unit-linked RM'000	Total RM'000	Shareholder's Funds RM'000	Life Fund RM'000	Unit-linked RM'000	Total RM'000
Amortised cost/Cost								
Fixed and call deposits with:								
Licensed banks	36,200	2,395,790	395,530	2,827,520	650	252,820	197,100	450,570
Others	-	11,220	-	11,220	-	6,982	-	6,982
Policy loans	-	3,416,221	-	3,416,221	-	3,345,416	-	3,345,416
Mortgage loans	-	641,086	-	641,086	-	586,955	-	586,955
Secured loans	-	2,605	-	2,605	-	45,248	-	45,248
Unsecured loans	16	10	-	26	-	14	-	14
	36,216	6,466,932	395,530	6,898,678	650	4,237,435	197,100	4,435,185

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12. INVESTMENTS (CONT'D.)

(a) LAR (Cont'd)

	As at 30 June 2011				As at 31 December 2010			
	Shareholder's Funds RM'000	Life Fund RM'000	Unit-linked RM'000	Total RM'000	Shareholder's Funds RM'000	Life Fund RM'000	Unit-linked RM'000	Total RM'000
Fair Value								
Fixed and call deposits with:								
Licensed banks	36,200	2,395,790	395,530	2,827,520	650	252,820	197,100	450,570
Others	-	11,220	-	11,220	-	6,982	-	6,982
Policy loans	-	3,416,221	-	3,416,221	-	3,345,416	-	3,345,416
Mortgage loans	-	663,443	-	663,443	-	608,319	-	608,319
Secured loans	-	2,605	-	2,605	-	49,007	-	49,007
Unsecured loans	16	10	-	26	-	14	-	14
	36,216	6,489,289	395,530	6,921,035	650	4,262,558	197,100	4,460,308

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

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12. INVESTMENTS (CONT'D.)

(b) AFS

	As at 30 June 2011				As at 31 December 2010			
	Shareholder's Funds RM'000	Life Fund RM'000	Unit-linked RM'000	Total RM'000	Shareholder's Funds RM'000	Life Fund RM'000	Unit-linked RM'000	Total RM'000
Amortised cost/Cost								
Equity securities:								
Quoted in Malaysia	25,876	5,855,106	-	5,880,982	14,954	5,469,935	-	5,484,889
Quoted outside Malaysia	-	820,548	-	820,548	-	669,966	-	669,966
Unquoted in Malaysia	292	167,445	-	167,737	292	167,445	-	167,737
Malaysian Government securities	114,858	-	-	114,858	97,631	-	-	97,631
Debt securities:								
Unquoted in Malaysia	481,794	-	-	481,794	359,563	-	-	359,563
Unit and property trust funds:								
Quoted in Malaysia	990	164,288	-	165,278	-	160,888	-	160,888
Quoted outside Malaysia	-	65,990	-	65,990	-	66,198	-	66,198
	623,810	7,073,377	-	7,697,187	472,440	6,534,432	-	7,006,872

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12. INVESTMENTS (CONT'D.)

(b) AFS (Cont'd.)

	As at 30 June 2011				As at 31 December 2010			
	Shareholders' Funds RM'000	Life Fund RM'000	Unit-linked RM'000	Total RM'000	Shareholders' Funds RM'000	Life Fund RM'000	Unit-linked RM'000	Total RM'000
Fair Value								
Equity securities:								
Quoted in Malaysia	32,360	9,601,555	-	9,633,915	21,014	8,818,383	-	8,839,397
Quoted outside Malaysia	-	1,814,470	-	1,814,470	-	1,723,725	-	1,723,725
Unquoted in Malaysia	292	167,445	-	167,737	292	167,445	-	167,737
Malaysian Government securities	116,252	-	-	116,252	99,640	-	-	99,640
Debt securities:								
Unquoted in Malaysia	495,119	-	-	495,119	371,471	-	-	371,471
Unit and property trust funds:								
Quoted in Malaysia	1,140	197,793	-	198,933	-	180,206	-	180,206
Quoted outside Malaysia	-	90,265	-	90,265	-	88,651	-	88,651
	645,163	11,871,528	-	12,516,691	492,417	10,978,410	-	11,470,827

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2011

12. INVESTMENTS (CONT'D.)

(c) FVTPL

	As at 30 June 2011				As at 31 December 2010			
	Shareholders' Funds RM'000	Life Fund RM'000	Unit-linked RM'000	Total RM'000	Shareholders' Funds RM'000	Life Fund RM'000	Unit-linked RM'000	Total RM'000
Cost								
Held-for-Trading								
Equity securities:								
Quoted in Malaysia	-	-	1,332,145	1,332,145	-	-	1,259,353	1,259,353
Quoted outside Malaysia	-	-	13,472	13,472	-	-	12,469	12,469
Embedded derivatives	426	4,647	6,445	11,518	54	3,188	6,984	10,226
Malaysian Government securities	-	-	42,482	42,482	-	-	43,238	43,238
Debt securities:								
Quoted in Malaysia	-	-	-	-	-	-	-	-
Unquoted in Malaysia	-	-	512,830	512,830	-	-	569,288	569,288
Unit and property trust funds:								
Quoted in Malaysia	-	-	51,211	51,211	-	-	52,155	52,155
Quoted outside Malaysia	-	-	865	865	-	-	1,144	1,144
	426	4,647	1,959,450	1,964,523	54	3,188	1,944,631	1,947,873
Designated upon initial recognition								
Malaysian Government securities	-	5,305,557	-	5,305,557	-	7,805,525	-	7,805,525
Debt securities:								
Quoted in Malaysia	-	286	-	286	-	286	-	286
Quoted outside Malaysia	-	243,530	-	243,530	-	-	-	-
Unquoted in Malaysia	-	20,809,959	-	20,809,959	-	19,976,781	-	19,976,781
Unquoted outside Malaysia	-	120,960	-	120,960	-	-	-	-
	-	26,480,292	-	26,480,292	-	27,782,592	-	27,782,592
	426	26,484,939	1,959,450	28,444,815	54	27,785,780	1,944,631	29,730,465

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12. INVESTMENTS (CONT'D.)

(c) FVTPL (Cont'd.)

	As at 30 June 2011				As at 31 December 2010			
	Shareholders' Funds RM'000	Life Fund RM'000	Unit-linked RM'000	Total RM'000	Shareholders' Funds RM'000	Life Fund RM'000	Unit-linked RM'000	Total RM'000
Fair Value								
Held-for-Trading								
Equity securities:								
Quoted in Malaysia	-	-	1,728,927	1,728,927	-	-	1,535,584	1,535,584
Quoted outside Malaysia	-	-	13,736	13,736	-	-	13,029	13,029
Embedded derivatives	372	7,218	8,223	15,813	50	6,830	9,610	16,490
Malaysian Government securities	-	-	43,073	43,073	-	-	43,383	43,383
Debt securities:								
Quoted in Malaysia	-	-	68	68	-	-	70	70
Unquoted in Malaysia	-	-	520,331	520,331	-	-	571,328	571,328
Unit and property trust funds:								
Quoted in Malaysia	-	-	66,863	66,863	-	-	63,927	63,927
Quoted outside Malaysia	-	-	904	904	-	-	1,194	1,194
	<u>372</u>	<u>7,218</u>	<u>2,382,125</u>	<u>2,389,715</u>	<u>50</u>	<u>6,830</u>	<u>2,238,125</u>	<u>2,245,005</u>
Designated upon initial recognition								
Malaysian Government securities	-	5,499,270	-	5,499,270	-	8,007,389	-	8,007,389
Debt securities:								
Quoted in Malaysia	-	6,414	-	6,414	-	6,599	-	6,599
Quoted outside Malaysia	-	248,038	-	248,038	-	-	-	-
Unquoted in Malaysia	-	22,270,349	-	22,270,349	-	21,213,453	-	21,213,453
Unquoted outside Malaysia	-	120,448	-	120,448	-	-	-	-
	<u>-</u>	<u>28,144,519</u>	<u>-</u>	<u>28,144,519</u>	<u>-</u>	<u>29,227,441</u>	<u>-</u>	<u>29,227,441</u>
	<u>372</u>	<u>28,151,737</u>	<u>2,382,125</u>	<u>30,534,234</u>	<u>50</u>	<u>29,234,271</u>	<u>2,238,125</u>	<u>31,472,446</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2011

12. INVESTMENTS (CONT'D.)

(d) Fair Values of Financial Investments

The following table show financial investments recorded at fair value analysed by the different basis of fair values as follows:

	AFS	FVTPL	Total
	RM'000	RM'000	RM'000
30 June 2011			
Quoted market price	11,737,583	2,080,763	13,818,346
Valuation techniques - market observable inputs	611,371	28,453,471	29,064,842
Valuation techniques - non-market observable inputs	167,737	-	167,737
	<u>12,516,691</u>	<u>30,534,234</u>	<u>43,050,925</u>
31 December 2010			
Quoted market price	10,831,979	1,636,893	12,468,872
Valuation techniques - market observable inputs	471,111	29,835,553	30,306,664
Valuation techniques - non-market observable inputs	167,737	-	167,737
	<u>11,470,827</u>	<u>31,472,446</u>	<u>42,943,273</u>

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13. REINSURANCE ASSETS

Life Fund

	30.06.2011	31.12.2010
	RM'000	RM'000
Reinsurance of insurance contracts	<u>74,301</u>	<u>57,395</u>

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14. INSURANCE CONTRACT LIABILITIES

Life Fund

	30 June 2011			31 December 2010		
	Gross RM'000	Re-Insurance RM'000	Net RM'000	Gross RM'000	Re-Insurance RM'000	Net RM'000
Provision for outstanding claims	3,667,551	(37,274)	3,630,277	3,479,616	(21,407)	3,458,209
Actuarial liabilities	30,794,704	(37,027)	30,757,677	29,297,652	(35,988)	29,261,664
Unallocated surplus	7,651,130	-	7,651,130	7,329,476	-	7,329,476
Available-for-sale fair value reserves	4,429,899	-	4,429,899	4,105,438	-	4,105,438
Net asset value attributable to unitholders	2,734,852	-	2,734,852	2,413,596	-	2,413,596
	<u>49,278,136</u>	<u>(74,301)</u>	<u>49,203,835</u>	<u>46,625,778</u>	<u>(57,395)</u>	<u>46,568,383</u>

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14. INSURANCE CONTRACT LIABILITIES (CONT'D.)

	With DPF	Gross Without DPF	Total	With DPF	Reinsurance Without DPF	Total	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2011	41,826,552	4,799,226	46,625,778	(10,786)	(46,609)	(57,395)	46,568,383
Premiums received	1,701,171	700,662	2,401,833	(23,601)	(19,327)	(42,928)	2,358,905
Liabilities paid for death, maturities, surrenders, benefits and claims	(1,097,619)	(284,231)	(1,381,850)	14,631	21,659	36,290	(1,345,560)
Policy movement	1,093,308	48,940	1,142,248	-	(761)	(761)	1,141,487
Interest rate	795	29,658	30,453	-	(140)	(140)	30,313
Others (TIPs)	314,677	9,674	324,351	-	(139)	(139)	324,212
Claims benefit experience variation	185,246	2,691	187,937	1,840	(11,068)	(9,228)	178,709
Net asset value attributable to unitholders	-	179,752	179,752	-	-	-	179,752
Net creation of units	-	229,056	229,056	-	-	-	229,056
Net cancellation of units	-	(87,554)	(87,554)	-	-	-	(87,554)
Available-for-sale fair value reserves	347,468	5,326	352,794	-	-	-	352,794
Unallocated surplus	(484,271)	(214,057)	(698,328)	-	-	-	(698,328)
Deferred tax effects:							
Available-for-sale fair value reserves	(27,907)	(427)	(28,334)	-	-	-	(28,334)
At 30 June 2011	43,859,420	5,418,716	49,278,136	(17,916)	(56,385)	(74,301)	49,203,835

*TIPs means Takaful and Insurance Protection system.

This is a reserve set up for future payments for TIPS to Perbadanan Insurance Deposit Malaysia (PIDM) as required by Statue.

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14. INSURANCE CONTRACT LIABILITIES (CONT'D.)

	With DPF	Gross Without DPF	Total	With DPF	Reinsurance Without DPF	Total	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2010	37,228,583	4,007,654	41,236,237	(9,101)	(56,876)	(65,977)	41,170,260
Effects due to adoption of FRS 139 :							
Available-for-sale fair value reserves (net of deferred tax)	(29,050)	(769)	(29,819)	-	-	-	(29,819)
Fair value measurement of FVTPL	779	678	1,457	-	-	-	1,457
At 1 January 2010 (restated)	37,200,312	4,007,563	41,207,875	(9,101)	(56,876)	(65,977)	41,141,898
Premiums received	3,567,172	1,323,653	4,890,825	(58,105)	(44,885)	(102,990)	4,787,835
Liabilities paid for death, maturities, surrenders, benefits and claims	(2,501,994)	(503,279)	(3,005,273)	24,740	34,870	59,610	(2,945,663)
Policy movement	1,718,084	117,084	1,835,168	-	1,020	1,020	1,836,188
Interest rate	(95)	42,243	42,148	-	(255)	(255)	41,893
Adjustments due to changes in assumptions:							
Mortality/morbidity	(11,812)	(12,770)	(24,582)	-	9,781	9,781	(14,801)
Expenses	74,152	1,744	75,896	-	-	-	75,896
Lapse	(4,577)	(226)	(4,803)	-	(868)	(868)	(5,671)
Others	41,288	-	41,288	-	-	-	41,288
Claims benefit experience variation	395,416	(17,658)	377,758	31,680	10,604	42,284	420,042
Net asset value attributable to unitholders	-	297,461	297,461	-	-	-	297,461
Net creation of units	-	477,593	477,593	-	-	-	477,593
Net cancellation of units	-	(139,770)	(139,770)	-	-	-	(139,770)
Available-for-sale fair value reserves	1,544,138	8,783	1,552,921	-	-	-	1,552,921
Unallocated surplus	(1,284,324)	(810,260)	(2,094,584)	-	-	-	(2,094,584)
Deferred tax effects:							
Available-for-sale fair value reserves	(123,769)	(1,429)	(125,198)	-	-	-	(125,198)
Others (partial bonus restoration)	1,212,561	8,928	1,221,489	-	-	-	1,221,489
Transfer to Shareholders' fund	-	(434)	(434)	-	-	-	(434)
At 31 December 2010	41,826,552	4,799,226	46,625,778	(10,786)	(46,609)	(57,395)	46,568,383

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15. DERIVATIVE FINANCIAL LIABILITIES

Life Fund	Notional Principal 30.06.2011 RM'000	Derivative Financial Liabilities 30.06.2011 RM'000
Foreign exchange: Currency swaps	241,800	14,703

16. CASH FLOWS

	6 months ended 30.06.2011 RM'000	6 months ended 30.06.2010 RM'000
Profit before tax	118,506	129,499
Investment income	(1,054,988)	(890,213)
Realised gains recorded in profit and loss	(289,940)	(207,333)
Fair value gains recorded in profit and loss	(366,414)	(500,436)
Purchases of FVTPL financial investments	(5,625,932)	(4,961,499)
Proceeds from sale/maturity of FVTPL financial investments	7,041,755	3,947,841
Purchases of AFS financial investments	(1,238,959)	(677,716)
Proceeds from sale/maturity of AFS financial investments	729,405	626,338
(Increase)/decrease in LAR	(2,463,494)	193,114
Non-cash items		
Depreciation of property and equipment	25,117	23,624
Amortisation of prepaid land lease payments	73	73
Impairment losses on financial investments	6,916	30
Provision for agents' retirement benefit	37,118	37,572
Realised foreign exchange loss on receipts of dividend	1	-
Realised foreign exchange loss/(gain) on disposal of investments	2,665	1,349
Unrealised foreign exchange on translation	1,758	2,872
Transfer from Insurance Contract Liabilities to Shareholders' fund	-	434

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2011

16. CASH FLOWS (CONT'D.)

	6 months ended 30.06.2011 RM'000	6 months ended 30.06.2010 RM'000
Changes in working capital:		
Increase in reinsurance assets	(16,906)	(1,214)
Decrease in insurance receivables	79,288	55,719
Decrease/(increase) in other receivables	94,789	(5,925)
Increase in insurance contract liabilities	2,339,995	2,012,499
Increase in other financial liabilities	63,660	1,143
Decrease in insurance payables	(35,290)	(24,115)
Increase/(decrease) in other payables	1,598	(17,587)
	<u>(549,279)</u>	<u>(253,931)</u>

17. CAPITAL COMMITMENTS

	30.06.2011 RM'000	31.12.2010 RM'000
Capital expenditure		
Approved and contracted for:		
Investment properties	1,284	5,289
Property and equipment	4,006	13,442
Approved but not contracted for:		
Investment properties	95,569	95,569
	<u>100,859</u>	<u>114,300</u>

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18. REGULATORY CAPITAL REQUIREMENT

The capital structure of the Company as at 30 June 2011, as prescribed under the Risk Based Capital Framework is provided below:

	30.06.2011	31.12.2010
	RM'000	RM'000
Eligible Tier 1 Capital		
Share capital (paid-up)	100,000	100,000
Reserves, including retained earnings	17,257,527	16,832,137
	<u>17,357,527</u>	<u>16,932,137</u>
Tier 2 Capital		
Eligible reserves	4,446,315	4,120,967
	<u>4,446,315</u>	<u>4,120,967</u>
Total Capital Available	<u>21,803,842</u>	<u>21,053,104</u>

19. CONTINGENT LIABILITIES

	30.06.2011	31.12.2010
	RM'000	RM'000
Unsecured:		
Arising from litigation cases	626	653
	<u>626</u>	<u>653</u>

As at end of the period, 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.

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20. INSURANCE FUNDS

The Company's activities are organised by funds and segregated into Life, Shareholders and Unit-Linked funds in accordance with the Insurance Act 1996 and Insurance Regulations 1996. The Balance Sheet and Income Statement by funds are presented as follows:

Balance Sheet by Funds

As at 30 June 201

	Shareholder's Funds		Life Fund		Unit-linked		Elimination*		Total	
	30.06.2011	31.12.2010	30.06.2011	31.12.2010	30.06.2011	31.12.2010	30.06.2011	31.12.2010	30.06.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets										
Financial investments	681,751	493,117	46,490,197	44,450,116	2,777,655	2,435,225	-	-	49,949,603	47,378,458
Reinsurance assets	-	-	74,301	57,395	-	-	-	-	74,301	57,395
Insurance receivables	-	-	208,614	287,902	-	-	-	-	208,614	287,902
Other assets	11,282	517,352	1,499,711	1,542,827	20,541	28,631	(5,022)	(515,717)	1,526,512	1,573,093
	693,033	1,010,469	48,272,823	46,338,240	2,798,196	2,463,856	(5,022)	(515,717)	51,759,030	49,296,848
Equity, Policyholders' Fund and Liabilities										
Total Equity	566,449	837,209	-	-	-	-	-	-	566,449	837,209
Insurance contract liabilities	-	-	46,543,285	44,212,182	2,734,851	2,413,596	-	-	49,278,136	46,625,778
Other liabilities	126,584	173,260	1,729,538	2,126,058	63,345	50,260	(5,022)	(515,717)	1,914,445	1,833,861
Total policyholders' fund and liabilities	126,584	173,260	48,272,823	46,338,240	2,798,196	2,463,856	(5,022)	(515,717)	51,192,581	48,459,639
	693,033	1,010,469	48,272,823	46,338,240	2,798,196	2,463,856	(5,022)	(515,717)	51,759,030	49,296,848

* Refers to elimination of balances payable/receivable between the Funds.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2011

20. INSURANCE FUNDS (CONT'D.)

Unaudited Income Statement/Revenue Accounts by Funds
For the six months period ended 30 June

	Shareholders' Funds		Life Fund		Total	
	6 months ended 30.06.2011	6 months ended 30.06.2010	6 months ended 30.06.2011	6 months ended 30.06.2010	6 months ended 30.06.2011	6 months ended 30.06.2010
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	11,967	14,120	3,360,899	3,079,960	3,372,866	3,094,080
Gross premiums	-	-	2,401,833	2,254,858	2,401,833	2,254,858
Premiums ceded to reinsurers	-	-	(42,928)	(38,480)	(42,928)	(38,480)
Net earned premiums	-	-	2,358,905	2,216,378	2,358,905	2,216,378
Fee and commission income	-	-	18,330	14,484	18,330	14,484
Investment income	11,967	14,120	959,066	825,102	971,033	839,222
Gains and losses and other operating revenue	1,369	3,658	502,599	633,984	503,968	637,642
Other revenue	13,336	17,778	1,479,995	1,473,570	1,493,331	1,491,348
Gross benefits and claims paid	-	-	(1,381,850)	(1,401,841)	(1,381,850)	(1,401,841)
Claims ceded to reinsurers	-	-	36,290	23,870	36,290	23,870
Gross change to contract liabilities	-	-	(1,817,667)	(1,662,156)	(1,817,667)	(1,662,156)
Net claims	-	-	(3,163,227)	(3,040,127)	(3,163,227)	(3,040,127)
Depreciation and amortisation	-	-	(25,190)	(23,697)	(25,190)	(23,697)
Other operating and management expenses	(49)	(13)	(545,264)	(514,390)	(545,313)	(514,403)
Other expenses	(49)	(13)	(570,454)	(538,087)	(570,503)	(538,100)
Profit/Surplus before Tax	13,287	17,765	105,219	111,734	118,506	129,499
Taxation	(2,934)	(4,455)	(105,219)	(111,734)	(108,153)	(116,189)
Net profit/surplus after Tax	10,353	13,310	-	-	10,353	13,310

* The amount transferred from the Life Fund's Revenue Accounts to the Shareholders' Fund's Income Statement is net of tax.

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20. INSURANCE FUNDS (CONT'D.)

Unaudited Investment-linked Balance Sheet Statement
For the six months period ended 30 June

	30.06.2011	31.12.2010
	RM'000	RM'000
Assets		
Financial investments	2,777,656	2,435,225
Other assets	20,541	28,631
	<u>2,798,197</u>	<u>2,463,856</u>
Liabilities		
Other liabilities	63,345	50,260
	<u>63,345</u>	<u>50,260</u>
Net asset value of funds (Note 14)	<u>2,734,852</u>	<u>2,413,596</u>

Unaudited Investment-linked Fund Income Statement
For the six months period ended 30 June

	6 months	6 months
	ended	ended
	30.06.2011	30.06.2010
	RM'000	RM'000
Investment income	45,741	14,105
Realised gains and losses	(5,015)	19,513
Fair value gains and losses	151,177	50,923
	<u>191,903</u>	<u>84,541</u>
Management expenses	(52)	(261)
Surplus before taxation	191,851	84,280
Taxation	(12,099)	(6,210)
Net profit for the period (Note 14)	<u>179,752</u>	<u>78,070</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2011

20. INSURANCE FUNDS (CONT'D.)

Unaudited Information on Cash Flows by Funds
For the six months period ended 30 June

	Shareholders' Funds		Life Fund		Unit-linked		Total	
	6 months ended 30.06.2011	6 months ended 30.06.2010	6 months ended 30.06.2011	6 months ended 30.06.2010	6 months ended 30.06.2011	6 months ended 30.06.2010	6 months ended 30.06.2011	6 months ended 30.06.2010
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flow from:								
Operating activities	280,964	504,439	49,347	(5,420)	814	1,272	331,125	500,291
Investing activities	-	-	(15,963)	(17,742)	-	-	(15,963)	(17,742)
Financing activities	(280,964)	(504,451)	-	-	-	-	(280,964)	(504,451)
(Decrease)/increase in cash and cash equivalents	-	(12)	33,384	(23,162)	814	1,272	34,198	(21,902)
Cash and cash equivalents:								
At beginning of period	59	147	26,640	80,193	970	1,779	27,669	82,119
At end of period	59	135	60,024	57,031	1,784	3,051	61,867	60,217