

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

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

CONTENTS	PAGE
Statement by Directors	1
Independent Auditors' Report	2 - 3
Condensed Balance Sheet	4
Condensed Income Statement	5
Condensed Statement of Comprehensive Income.....	6
Condensed Statement of Changes in Equity	7
Condensed Cash Flow Statement	8
Notes to the Interim Condensed Financial Statements	9 - 55

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

Statement by Directors

We, Kamaruddin bin Taib 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 interim condensed financial statements set out on pages 4 to 55 are drawn up in accordance with Malaysian Financial Reporting Standard 134: Interim Financial Reporting ("MFRS 134") and International Accounting Standard 34: Interim Financial Reporting ("IAS 34"), and Bank Negara Malaysia's policy document on Financial Reporting [BNM/RH/STD 032-5] dated 28 January 2015 so as to give a true and fair view of the financial position of the Company as at 30 June 2016 and of the results and cash flows of the Company for the period then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 21 July 2016.

Kamaruddin bin Taib

Koh Yaw Hui

Kuala Lumpur
21 July 2016

93745-A

**Report on review of interim condensed financial statements to the Directors of
Great Eastern Life Assurance (Malaysia) Berhad
(Incorporated in Malaysia)**

We have reviewed the accompanying condensed balance sheet of Great Eastern Life Assurance (Malaysia) Berhad as of 30 June 2016 and the related condensed income statement, condensed statement of comprehensive income, condensed statement of changes in equity and condensed cash flow statement for the period from 1 January 2016 to 30 June 2016 and other explanatory information as set out on page 4 to 55. The Directors of the Company are responsible for the preparation and presentation of these interim condensed financial statements in accordance with Malaysian Financial Reporting Standard 134: *Interim Financial Reporting* ("MFRS 134") and International Accounting Standard 34: *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with MFRS 134 and IAS 34.

93745-A

**Report on review of interim condensed financial statements to the Directors of
Great Eastern Life Assurance (Malaysia) Berhad (cont'd.)
(Incorporated in Malaysia)**

Other matters

This report has been prepared solely for the Directors of the Company for the purpose of compliance with Bank Negara Malaysia's policy document on Financial Reporting [BNM/RH/STD 032-5] dated 28 January 2015 in relation to the Company's application for declaration of interim dividend and should not be used for any other purpose.

Ernst & Young
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
21 July 2016

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

CONDENSED BALANCE SHEET
AS AT 30 JUNE 2016

	Note	30.06.2016 RM'000	31.12.2015 RM'000
Assets			
Property and equipment		453,877	449,940
Investment properties		601,810	601,810
Prepaid land lease payments		16,597	16,666
Investments	10	68,850,710	67,630,872
Derivatives	14	11,396	-
Reinsurance assets	11	165,639	100,985
Insurance receivables	12	209,748	268,250
Other receivables		915,391	807,197
Cash and bank balances		439,624	186,861
Total assets		<u>71,664,792</u>	<u>70,062,581</u>
Equity			
Share capital		100,000	100,000
Retained earnings		1,449,087	1,644,771
Available-for-sale fair value reserves		17,140	21,843
Total equity		<u>1,566,227</u>	<u>1,766,614</u>
Liabilities			
Insurance contract liabilities	13	67,507,016	65,462,222
Derivatives	14	254,539	413,626
Agents' retirement benefits		788,679	760,436
Deferred tax liabilities		616,737	526,076
Other financial liabilities		128,708	207,063
Insurance payables	15	223,179	224,667
Provision for taxation		27,553	79,729
Other payables		552,154	622,148
Total liabilities		<u>70,098,565</u>	<u>68,295,967</u>
Total equity and liabilities		<u>71,664,792</u>	<u>70,062,581</u>

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

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

CONDENSED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2016

		01.01.2016	01.01.2015
		to	to
		30.06.2016	30.06.2015
		RM'000	RM'000
Gross earned premiums	16(a)	3,346,250	3,152,707
Premiums ceded to reinsurers	16(b)	(40,464)	(64,599)
Net earned premiums		<u>3,305,786</u>	<u>3,088,108</u>
Investment income	17	1,457,458	1,389,960
Realised gains and losses		(26,118)	(10,108)
Fair value gains and losses		966,161	467,744
Decrease/(increase) in provision for impairment of:			
Insurance receivables		1,707	1,039
Other receivables		(10)	(74)
Quoted investments		(71,384)	(112,842)
Fees and commission income		3,011	3,856
Other operating revenue		19,343	19,267
Other revenue		<u>2,350,168</u>	<u>1,758,842</u>
Gross benefits and claims paid	18(a)	(2,441,673)	(2,243,693)
Claims ceded to reinsurers	18(b)	34,726	35,470
Gross change in contract liabilities	18(c)	(2,030,356)	(1,584,134)
Change in contract liabilities ceded to reinsurers	18(d)	6,427	929
Net benefits and claims		<u>(4,430,876)</u>	<u>(3,791,428)</u>
Fees and commission expenses		(479,854)	(450,782)
Management expenses	19	(257,525)	(226,170)
Other operating expenses		(1,969)	(153)
Taxation of life insurance business	21(a)	(178,028)	(85,713)
Other expenses		<u>(917,376)</u>	<u>(762,818)</u>
Profit before taxation		307,702	292,704
Taxation	21(b)	(53,386)	(61,138)
Net profit for the period		<u>254,316</u>	<u>231,566</u>
Earnings per share (sen)			
Basic and diluted		<u>254</u>	<u>232</u>

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

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	01.01.2016	01.01.2015
	to	to
	30.06.2016	30.06.2015
	RM'000	RM'000
Net profit for the period	254,316	231,566
Other comprehensive (loss)/income:		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Available-for-sale fair value reserves:		
Net gain arising during the period	707	15,948
Net realised gain transferred to Income Statement	(10,123)	(3,641)
Impairment losses transferred to the Income Statement	3,300	-
	<u>(6,116)</u>	<u>12,307</u>
Tax effects thereon	1,413	(2,887)
	<u>(4,703)</u>	<u>9,420</u>
Total comprehensive income for the period	<u>249,613</u>	<u>240,986</u>

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

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

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Share Capital RM'000	Non-Distributable			Distributable			Total Equity RM'000
		Available-for-sale Fair Value Reserves			Retained Earnings			
		Non- participating Funds RM'000	Shareholder's Funds RM'000	Sub-total RM'000	Non- participating Funds RM'000	Shareholder's Funds RM'000	Sub-total RM'000	
At 1 January 2015	100,000	8,698	(3,437)	5,261	402,554	1,065,220	1,467,774	1,573,035
Net profit for the period	-	-	-	-	212,171	19,395	231,566	231,566
Other comprehensive income for the period	-	5,048	4,372	9,420	-	-	-	9,420
Total comprehensive income for the period	-	5,048	4,372	9,420	212,171	19,395	231,566	240,986
Dividends paid during the period (Note 6)	-	-	-	-	-	(512,000)	(512,000)	(512,000)
At 30 June 2015	100,000	13,746	935	14,681	614,725	572,615	1,187,340	1,302,021
At 1 January 2016	100,000	19,311	2,532	21,843	441,707	1,203,064	1,644,771	1,766,614
Net profit for the period	-	-	-	-	225,455	28,861	254,316	254,316
Other comprehensive (loss)/income for the period	-	(11,011)	6,308	(4,703)	-	-	-	(4,703)
Total comprehensive (loss)/income for the period	-	(11,011)	6,308	(4,703)	225,455	28,861	254,316	249,613
Dividends paid during the period (Note 6)	-	-	-	-	-	(450,000)	(450,000)	(450,000)
At 30 June 2016	100,000	8,300	8,840	17,140	667,162	781,925	1,449,087	1,566,227

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

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

CONDENSED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Note	01.01.2016 to 30.06.2016 RM'000	01.01.2015 to 30.06.2015 RM'000
Operating activities			
Cash used in operating activities	22	184,963	(959,469)
Dividend/distribution income received		282,965	285,671
Interest/profit income received		1,134,428	1,069,309
Rental income on investment properties received		30,191	13,990
Agents' retirement benefit paid		(16,558)	(16,418)
Income tax paid		(163,265)	(163,494)
Net cash generated from operating activities		<u>1,452,724</u>	<u>229,589</u>
Investing activities			
Proceeds from disposal of property and equipment		-	4
Purchase of property and equipment		(30,169)	(18,899)
Purchase of investment properties		-	(320)
Net cash used in investing activities		<u>(30,169)</u>	<u>(19,215)</u>
Financing activity			
Dividends paid to equity holders		(450,000)	(512,000)
Net cash used in financing activity		<u>(450,000)</u>	<u>(512,000)</u>
Net increase/(decrease) in cash and cash equivalents		972,555	(301,626)
Cash and cash equivalents at beginning of period		<u>2,315,042</u>	<u>2,301,659</u>
Cash and cash equivalents at end of period		<u>3,287,597</u>	<u>2,000,033</u>
Cash and cash equivalents comprise:			
Cash and bank balances		439,624	62,707
Short term deposits with original maturity periods of less than 3 months		2,847,973	1,937,326
		<u>3,287,597</u>	<u>2,000,033</u>

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

The interim condensed financial statements of Great Eastern Life Assurance (Malaysia) Berhad ("the Company") are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 - Interim Financial Reporting as issued by the Malaysian Accounting Standards Board ("MASB") and International Accounting Standard ("IAS") 34 - Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB").

The interim condensed financial statements of the Company have been prepared under the historical cost convention, unless otherwise stated in the accounting policies.

As at the reporting date, the Company has met the minimum capital adequacy requirements as prescribed under the Risk-Based Capital ("RBC") Framework issued by Bank Negara Malaysia ("BNM").

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's audited financial statements for the financial year ended 31 December 2015.

The notes attached to the interim condensed financial statements provide an explanation of events and transactions that are significant to gain an understanding of the changes in the financial position and performance of the Company since the financial year ended 31 December 2015.

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

The interim condensed financial statements were approved for issue by the Board of Directors on 21 July 2016.

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

1.2 CHANGES IN ACCOUNTING POLICIES

(a) New and amended standards and interpretations

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

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

- Annual Improvements to MFRSs 2012-2014 Cycle: Amendments to MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
- Annual Improvements to MFRSs 2012-2014 Cycle: Amendments to MFRS 7 *Financial Instruments: Disclosures*
- Annual Improvements to MFRSs 2012-2014 Cycle: Amendments to MFRS 119 *Employee Benefits*
- Annual Improvements to MFRSs 2012-2014 Cycle: Amendments to MFRS 134 *Interim Financial Reporting*
- Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*
- Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 127 *Equity Method in Separate Financial Statements*
- Amendments to MFRS 101 *Disclosure Initiatives*
- Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*
- MFRS 14 *Regulatory Deferral Accounts*

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

1.2 CHANGES IN ACCOUNTING POLICIES (CONTD.)

(b) Standards issued but not yet effective

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

Effective for financial periods beginning on or after 1 January 2017

- Amendments to MFRS 107 *Disclosure Initiatives*
- Amendments to MFRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*

Effective for financial periods beginning on or after 1 January 2018

- MFRS 9 *Financial Instruments*
- MFRS 15 *Revenue from Contracts with Customers*

Effective for financial periods beginning on or after 1 January 2019

- MFRS 16 *Leases*

Deferred

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

1.2 CHANGES IN ACCOUNTING POLICIES (CONTD.)

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

***MFRS 9 Financial Instruments* ("MFRS 9")**

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

(a) Classification and measurement

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

1.2 CHANGES IN ACCOUNTING POLICIES (CONTD.)

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

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

(b) Impairment

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

(c) Hedge accounting

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

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

2. SEASONALITY OF OPERATIONS

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

3. UNUSUAL ITEMS

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

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

4. CHANGE IN ESTIMATES

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

5. DEBT AND EQUITY SECURITIES

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

6. DIVIDENDS

A final single tier dividend of RM4.50 (2014: RM5.12) per ordinary share on 100,000,005 ordinary shares amounting to RM450,000,023 (2014: RM512,000,026) for the financial year ended 31 December 2015 was approved at the last Annual General Meeting held on 6 April 2016 and the dividend was paid on 28 April 2016.

7. 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 condensed financial statements.

8. CHANGES IN THE COMPOSITION OF THE COMPANY

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

9. PROPERTY AND EQUIPMENT

During the six months ended 30 June 2016, the Company acquired assets with a cost of RM30,169,000 (the six months ended 30 June 2015: RM18,899,000).

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

10. INVESTMENTS

	30.06.2016				31.12.2015			
	Shareholder's	Life Insurance			Shareholder's	Life Insurance		
	Fund	Fund	Unit-linked	Total	Fund	Fund	Unit-linked	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysian Government securities	4,877	6,673,473	131,013	6,809,363	42,314	6,487,719	9,980	6,540,013
Debt securities	728,001	31,750,368	1,228,691	33,707,060	455,705	32,143,533	965,272	33,564,510
Equity securities	106,428	13,405,616	3,228,622	16,740,666	92,290	13,580,347	3,469,470	17,142,107
Unit and property trust funds	11,760	735,037	138,226	885,023	10,125	594,253	77,538	681,916
Loans	37,315	7,377,860	-	7,415,175	42,643	7,445,552	-	7,488,195
Deposits with financial institutions	38,050	2,567,823	687,550	3,293,423	17,400	1,365,571	831,160	2,214,131
	<u>926,431</u>	<u>62,510,177</u>	<u>5,414,102</u>	<u>68,850,710</u>	<u>660,477</u>	<u>61,616,975</u>	<u>5,353,420</u>	<u>67,630,872</u>

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

LAR	75,365	9,945,683	687,550	10,708,598	60,043	8,811,123	831,160	9,702,326
AFS	831,375	14,117,924	-	14,949,299	576,804	14,162,659	-	14,739,463
FVTPL	19,691	38,446,570	4,726,552	43,192,813	23,630	38,643,193	4,522,260	43,189,083
	<u>926,431</u>	<u>62,510,177</u>	<u>5,414,102</u>	<u>68,850,710</u>	<u>660,477</u>	<u>61,616,975</u>	<u>5,353,420</u>	<u>67,630,872</u>

The following investments mature after 12 months:

LAR	37,315	3,234,745	-	3,272,060	37,643	3,067,139	-	3,104,782
AFS	698,143	-	-	698,143	474,445	-	-	474,445
FVTPL	19,691	35,989,337	1,214,584	37,223,612	23,630	35,819,530	829,829	36,672,989
	<u>755,149</u>	<u>39,224,082</u>	<u>1,214,584</u>	<u>41,193,815</u>	<u>535,718</u>	<u>38,886,669</u>	<u>829,829</u>	<u>40,252,216</u>

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

10. INVESTMENTS (CONT'D.)

(a) LAR

	30.06.2016				31.12.2015			
	Shareholder's	Life Insurance			Shareholder's	Life Insurance		
	Funds	Fund	Unit-linked	Total	Funds	Fund	Unit-linked	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At Amortised Cost / Cost:								
Deposits with financial institutions:								
Licensed banks	38,050	2,518,823	687,550	3,244,423	17,400	1,335,571	831,160	2,184,131
Others	-	49,000	-	49,000	-	30,000	-	30,000
Policy loans	-	4,142,423	-	4,142,423	-	4,083,316	-	4,083,316
Mortgage loans	26,770	1,959,483	-	1,986,253	27,380	1,791,803	-	1,819,183
Secured loans	10,011	1,275,339	-	1,285,350	15,012	1,570,424	-	1,585,436
Unsecured loans	534	615	-	1,149	251	9	-	260
	<u>75,365</u>	<u>9,945,683</u>	<u>687,550</u>	<u>10,708,598</u>	<u>60,043</u>	<u>8,811,123</u>	<u>831,160</u>	<u>9,702,326</u>

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

10. INVESTMENTS (CONT'D.)

(a) LAR (Cont'd.)

	30.06.2016				31.12.2015			
	Shareholder's	Life Insurance			Shareholder's	Life Insurance		
	Funds	Fund	Unit-linked	Total	Funds	Fund	Unit-linked	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At Fair Value:								
Deposits with financial institutions:								
Licensed banks	38,050	2,518,823	687,550	3,244,423	17,400	1,335,571	831,160	2,184,131
Others	-	49,000	-	49,000	-	30,000	-	30,000
Policy loans	-	4,142,423	-	4,142,423	-	4,083,316	-	4,083,316
Mortgage loans	27,733	2,005,539	-	2,033,272	27,952	1,818,734	-	1,846,686
Secured loans	10,011	1,275,339	-	1,285,350	15,012	1,570,424	-	1,585,436
Unsecured loans	534	615	-	1,149	251	9	-	260
	<u>76,328</u>	<u>9,991,739</u>	<u>687,550</u>	<u>10,755,617</u>	<u>60,615</u>	<u>8,838,054</u>	<u>831,160</u>	<u>9,729,829</u>

Included in deposits with financial institutions of the Company are short term deposits with maturity periods of less than 3 months amounting to RM2,847,973,000 (2015: RM2,128,181,000), which have been classified as cash and cash equivalents for the purpose of the cash flow statement.

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.

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

10. INVESTMENTS (CONT'D.)

(b) AFS

	30.06.2016				31.12.2015			
	Shareholder's Funds RM'000	Life Insurance Fund RM'000	Unit-linked RM'000	Total RM'000	Shareholder's Funds RM'000	Life Insurance Fund RM'000	Unit-linked RM'000	Total RM'000
At Fair Value:								
Equity securities:								
Quoted in Malaysia	88,061	10,739,561	-	10,827,622	70,438	10,793,046	-	10,863,484
Quoted outside Malaysia	18,075	2,635,152	-	2,653,227	21,504	2,767,186	-	2,788,690
Malaysian government securities	4,877	-	-	4,877	42,314	-	-	42,314
Debt securities:								
Unquoted in Malaysia	684,384	-	-	684,384	406,989	-	-	406,989
Quoted outside Malaysia	23,926	-	-	23,926	25,142	-	-	25,142
Unit and property trust funds:								
Quoted in Malaysia	7,672	489,700	-	497,372	8,694	425,105	-	433,799
Quoted outside Malaysia	4,088	245,337	-	249,425	1,431	169,148	-	170,579
	<u>831,083</u>	<u>14,109,750</u>	<u>-</u>	<u>14,940,833</u>	<u>576,512</u>	<u>14,154,485</u>	<u>-</u>	<u>14,730,997</u>
At Cost:								
Equity securities:								
Unquoted in Malaysia	292	8,174	-	8,466	292	8,174	-	8,466
	<u>831,375</u>	<u>14,117,924</u>	<u>-</u>	<u>14,949,299</u>	<u>576,804</u>	<u>14,162,659</u>	<u>-</u>	<u>14,739,463</u>

	30.06.2016 RM'000	31.12.2015 RM'000
Movement in impairment allowance accounts:		
Provision for impairment:		
At 1 January	254,107	27,311
Charge for the period/year	71,384	265,256
Transfer to realised gain upon disposal	(19,249)	(38,460)
At 30 June/31 December	<u>306,242</u>	<u>254,107</u>

The current year impairment losses arose on equity securities for which there have been significant or prolonged decline in fair value as at 30 June 2016/31 December 2015.

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

10. INVESTMENTS (CONT'D.)

(c) FVTPL

	30.06.2016				31.12.2015			
	Shareholder's Funds RM'000	Life Insurance Fund RM'000	Unit-linked RM'000	Total RM'000	Shareholder's Funds 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	-	22,729	3,206,814	3,229,543	56	11,941	3,419,428	3,431,425
Quoted outside Malaysia	-	-	21,808	21,808	-	-	50,042	50,042
Malaysian government securities	-	-	131,013	131,013	-	-	9,980	9,980
Debt securities:								
Unquoted in Malaysia	19,691	1,612,485	1,228,691	2,860,867	23,574	2,707,649	965,272	3,696,495
Unit and property trust funds:								
Quoted in Malaysia	-	-	112,824	112,824	-	-	75,662	75,662
Quoted outside Malaysia	-	-	25,402	25,402	-	-	1,876	1,876
	<u>19,691</u>	<u>1,635,214</u>	<u>4,726,552</u>	<u>6,381,457</u>	<u>23,630</u>	<u>2,719,590</u>	<u>4,522,260</u>	<u>7,265,480</u>
Designated upon initial recognition:								
Malaysian government securities	-	6,673,473	-	6,673,473	-	6,487,719	-	6,487,719
Debt securities:								
Quoted outside Malaysia	-	766,627	-	766,627	-	964,575	-	964,575
Unquoted in Malaysia	-	29,162,895	-	29,162,895	-	28,251,652	-	28,251,652
Unquoted outside Malaysia	-	208,361	-	208,361	-	219,657	-	219,657
	<u>-</u>	<u>36,811,356</u>	<u>-</u>	<u>36,811,356</u>	<u>-</u>	<u>35,923,603</u>	<u>-</u>	<u>35,923,603</u>
	<u>19,691</u>	<u>38,446,570</u>	<u>4,726,552</u>	<u>43,192,813</u>	<u>23,630</u>	<u>38,643,193</u>	<u>4,522,260</u>	<u>43,189,083</u>

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

11. REINSURANCE ASSETS

Life Insurance Fund

	30.06.2016	31.12.2015
	RM'000	RM'000
Reinsurance of insurance contracts (Note 13)	165,639	100,985

12. INSURANCE RECEIVABLES

Life Insurance Fund

	30.06.2016	31.12.2015
	RM'000	RM'000
Due premiums including agents/brokers and co-insurers balances	213,503	273,432
Due from reinsurers and cedants	-	280
	<u>213,503</u>	<u>273,712</u>
Allowance for impairment	(3,755)	(5,462)
	<u>209,748</u>	<u>268,250</u>
 Movement in impairment allowance accounts:		
Individual impairment:		
At 1 January	5,462	7,855
Reversal for the period / year	(1,707)	(2,393)
At 30 June / 31 December	<u>3,755</u>	<u>5,462</u>

There were no collectively impaired insurance receivables for the period ended 30 June 2016 and year ended 31 December 2015.

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

12. INSURANCE RECEIVABLES (CONTD.)

Life Insurance Fund (Contd.)

The carrying amounts disclosed above approximate fair values due to their relatively short term nature.

The Company's amounts due from reinsurers that have been offset against amount due to reinsurers are as follows:

	Gross carrying amount RM'000	Gross amounts recognised in insurance payables offset in the balance sheet RM'000	Net amounts in the balance sheet RM'000
30 June 2016			
Commissions receivable	16,263	(16,263)	-
Claims recoveries	29,852	(29,852)	-
	<u>46,115</u>	<u>(46,115)</u>	<u>-</u>
31 December 2015			
Premiums ceded	(190)	-	(190)
Commissions receivable	(16,857)	16,857	-
Claims recoveries	(63,629)	64,099	470
	<u>(80,676)</u>	<u>80,956</u>	<u>280</u>

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

13. INSURANCE CONTRACT LIABILITIES

Life Insurance Fund

	30.06.2016			31.12.2015		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Provision for outstanding claims	7,827,499	(92,025)	7,735,474	7,507,144	(57,382)	7,449,762
Actuarial liabilities	45,292,675	(73,614)	45,219,061	44,224,688	(43,603)	44,181,085
Unallocated surplus	5,367,402	-	5,367,402	4,528,585	-	4,528,585
Available-for-sale fair value reserves	3,575,482	-	3,575,482	3,881,400	-	3,881,400
Net asset value attributable to unitholders	5,443,958	-	5,443,958	5,320,405	-	5,320,405
	67,507,016	(165,639)	67,341,377	65,462,222	(100,985)	65,361,237

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

13. INSURANCE CONTRACT LIABILITIES (CONT'D.)

	← Gross →			← Reinsurance →			Net RM'000
	With DPF RM'000	Without DPF RM'000	Total RM'000	With DPF RM'000	Without DPF RM'000	Total RM'000	
At 1 January 2016	57,521,153	7,941,069	65,462,222	(11,071)	(89,914)	(100,985)	65,361,237
Premiums received	1,815,107	398,343	2,213,450	(28,857)	(35,191)	(64,048)	2,149,402
Liabilities paid for death, maturities, surrenders, benefits and claims	(1,811,656)	(183,582)	(1,995,238)	11,854	22,872	34,726	(1,960,512)
Policy movements	887,778	103,750	991,528	-	(28,985)	(28,985)	962,543
Interest rate	1,621	98,341	99,962	-	(1,027)	(1,027)	98,935
Claims benefit experience variation	319,055	1,301	320,356	5,093	(10,413)	(5,320)	315,036
Net asset value attributable to unitholders	-	(91,209)	(91,209)	-	-	-	(91,209)
Model change	(25,032)	1,530	(23,502)	-	-	-	(23,502)
Available-for-sale fair value reserves	(332,475)	-	(332,475)	-	-	-	(332,475)
Unallocated surplus	835,365	-	835,365	-	-	-	835,365
Deferred tax effects:							
Available-for-sale fair value reserves	26,557	-	26,557	-	-	-	26,557
At 30 June 2016	59,237,473	8,269,543	67,507,016	(22,981)	(142,658)	(165,639)	67,341,377

Policy benefits bear interest at 5% per annum.

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

13 INSURANCE CONTRACT LIABILITIES (CONT'D.)

	Gross			Reinsurance			Net RM'000
	With DPF RM'000	Without DPF RM'000	Total RM'000	With DPF RM'000	Without DPF RM'000	Total RM'000	
At 1 January 2015	55,554,823	7,203,728	62,758,551	(16,096)	(92,845)	(108,941)	62,649,610
Premiums received	3,996,513	870,005	4,866,518	(66,554)	(76,170)	(142,724)	4,723,794
Liabilities paid for death, maturities, surrenders, benefits and claims	(3,696,671)	(372,194)	(4,068,865)	25,665	42,494	68,159	(4,000,706)
Policy movements	1,965,822	107,589	2,073,411	-	111	111	2,073,522
Interest rate	(2,428)	(16,058)	(18,486)	-	94	94	(18,392)
<i>Adjustments due to changes in assumptions:</i>							
<i>Mortality/morbidity</i>	(246,056)	(35,794)	(281,850)	-	10,199	10,199	(271,651)
<i>Expenses</i>	20,153	5,875	26,028	-	-	-	26,028
<i>Lapse</i>	6,705	(394)	6,311	-	(100)	(100)	6,211
<i>Others</i>	(72,553)	20,015	(52,538)	-	(4,623)	(4,623)	(57,161)
Model change*	356,816	(14,125)	342,691	-	(2,744)	(2,744)	339,947
Claims benefit experience variation	689,754	4,638	694,392	45,914	33,670	79,584	773,976
Net asset value attributable to unitholders	-	167,784	167,784	-	-	-	167,784
Available-for-sale fair value reserves	(315,570)	-	(315,570)	-	-	-	(315,570)
Unallocated surplus	(761,350)	-	(761,350)	-	-	-	(761,350)
Deferred tax effects:							
Available-for-sale fair value reserves	25,195	-	25,195	-	-	-	25,195
At 31 December 2015	57,521,153	7,941,069	65,462,222	(11,071)	(89,914)	(100,985)	65,361,237

Policy benefits bear interest at 5% per annum.

* The amount of RM356.8 million under Model change (gross with DPF) include the impact of changes in cash bonus rate of approximately RM362 million.

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

14. DERIVATIVES

	Asset		Liability	
	Notional Principal RM'000	Fair Value RM'000	Notional Principal RM'000	Fair Value RM'000
30 June 2016				
Life Insurance Fund				
Derivatives held for trading:				
Currency swaps	101,157	10,923	467,454	254,539
Shareholder's Fund				
Derivatives held for trading:				
Currency swaps	4,218	473	-	-
	<u>105,375</u>	<u>11,396</u>	<u>467,454</u>	<u>254,539</u>
31 December 2015				
Life Insurance Fund				
Derivatives held for trading:				
Currency swaps	-	-	709,254	413,626
	<u>-</u>	<u>-</u>	<u>709,254</u>	<u>413,626</u>

15. INSURANCE PAYABLES

Life Insurance Fund

	30.06.2016 RM'000	31.12.2015 RM'000
Due to reinsurers	70,032	29,641
Due to agents and intermediaries	153,147	195,026
	<u>223,179</u>	<u>224,667</u>

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

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

15. INSURANCE PAYABLES (CONTD.)

Life Insurance Fund (Contd.)

The Company's amounts due to reinsurers that have been offset against amount due from reinsurers are as follows:

	Gross carrying amount RM'000	Gross amounts recognised in insurance payables offset in the balance sheet RM'000	Net amounts in the balance sheet RM'000
30 June 2016			
Premiums ceded	116,147	-	116,147
Commissions receivable	-	(16,263)	(16,263)
Claims recoveries	-	(29,852)	(29,852)
	<u>116,147</u>	<u>(46,115)</u>	<u>70,032</u>
31 December 2015			
Premiums ceded	110,597	-	110,597
Commissions receivable	-	(16,857)	(16,857)
Claims recoveries	-	(64,099)	(64,099)
	<u>110,597</u>	<u>(80,956)</u>	<u>29,641</u>

16. NET EARNED PREMIUMS

Life Insurance Fund

	01.01.2016 to 30.06.2016 RM'000	01.01.2015 to 30.06.2015 RM'000
(a) Gross Premiums		
Life insurance contract	<u>3,346,250</u>	<u>3,152,707</u>
(b) Premiums Ceded		
Life insurance contract	<u>(40,464)</u>	<u>(64,599)</u>
Net Earned Premiums	<u>3,305,786</u>	<u>3,088,108</u>

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

17. INVESTMENT INCOME

01.01.2016 to 30.06.2016	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
Rental income from properties	-	31,954	31,954
Financial assets at FVTPL			
- Held for trading purposes:			
Interest income	377	87,242	87,619
Dividend income:			
- Equity securities quoted in Malaysia	-	48,118	48,118
- Equity securities quoted outside Malaysia	-	398	398
- Designated upon initial recognition:			
Interest income	-	770,511	770,511
Financial assets at AFS:			
Interest income	13,419	-	13,419
Dividend income:			
- Equity securities quoted in Malaysia	1,564	196,184	197,748
- Equity securities quoted outside Malaysia	345	49,218	49,563
- Equity securities unquoted in Malaysia	-	684	684
LAR interest income	1,024	227,222	228,246
Cash and bank balances interest income	1,069	49,876	50,945
Gross investment income	<u>17,798</u>	<u>1,461,407</u>	<u>1,479,205</u>
Less: investment expenses	(18)	(21,729)	(21,747)
	<u>17,780</u>	<u>1,439,678</u>	<u>1,457,458</u>

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

17. INVESTMENT INCOME (CONT'D.)

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
01.01.2015 to 30.06.2015			
Rental income from properties	-	31,636	31,636
Financial assets at FVTPL			
- Held for trading purposes:			
Interest income	203	82,494	82,697
Dividend income:			
- Equity securities quoted in Malaysia	-	41,126	41,126
- Equity securities quoted outside Malaysia	-	750	750
- Designated upon initial recognition:			
Interest income	-	735,830	735,830
Financial assets at AFS:			
Interest income	11,007	-	11,007
Dividend income:			
- Equity securities quoted in Malaysia	1,424	199,662	201,086
- Equity securities quoted outside Malaysia	139	45,490	45,629
- Equity securities unquoted in Malaysia	30	2,236	2,266
LAR interest income	1,077	213,991	215,068
Cash and bank balances interest income	611	44,374	44,985
Gross investment income	<u>14,491</u>	<u>1,397,589</u>	<u>1,412,080</u>
Less: investment expenses	-	(22,120)	(22,120)
	<u>14,491</u>	<u>1,375,469</u>	<u>1,389,960</u>

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

18. NET BENEFITS AND CLAIMS

Life Insurance Fund

	01.01.2016	01.01.2015
	to	to
	30.06.2016	30.06.2015
	RM'000	RM'000
(a) Gross Benefits and Claims Paid		
Life insurance contracts:		
Death	(172,756)	(164,509)
Maturity	(312,777)	(320,355)
Surrender	(757,832)	(678,260)
Cash bonus	(595,947)	(547,164)
Others	(602,361)	(533,405)
	<u>(2,441,673)</u>	<u>(2,243,693)</u>
(b) Claims Ceded to Reinsurers		
Life insurance contracts	<u>34,726</u>	<u>35,470</u>
(c) Gross Change in Contract Liabilities		
Life insurance contracts	<u>(2,030,356)</u>	<u>(1,584,134)</u>
(d) Change in Contract Liabilities Ceded to Reinsurers		
Life insurance contracts	<u>6,427</u>	<u>929</u>

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

19. MANAGEMENT EXPENSES

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
01.01.2016 to 30.06.2016			
Employee benefits expense (Note (a))	-	88,338	88,338
Non-executive directors' remuneration (Note (b))	-	574	574
Auditor's remuneration:			
- statutory audits	5	389	394
- other services	-	11	11
Depreciation of property and equipment	-	26,231	26,231
Amortisation of prepaid land lease payments	-	69	69
Rental of properties	-	173	173
Operating lease payment	-	638	638
Advertising and promotion	388	20,400	20,788
Finance charges	2	23,462	23,464
Group service fees	-	21,277	21,277
IT and computer expenses	-	17,288	17,288
Policyholder expenses	-	4,070	4,070
Postal and telecommunication	-	6,158	6,158
Printing and stationery	-	1,599	1,599
Professional fees	1	2,156	2,157
Repairs and maintenance	-	1,804	1,804
Transport and travelling	-	972	972
Utilities	-	2,930	2,930
GST expense	4	29,028	29,032
Others	6,013	3,545	9,558
	<u>6,413</u>	<u>251,112</u>	<u>257,525</u>

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

19. MANAGEMENT EXPENSES (CONT'D.)

(a) Employee Benefits Expense

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
01.01.2016 to 30.06.2016			
Wages and salaries	-	72,611	72,611
Social security contributions	-	522	522
Defined contribution plans - EPF	-	11,692	11,692
Other employee benefits expense	-	3,513	3,513
	<u>-</u>	<u>88,338</u>	<u>88,338</u>

(b) Directors' Remuneration

The details of remuneration receivable by Directors during the period are as follows:

Executive:

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
Salaries and other emoluments	-	799	799
Bonus	-	640	640
Estimated money value of benefits-in-kind	-	19	19
	<u>-</u>	<u>1,458</u>	<u>1,458</u>

Non-executive:

Fees	-	574	574
Total directors' remuneration	<u>-</u>	<u>2,032</u>	<u>2,032</u>

Represented by:

Directors' fees	-	574	574
Amount included in employee benefits expense	<u>-</u>	<u>1,458</u>	<u>1,458</u>

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

19. MANAGEMENT EXPENSES (CONT'D.)

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
01.01.2015 to 30.06.2015			
Employee benefits expense (Note (a))	-	88,745	88,745
Non-executive directors' remuneration (Note (b))	-	470	470
Auditor's remuneration:			
- statutory audits	6	375	381
- other services	-	11	11
Depreciation of property and equipment	-	21,775	21,775
Amortisation of prepaid land lease payments	-	69	69
Rental of properties	-	170	170
Operating lease payment	-	508	508
Advertising and promotion	-	18,082	18,082
Finance charges	1	22,144	22,145
Group service fees	-	16,297	16,297
IT and computer expenses	-	18,283	18,283
Policyholder expenses	-	3,905	3,905
Postal and telecommunication	-	5,858	5,858
Printing and stationery	-	1,350	1,350
Professional fees	1	703	704
Repairs and maintenance	-	1,223	1,223
Transport and travelling	-	801	801
Utilities	-	2,775	2,775
GST expense	2	12,890	12,892
Others	7,334	2,392	9,726
	<u>7,344</u>	<u>218,826</u>	<u>226,170</u>

(a) Employee Benefits Expense

Wages and salaries	-	73,258	73,258
Social security contributions	-	487	487
Defined contribution plans - EPF	-	11,604	11,604
Other employee benefits expense	-	3,396	3,396
	<u>-</u>	<u>88,745</u>	<u>88,745</u>

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

19. MANAGEMENT EXPENSES (CONT'D.)

(b) Directors' Remuneration

The details of remuneration receivable by Directors during the period are as follows:

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
Executive:			
Salaries and other emoluments	-	798	798
Bonus	-	640	640
Estimated money value of benefits in kind	-	18	18
	-	1,456	1,456
Non-executive:			
Fees	-	470	470
Total directors' remuneration	-	1,926	1,926
Represented by:			
Directors' fees	-	470	470
Amount included in employee benefit expense	-	1,456	1,456

The remuneration, including benefits-in-kind, attributable to the CEO, who is the Director of the Company amounted to RM1,458,000 (01.01.2015 to 30.06.2015: RM1,456,000).

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 period that fall within the following bands is analysed below:

	Number of Directors	
	30.06.2016	30.06.2015
Executive Director		
RM1,450,000 - RM1,550,000	1	1
Non-Executive Directors		
Below RM50,000	-	-
RM50,001 - RM100,000	-	1
RM100,001 - RM150,000	3	3
RM150,001 - RM200,000	1	-

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

20. CEO AND DIRECTORS' REMUNERATION

Name	Status of directorship	01.01.2016 to 30.06.2016				Total RM'000
		Salaries RM'000	Bonus RM'000	Fees RM'000	Benefits-in-kind RM'000	
Yg Bhg Dato Koh Yaw Hui	Executive	799	640	-	19	1,458
Total executive director's remuneration		799	640	-	19	1,458
Mr Norman Ip Ka Cheung	Non - Executive	-	-	187	-	187
Yg Bhg Datuk Kamaruddin bin Taib	Non - Executive	-	-	138	-	138
Yg Bhg Dato' Yeoh Beow Tit	Non - Executive	-	-	142	-	142
Mr Ng Hon Soon	Non - Executive	-	-	107	-	107
Total non-executive directors remuneration		-	-	574	-	574
Total directors' remuneration		799	640	574	19	2,032

Name	Status of directorship	01.01.2015 to 30.06.2015				Total RM'000
		Salaries RM'000	Bonus RM'000	Fees RM'000	Benefits-in-kind RM'000	
Yg Bhg Dato Koh Yaw Hui	Executive	798	640	-	18	1,456
Total executive director's remuneration		798	640	-	18	1,456
Yg Bhg Datuk Kamaruddin bin Taib	Non - Executive	-	-	115	-	115
Yg Bhg Dato' Yeoh Beow Tit	Non - Executive	-	-	137	-	137
Mr Lee Kong Yip	Non - Executive	-	-	149	-	149
Mr Ng Hon Soon	Non - Executive	-	-	69	-	69
Total non-executive directors remuneration		-	-	470	-	470
Total directors' remuneration		798	640	470	18	1,926

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

21. TAXATION

		01.01.2016	01.01.2015
		to	to
		30.06.2016	30.06.2015
	Note	RM'000	RM'000
Taxation of life insurance business	(a)	178,028	85,713
Taxation of the Company	(b)	53,386	61,138
		<u>231,414</u>	<u>146,851</u>

(a) Taxation of life insurance business

Tax expense:			
Current		110,211	63,809
Deferred			
- Life Insurance Fund		75,219	25,408
- Unit-linked		(7,402)	(3,504)
		<u>178,028</u>	<u>85,713</u>
Current income tax:			
Malaysian income tax		110,182	63,770
Tax on foreign dividend income		29	39
		<u>110,211</u>	<u>63,809</u>
Deferred tax:			
Relating to origination and reversal of temporary differences			
- Life Insurance Fund		75,219	25,408
- Unit-linked		(7,402)	(3,504)
		<u>178,028</u>	<u>85,713</u>

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% (2015: 8%) of the assessable investment income net of allowable deductions for the financial period.

(b) Taxation of the Company

		01.01.2016	01.01.2015
		to	to
		30.06.2016	30.06.2015
		RM'000	RM'000
Tax expense:			
Current		2,573	1,593
Deferred		50,813	59,545
		<u>53,386</u>	<u>61,138</u>

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

21. TAXATION (CONT'D.)

(b) Taxation of the Company (Cont'd.)

	01.01.2016	01.01.2015
	to	to
	30.06.2016	30.06.2015
	RM'000	RM'000
Current income tax:		
Malaysian income tax	3,277	2,109
Overprovided in prior years	(704)	(516)
	<u>2,573</u>	<u>1,593</u>
Deferred tax:		
Relating to origination and reversal of temporary differences	50,813	59,545
	<u>53,386</u>	<u>61,138</u>

The current income tax is calculated at 24% (2015: 25%) of the estimated assessable profit for the financial period.

The deferred tax for the Shareholder's Funds is calculated based on the tax rate of 24% (2015: 24%).

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:

	01.01.2016	01.01.2015
	to	to
	30.06.2016	30.06.2015
	RM'000	RM'000
Profit before taxation	<u>307,702</u>	<u>292,704</u>
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	73,848	73,176
Impact of change in tax rate from 25% to 24%	(5,889)	-
Income not subject to tax	(2,804)	(273)
Expenses not deductible for tax purposes	4,048	416
Double taxation relief	(15,113)	(11,665)
Underprovided in prior years	(704)	(516)
Tax expense for the period	<u>53,386</u>	<u>61,138</u>

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

22. CASH USED IN OPERATING ACTIVITIES

		01.01.2016	01.01.2015
		to	to
		30.06.2016	30.06.2015
	Note	RM'000	RM'000
Profit before taxation		307,702	292,704
<i>Adjustment for:</i>			
Taxation of life insurance business	21(a)	178,028	85,713
Investment income	17	(1,479,205)	(1,412,080)
Realised losses recorded in the income statement		26,118	10,108
Fair value gains recorded in the income statement		(966,161)	(467,744)
Depreciation of property and equipment		26,231	21,775
Amortisation of prepaid land lease payments		69	69
Impairment of:			
Insurance and other receivables		(1,697)	(965)
Quoted investments		71,384	112,842
Provision for agents' retirement benefits		44,801	53,500
Property and equipment written-off		-	-
Realised foreign exchange loss/(gain) on receipt of dividend		12	(7)
Realised foreign exchange gain on disposal of investments		(45,740)	(8,602)
Unrealised exchange (gain)/loss on derivatives		(86,880)	48,143
Unrealised exchange loss/(gain) on bonds		108,540	(49,461)
Cash flow before working capital changes		<u>(1,816,798)</u>	<u>(1,314,005)</u>
<i>Changes in working capital:</i>			
Purchases of FVTPL financial investments		(10,048,519)	(10,048,056)
Proceeds from disposals/maturities of FVTPL financial investments		10,750,098	9,283,666
Purchases of AFS financial investments		(2,100,233)	(1,667,282)
Proceeds from disposals/maturities of AFS financial investments		1,568,583	993,260
(Increase)/decrease in LAR		(286,483)	91,710
Increase in reinsurance assets		(35,241)	(18,719)
Decrease in insurance receivables		38,746	64,140
Increase in other receivables		(78,115)	(238,757)
Increase in insurance contract liabilities		2,350,712	1,853,416
(Decrease)/increase in other financial liabilities		(78,355)	85,447
Decrease in insurance payables		(9,438)	(33,718)
Decrease in other payables		(69,994)	(10,571)
Cash generated from/(used in) operating activities		<u>184,963</u>	<u>(959,469)</u>

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

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

23. CAPITAL COMMITMENTS

	30.06.2016	31.12.2015
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
- Investment properties	432,398 *	432,332 *
- Property and equipment	66,899	68,843
Approved but not contracted for:		
Investment properties	92,221	92,376
	<u>591,518</u>	<u>593,551</u>

*Included in the above is a total commitment of RM431 million (31.12.2015: RM431 million) to a third-party in accordance with Sales and Purchase Agreement (“SPA”) signed on 12 February 2015 for the purchase of an investment property. As stipulated in the SPA, this amount is to be paid to the third-party upon completion of the construction of the property. The total purchase consideration for the said property was RM540 million, of which RM109 million has been paid as deposit during the financial year ended 31 December 2015.

24. REGULATORY CAPITAL REQUIREMENT

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

	30.06.2016	31.12.2015
	RM'000	RM'000
Eligible Tier 1 Capital		
Share capital (paid-up)	100,000	100,000
Reserves, including retained earnings	18,678,120	18,319,579
	<u>18,778,120</u>	<u>18,419,579</u>
Tier 2 Capital		
Eligible reserves	3,590,888	3,903,311
	<u>3,590,888</u>	<u>3,903,311</u>
Deductions: Deferred Tax Asset	27,927	23,824
	<u>27,927</u>	<u>23,824</u>
Total Capital Available	<u>22,341,081</u>	<u>22,299,066</u>

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

25. RELATED PARTY DISCLOSURES

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

	01.01.2016	01.01.2015
	to	to
	30.06.2016	30.06.2015
	RM'000	RM'000
Transactions with related parties during the period:		
Income/(expense):		
Property rentals received (note i)		
- OCBC Bank (Malaysia) Berhad	402	402
- Overseas Assurance Corporation (Malaysia) Berhad	894	893
- Great Eastern Takaful Berhad	661	608
Service charges paid (note ii)		
- OCBC Bank (Malaysia) Berhad	(20,461)	(19,322)
- E2 Power Sdn Bhd	(4,301)	(1,416)
- E2 Power Pte Ltd	(655)	(419)
- Pacific Mutual Fund Bhd	(206)	(276)
- Lion Global Investor Ltd	(49)	(51)
Service charges received		
- Overseas Assurance Corporation (Malaysia) Berhad	2,600	2,138
- Great Eastern Takaful Berhad	4,670	4,894
Premium paid (note iii)		
- Overseas Assurance Corporation (Malaysia) Berhad	(2,459)	(2,444)
Premium received (note iii)		
- Overseas Assurance Corporation (Malaysia) Berhad	253	228
- E2 Power Sdn Bhd	1	-
- OCBC Bank (Malaysia) Berhad	60	-
- OCBC Al-Amin Bank Berhad	22	-
- PAC Lease Berhad	94	85
- Pacific Mutual Fund Bhd	46	-
- Key Management Personnel	116	112
Commission received		
- Overseas Assurance Corporation (Malaysia) Berhad	370	370
Claims paid		
- Key Management Personnel	(11)	-

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

25. RELATED PARTY DISCLOSURES (CONT'D)

- (a) In addition to the transactions detailed elsewhere in the interim condensed financial statements, the Company had the following transactions and balances with related parties during the financial period (Cont'd):

	01.01.2016 to 30.06.2016 RM'000	01.01.2015 to 30.06.2015 RM'000
Transactions with related parties during the period (Cont'd.):		
Income/(expense):		
Commission fees paid		
- OCBC Bank (Malaysia) Berhad	(18,383)	(16,542)
- OCBC Securities Private Limited	(273)	(382)
- PAC Lease Berhad	(1)	(22)
Interest income (note iv)		
- OCBC Bank (Malaysia) Berhad	41,359	46,318
- PAC Lease Berhad	224	-
Dividend income from preference shares		
- OCBC Bank (Malaysia) Berhad	-	2,239
Bank charges		
- OCBC Bank (Malaysia) Berhad	(1,077)	(895)
Other services		
- OCBC Bank (Malaysia) Berhad	(10)	(54)
Policy payments		
- OCBC Bank (Malaysia) Berhad	(87)	(74)
Employee Share Option Scheme (ESOS) paid		
- Oversea-Chinese Banking Corporation Ltd.	(348)	(290)
Employee Share Purchase Plan		
- Oversea-Chinese Banking Corporation Ltd.	(187)	(183)
Deferred Share Plan		
- Oversea-Chinese Banking Corporation Ltd.	(363)	(154)
Charges for group services (note v)		
- The Great Eastern Life Assurance Company Limited	(22,433)	(16,153)

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

25. RELATED PARTY DISCLOSURES (CONT'D)

- (a) In addition to the transactions detailed elsewhere in the interim condensed financial statements, the Company had the following transactions and balances with related parties during the financial period (Cont'd):

	01.01.2016	01.01.2015
	to	to
	30.06.2016	30.06.2015
	RM'000	RM'000
Transactions with related parties during the period (Cont'd.):		
Income/(expense):		
Purchase of investments from		
- Overseas Assurance Corporation (Malaysia) Berhad	(36,851)	(125,717)
- Great Eastern Takaful Berhad	(29,046)	(46,117)
Disposal of investments to		
- Overseas Assurance Corporation (Malaysia) Berhad	4,063	-
- Great Eastern Takaful Berhad	-	7,908
	30.06.2016	31.12.2015
	RM'000	RM'000
Balances with related parties at reporting date:		
Due from/(due to):		
Investment in redeemable subordinated bonds		
- OCBC Bank (Malaysia) Berhad	104,879	105,436
Investment in medium term notes/commercial paper		
- PAC Lease Berhad	54,933	10,008
Cash and bank balances		
- OCBC Bank (Malaysia) Berhad	30,220	9,066
Fixed deposits, structured deposits and repurchase agreements		
- OCBC Bank (Malaysia) Berhad	1,544,174	1,834,746
- OCBC Al-Amin Bank Berhad	180,300	158,300
Investment in cross currency swap (derivatives liabilities)		
- OCBC Bank (Malaysia) Berhad	24,134	100,277

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

25. RELATED PARTY DISCLOSURES (CONT'D)

- (a) In addition to the transactions detailed elsewhere in the interim condensed financial statements, the Company had the following transactions and balances with related parties during the financial period (Cont'd):

	30.06.2016	31.12.2015
	RM'000	RM'000
Balances with related parties at reporting date (Cont'd):		
Due from/(due to):		
Amount due from related companies:		
- Far Island Bay Sdn Bhd	49	47
- Overseas Assurance Corporation (Malaysia) Berhad	878	973
- Great Eastern Takaful Berhad	3,100	5,041
- Great Eastern Life (Vietnam) Company Limited	-	46
- P.T. Great Eastern Life Indonesia	25	52
Amount due to ultimate holding company:		
- Oversea-Chinese Banking Corporation Ltd.	(1,183)	(648)
Amount due to intermediate holding company:		
- The Great Eastern Life Assurance Company Limited	(14,102)	(16,197)
Amount due to intermediate holding company:		
- Great Eastern Holdings Limited	(154)	(175)
Amount due to holding company:		
- Great Eastern Capital (M) Sdn Bhd	(1,820)	(1,841)

Related companies are companies within the OCBC group:

- (i) Rental of property to related parties are made according to normal market prices, terms and conditions.
- (ii) Payment of service charges to related parties are made according to normal market prices.
- (iii) The sale and purchase of insurance policies to/from related companies are made according to normal market prices and at terms and conditions no more favourable than those to other customers and employees.
- (iv) The interest income arose mainly from investment in fixed deposits, repurchase agreements and redeemable subordinated bonds which are made according to prevailing market rates, terms and conditions.

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

25. RELATED PARTY DISCLOSURES (CONT'D)

Related companies are companies within the OCBC group (Cont'd):

- (v) 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.

26. FAIR VALUE OF ASSETS AND LIABILITIES

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's assets and liabilities, other than those with carrying amounts which are reasonable approximations of fair values:

	Carrying Amount		Fair Value	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
<u>Financial Assets</u>				
<u>AFS financial assets (Note 10(b))</u>				
Equity securities:				
Quoted in Malaysia	10,827,622	10,863,484	10,827,622	10,863,484
Quoted outside Malaysia	2,653,227	2,788,690	2,653,227	2,788,690
Malaysian government securities	4,877	42,314	4,877	42,314
Debt securities:				
Unquoted in Malaysia	684,384	406,989	684,384	406,989
Quoted outside Malaysia	23,926	25,142	23,926	25,142
Unit and property trust funds:				
Quoted in Malaysia	497,372	433,799	497,372	433,799
Quoted outside Malaysia	249,425	170,579	249,425	170,579
<u>FVTPL - Held for Trading (Note 10(c))</u>				
Equity securities:				
Quoted in Malaysia	3,229,543	3,431,425	3,229,543	3,431,425
Quoted outside Malaysia	21,808	50,042	21,808	50,042
Malaysian government securities	131,013	9,980	131,013	9,980
Debt securities:				
Unquoted in Malaysia	2,860,867	3,696,495	2,860,867	3,696,495
Unit and property trust funds:				
Quoted in Malaysia	112,824	75,662	112,824	75,662
Quoted outside Malaysia	25,402	1,876	25,402	1,876

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

26. FAIR VALUE OF ASSETS AND LIABILITIES (CONTD.)

	Carrying Amount		Fair Value	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
<u>Financial Assets (Cont'd.)</u>				
<u>FVTPL - Designated upon initial recognition (Note 10(c)):</u>				
Malaysian government securities	6,673,473	6,487,719	6,673,473	6,487,719
Debt securities:				
Quoted outside Malaysia	766,627	964,575	766,627	964,575
Unquoted in Malaysia	29,162,895	28,251,652	29,162,895	28,251,652
Unquoted outside Malaysia	208,361	219,657	208,361	219,657
<u>Loans and receivables (Note 10(a)):</u>				
Mortgage loans	1,986,253	1,819,183	2,033,272	1,846,686
<u>Derivatives (Note 14)</u>				
Currency swaps	11,396	-	11,396	-
<u>Non financial Assets:</u>				
<u>Investment properties:</u>				
Commercial	366,910	366,910	366,910	366,910
Residential	234,900	234,900	234,900	234,900
	60,733,105	60,341,073	60,780,124	60,368,576
<u>Financial Liabilities</u>				
<u>Derivatives (Note 14)</u>				
Currency swaps	254,539	413,626	254,539	413,626
	254,539	413,626	254,539	413,626

The management assessed that cash and short-term deposits, insurance and other receivables, insurance and other payables and other liabilities approximate their carrying amounts largely due to the short-term maturities of these assets and liabilities.

The fair value of the financial assets and financial liabilities are 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.

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

26. FAIR VALUE OF ASSETS AND LIABILITIES (CONTD.)

The following methods and assumptions were used to estimate the fair values which are carried or disclosed in the financial statements:

- 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 BPAM's indicative bond yields for a bond with similar rating and tenure.
- For structured deposits and derivatives, the fair value is obtained from the counterparty bank.
- For investment properties, the fair value is obtained from valuations as performed by the external valuers using the income method and comparison method.
- For mortgage loans, the fair value is derived by using the AA2 yield by tenures as an approximate proxy for fair value valuation. The AA2 yields are sourced from BPAM.
- 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.

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

26. FAIR VALUE OF ASSETS AND LIABILITIES (CONTD.)

The following table shows an analysis of financial instruments that are carried at fair value by level of fair value hierarchy:

	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
30 June 2016				

(a) Assets measured at fair value:

Financial Assets

AFS financial assets (Note 10(b))

Equity securities:

Quoted in Malaysia 10,827,622 - - 10,827,622

Quoted outside Malaysia 2,653,227 - - 2,653,227

Malaysian government securities - 4,877 - 4,877

Debt securities:

Unquoted in Malaysia - 684,384 - 684,384

Quoted outside Malaysia 23,926 - - 23,926

Unit and property trust funds:

Quoted in Malaysia 497,372 - - 497,372

Quoted outside Malaysia 249,425 - - 249,425

FVTPL - Held for Trading (Note 10(c))

Equity securities:

Quoted in Malaysia 3,229,543 - - 3,229,543

Quoted outside Malaysia 21,808 - - 21,808

Malaysian government securities - 131,013 - 131,013

Debt securities:

Unquoted in Malaysia - 2,860,867 - 2,860,867

Unit and property trust funds:

Quoted in Malaysia 112,824 - - 112,824

Quoted outside Malaysia 25,402 - - 25,402

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

26. FAIR VALUE OF ASSETS AND LIABILITIES (CONTD.)

30 June 2016 (Cont'd.)	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
<u>(a) Assets measured at fair value</u>				
<u>(Cont'd.):</u>				
<u>Financial assets (Cont'd.):</u>				
<u>FVTPL - Designated upon</u>				
<u>initial recognition (Note 10(c)):</u>				
Malaysian government securities	-	6,673,473	-	6,673,473
Debt securities:				
Quoted outside Malaysia	766,627	-	-	766,627
Unquoted in Malaysia	-	29,162,895	-	29,162,895
Unquoted outside Malaysia	-	208,361	-	208,361
 <u>Derivatives (Note 14):</u>				
Currency swaps	-	11,396	-	11,396
Financial assets	<u>18,407,776</u>	<u>39,737,266</u>	<u>-</u>	<u>58,145,042</u>
 <u>(b) Financial assets for which fair</u>				
<u>values are disclosed:</u>				
<u>LAR (Note 10(a)):</u>				
Mortgage loans	-	2,033,272	-	2,033,272
 <u>(c) Non Financial Assets</u>				
<u>Investment Properties</u>				
Commercial	-	-	366,910	366,910
Residential	-	-	234,900	234,900
Non financial assets	<u>-</u>	<u>-</u>	<u>601,810</u>	<u>601,810</u>
 <u>(d) Liabilities measured at</u>				
<u>fair value:</u>				
<u>Financial Liabilities</u>				
<u>Derivatives (Note 14):</u>				
Currency swaps	-	254,539	-	254,539
	<u>-</u>	<u>254,539</u>	<u>-</u>	<u>254,539</u>

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

26. FAIR VALUE OF ASSETS AND LIABILITIES (CONTD.)

31 December 2015	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
<u>(a) Assets measured at fair value:</u>				
<u>Financial Assets</u>				
<u>AFS financial assets (Note 10(b)):</u>				
Equity securities:				
Quoted in Malaysia	10,863,484	-	-	10,863,484
Quoted outside Malaysia	2,788,690	-	-	2,788,690
Malaysian government securities	-	42,314	-	42,314
Debt securities:				
Unquoted in Malaysia	-	406,989	-	406,989
Quoted outside Malaysia	25,142	-	-	25,142
Unit and property trust funds:				
Quoted in Malaysia	433,799	-	-	433,799
Quoted outside Malaysia	170,579	-	-	170,579
 <u>FVTPL - Held for Trading (Note 10(c)):</u>				
Equity securities:				
Quoted in Malaysia	3,431,425	-	-	3,431,425
Quoted outside Malaysia	50,042	-	-	50,042
Malaysian government securities	-	9,980	-	9,980
Debt securities:				
Unquoted in Malaysia	-	3,696,495	-	3,696,495
Unit and property trust funds:				
Quoted in Malaysia	75,662	-	-	75,662
Quoted outside Malaysia	1,876	-	-	1,876

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

26. FAIR VALUE OF ASSETS AND LIABILITIES (CONTD.)

31 December 2015 (Cont'd.)	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
<u>(a) Assets measured at fair value (Cont'd.):</u>				
<u>Financial assets (Cont'd.):</u>				
<u>FVTPL - Designated upon initial recognition (Note 10(c)):</u>				
Malaysian government securities	-	6,487,719	-	6,487,719
Debt securities:				
Quoted outside Malaysia	964,575	-	-	964,575
Unquoted in Malaysia	-	28,251,652	-	28,251,652
Unquoted outside Malaysia	-	219,657	-	219,657
Financial assets	<u>18,805,274</u>	<u>39,114,806</u>	<u>-</u>	<u>57,920,080</u>
<u>(b) Financial assets for which fair values are disclosed:</u>				
<u>LAR (Note 10(a)):</u>				
Mortgage loans	-	1,846,686	-	1,846,686
<u>(c) Non Financial Assets</u>				
<u>Investment Properties</u>				
Commercial	-	-	366,910	366,910
Residential	-	-	234,900	234,900
Non financial assets	<u>-</u>	<u>-</u>	<u>601,810</u>	<u>601,810</u>
<u>(d) Liabilities measured at fair value:</u>				
<u>Financial Liabilities</u>				
<u>Derivatives (Note 14):</u>				
Currency swaps	-	413,626	-	413,626

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

26. FAIR VALUES OF ASSETS AND LIABILITIES (CONT'D.)

(i) Information about significant unobservable inputs used in Level 3 fair value measurements:

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value as at 30 June 2016 RM'000	Valuation techniques	Unobservable inputs	Range (weighted average)
<u>Investment properties</u>				
Commercial properties	283,000	Income approach	Rental per square foot ("p.s.f.") per month Rental growth rate (upon Revisionary) Long-term vacancy rate Discount rate	RM3.15 - RM5.50 12.50% 5% 6.0% - 6.5%
Commercial properties	83,910	Comparison approach	Estimated Value p.s.f	RM91 - RM1,000
Residential properties	234,900	Comparison approach	Estimated Value p.s.f	RM45 - RM885
Description	Fair value as at 31 December 2015 RM'000	Valuation techniques	Unobservable inputs	Range (weighted average)
<u>Investment properties</u>				
Commercial properties	283,000	Income approach	Rental per square foot ("p.s.f.") per month Rental growth rate (upon Revisionary) Long-term vacancy rate Discount rate	RM3.15 - RM5.50 12.50% 5% 6.0% - 6.5%
Commercial properties	83,910	Comparison approach	Estimated Value p.s.f	RM91 - RM1,000
Residential properties	234,900	Comparison approach	Estimated Value p.s.f	RM45 - RM885

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

26. FAIR VALUES OF ASSETS AND LIABILITIES (CONT'D.)

(ii) Movements in level 3 assets and liabilities measured at fair value:

The following tables present the reconciliation for all assets measured at fair value based on significant unobservable inputs (Level 3):

	Investment Properties	
	Fair value measurements using significant unobservable inputs (Level 3)	
	30.06.2016	31.12.2015
	RM'000	RM'000
Opening balance	601,810	546,616
Total gain for the year:		
Included in income statement	-	54,874
Addition for the year	-	320
Closing balance	<u>601,810</u>	<u>601,810</u>

For investments properties, a significant increase/(decrease) in unobservable inputs would result in a significantly (lower)/higher fair value measurement.

	Investment Properties	
	Fair value measurements using significant unobservable inputs (Level 3)	
	30.06.2016	31.12.2015
	RM'000	RM'000
Total gain for the year included in:		
Income Statement		
- Gain on changes in fair value	-	54,874
	<u>-</u>	<u>54,874</u>

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

26. FAIR VALUES OF ASSETS AND LIABILITIES (CONT'D.)

Fair value Hierarchy

The Company classifies fair value measurement using a fair value hierarchy that reflects the significance 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.

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 of 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 have been no transfers of assets between Level 1 and Level 2 of the fair value hierarchy during the current interim period and the comparative period.

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

27. INSURANCE FUNDS

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

Condensed Balance Sheet
As at 30 June 2016

	Shareholder's Funds		Life Insurance Fund		Elimination*		Total	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets								
Financial investments	949,148	682,529	67,924,279	66,970,395	(22,717)	(22,052)	68,850,710	67,630,872
Reinsurance assets	-	-	165,639	100,985	-	-	165,639	100,985
Insurance receivables	-	-	209,748	268,250	-	-	209,748	268,250
Other assets	778,264	1,267,060	2,413,233	2,066,469	(752,802)	(1,271,055)	2,438,695	2,062,474
	1,727,412	1,949,589	70,712,899	69,406,099	(775,519)	(1,293,107)	71,664,792	70,062,581
Equity, Policyholders' Fund and Liabilities								
Total Equity	1,565,450	1,765,333	-	-	777	1,281	1,566,227	1,766,614
Insurance contract liabilities	-	-	67,530,754	65,485,960	(23,738)	(23,738)	67,507,016	65,462,222
Other liabilities	161,962	184,256	3,182,145	3,920,139	(752,558)	(1,270,650)	2,591,549	2,833,745
Total Policyholders' Fund and Liabilities	161,962	184,256	70,712,899	69,406,099	(776,296)	(1,294,388)	70,098,565	68,295,967
	1,727,412	1,949,589	70,712,899	69,406,099	(775,519)	(1,293,107)	71,664,792	70,062,581

* Refers to elimination of Interfund balances.

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

27. INSURANCE FUNDS (CONT'D.)

Condensed Income Statement / Revenue Accounts by Funds
For the six months ended 30 June 2016

	Shareholder's Funds		Life Insurance Fund		Elimination **		Total	
	01.01.2016 to 30.06.2016 RM'000	01.01.2015 to 30.06.2015 RM'000	01.01.2016 to 30.06.2016 RM'000	01.01.2015 to 30.06.2015 RM'000	01.01.2016 to 30.06.2016 RM'000	01.01.2015 to 30.06.2015 RM'000	01.01.2016 to 30.06.2016 RM'000	01.01.2015 to 30.06.2015 RM'000
Gross premiums	-	-	3,346,250	3,152,707	-	-	3,346,250	3,152,707
Premiums ceded to reinsurers	-	-	(40,464)	(64,599)	-	-	(40,464)	(64,599)
Net earned premiums	-	-	3,305,786	3,088,108	-	-	3,305,786	3,088,108
Investment income	17,781	14,492	1,439,677	1,375,468	-	-	1,457,458	1,389,960
Fees and commission income	-	-	3,011	3,856	-	-	3,011	3,856
Gains and losses and other operating revenue	(315)	2,663	890,014	362,363	-	-	889,699	365,026
Other revenue	17,466	17,155	2,332,702	1,741,687	-	-	2,350,168	1,758,842
Gross benefits and claims paid	-	-	(2,441,673)	(2,243,693)	-	-	(2,441,673)	(2,243,693)
Claims ceded to reinsurers	-	-	34,726	35,470	-	-	34,726	35,470
Gross change in contract liabilities	-	-	(2,030,356)	(1,584,134)	-	-	(2,030,356)	(1,584,134)
Change in contract liabilities ceded to reinsurers	-	-	6,427	929	-	-	6,427	929
Net benefits and claims	-	-	(4,430,876)	(3,791,428)	-	-	(4,430,876)	(3,791,428)
Depreciation and amortisation	-	-	(26,300)	(21,844)	-	-	(26,300)	(21,844)
Other operating and management expenses	(6,413)	(7,344)	(706,635)	(647,917)	-	-	(713,048)	(655,261)
Taxation of life insurance business	-	-	(178,028)	(85,713)	-	-	(178,028)	(85,713)
Other expenses	(6,413)	(7,344)	(910,963)	(755,474)	-	-	(917,376)	(762,818)
Profit from operations	11,053	9,811	296,649	282,893	-	-	307,702	292,704
Transfer from Life Insurance Fund*	296,649	282,893	(296,649)	(282,893)	-	-	-	-
Profit before Taxation	307,702	292,704	-	-	-	-	307,702	292,704
Taxation	(53,386)	(61,138)	-	-	-	-	(53,386)	(61,138)
Net profit for the period	254,316	231,566	-	-	-	-	254,316	231,566

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

** Refers to elimination of interfund balances

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

27. INSURANCE FUNDS (CONT'D.)

Condensed Cash Flow Statement by Funds
For the six months ended 30 June 2016

	Shareholder's Funds		Life Insurance Fund		Total	
	01.01.2016 to 30.06.2016 RM'000	01.01.2015 to 30.06.2015 RM'000	01.01.2016 to 30.06.2016 RM'000	01.01.2015 to 30.06.2015 RM'000	01.01.2016 to 30.06.2016 RM'000	01.01.2015 to 30.06.2015 RM'000
Cash flow from:						
Operating activities	477,293	532,301	975,431	(302,712)	1,452,724	229,589
Investing activities	-	-	(30,169)	(19,215)	(30,169)	(19,215)
Financing activities	(450,000)	(512,000)	-	-	(450,000)	(512,000)
Increase/(Decrease) in cash and cash equivalents	27,293	20,301	945,262	(321,927)	972,555	(301,626)
Cash and cash equivalents:						
At beginning of period	18,666	7,590	2,296,376	2,294,069	2,315,042	2,301,659
At end of period	45,959	27,891	3,241,638	1,972,142	3,287,597	2,000,033