

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

Interim condensed financial statements for the six months ended 30 June 2015

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Statement by Directors

We, Yeoh Beow Tit and Koh Yaw Hui, being two of the directors of Great Eastern Life Assurance (Malaysia) Berhad, do hereby state that, in the opinion of the Directors, the accompanying interim condensed financial statements set out on pages 4 to 52 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 2015 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 24 July 2015.

Yeoh Beow Tit

Koh Yaw Hui

Kuala Lumpur
24 July 2015

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**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 2015 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 2015 to 30 June 2015 and other explanatory information as set out on page 4 to 52. 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.

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**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
24 July 2015

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

CONDENSED BALANCE SHEET
AS AT 30 JUNE 2015

	Note	30.06.2015 RM'000	31.12.2014 RM'000
Assets			
Property and equipment		444,122	446,998
Investment properties		546,616	546,616
Prepaid land lease payments		16,735	16,804
Investments	10	66,284,140	64,826,279
Reinsurance assets	11	127,659	108,941
Insurance receivables	12	201,938	265,040
Other receivables		906,077	627,526
Cash and bank balances		62,707	19,037
Total assets		<u>68,589,994</u>	<u>66,857,241</u>
Equity			
Share capital		100,000	100,000
Retained earnings		1,187,340	1,467,774
Available-for-sale fair value reserves		14,681	5,261
Total equity		<u>1,302,021</u>	<u>1,573,035</u>
Liabilities			
Insurance contract liabilities	13	64,608,336	62,758,551
Derivatives	14	258,506	166,039
Agents' retirement benefit		751,119	714,036
Deferred tax liabilities		645,545	561,470
Other financial liabilities		257,012	171,565
Insurance payables	15	170,757	204,475
Provision for taxation		29,400	130,201
Other payables		567,298	577,869
Total liabilities		<u>67,287,973</u>	<u>65,284,206</u>
Total equity and liabilities		<u>68,589,994</u>	<u>66,857,241</u>

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

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
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CONDENSED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2015

		01.01.2015 to 30.06.2015 RM'000	01.01.2014 to 30.06.2014 RM'000
Gross earned premiums	16(a)	3,152,707	3,040,353
Premiums ceded to reinsurers	16(b)	(64,599)	(49,392)
Net earned premiums		<u>3,088,108</u>	<u>2,990,961</u>
Investment income	17	1,394,869	1,347,686
Realised gains and losses		(10,108)	176,849
Fair value gains and losses		467,744	113,932
Decrease/(increase) in provision for impairment of:			
Insurance receivables		1,039	(180)
Other receivables		(74)	(7)
Quoted investments		(112,842)	-
Fee and commission income		3,856	3,088
Other operating revenue		19,267	790
Other revenue		<u>1,763,751</u>	<u>1,642,158</u>
Gross benefits and claims paid	18(a)	(2,243,693)	(2,068,348)
Claims ceded to reinsurers	18(b)	35,470	42,635
Gross change in contract liabilities	18(c)	(1,584,134)	(1,590,766)
Change in contract liabilities ceded to reinsurers	18(d)	929	928
Net benefits and claims		<u>(3,791,428)</u>	<u>(3,615,551)</u>
Fee and commission expenses		(450,782)	(425,309)
Management expenses	19	(231,079)	(200,867)
Other operating expenses		(153)	(1,312)
Taxation of life insurance business	21(a)	(85,713)	(111,465)
Other expenses		<u>(767,727)</u>	<u>(738,953)</u>
Profit before taxation		292,704	278,615
Taxation	21(b)	(61,138)	(60,158)
Net profit for the period		<u>231,566</u>	<u>218,457</u>
Earnings per share (sen)			
Basic and diluted		<u>232</u>	<u>218</u>

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

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
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CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	01.01.2015	01.01.2014
	to	to
	30.06.2015	30.06.2014
	RM'000	RM'000
Net profit for the period	231,566	218,457
Other comprehensive income:		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale fair value reserves:		
Net gain arising during the period	15,948	16,311
Net realised gain transferred to Income Statement	<u>(3,641)</u>	<u>(13,367)</u>
	12,307	2,944
Tax effects thereon	<u>(2,887)</u>	<u>(736)</u>
	<u>9,420</u>	<u>2,208</u>
Total comprehensive income for the period	<u>240,986</u>	<u>220,665</u>

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

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CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Non-Distributable *			Distributable			Total Equity RM'000	
	Share Capital 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 2014	100,000	25,611	10,224	35,835	385,561	909,435	1,294,996	1,430,831
Net profit for the period	-	-	-	-	187,852	30,605	218,457	218,457
Other comprehensive income for the period	-	(612)	2,820	2,208	-	-	-	2,208
Total comprehensive income for the period	-	(612)	2,820	2,208	187,852	30,605	218,457	220,665
Dividends paid during the period (Note 6)	-	-	-	-	-	(369,900)	(369,900)	(369,900)
At 30 June 2014	100,000	24,999	13,044	38,043	573,413	570,140	1,143,553	1,281,596
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

* Non-distributable retained earnings includes surplus from non-participating life funds of the insurance business (net of deferred tax). This amount is only distributable upon the actual recommended transfer from the life insurance fund into the shareholder's fund by the Appointed Actuary.

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

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
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CONDENSED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Note	01.01.2015 to 30.06.2015 RM'000	01.01.2014 to 30.06.2014 RM'000
Operating activities			
Cash used in operating activities	22	(959,475)	(582,553)
Dividend/distribution income received		285,671	301,493
Interest/profit income received		1,069,309	1,017,089
Rental income on investment properties received		13,990	32,770
Agents' retirement benefit paid		(16,418)	(13,506)
Income tax paid		(163,494)	(119,340)
Net cash generated from operating activities		<u>229,583</u>	<u>635,953</u>
Investing activities			
Proceeds from disposal of property and equipment		4	162
Purchase of property and equipment		(18,899)	(13,738)
Purchase of investment properties		(320)	(22)
Net cash used in investing activities		<u>(19,215)</u>	<u>(13,598)</u>
Financing activity			
Dividends paid to equity holders		(511,994)	(369,891)
Net cash used in financing activity		<u>(511,994)</u>	<u>(369,891)</u>
Net (decrease)/increase in cash and cash equivalents		(301,626)	252,464
Cash and cash equivalents at beginning of period		<u>2,301,659</u>	<u>1,658,773</u>
Cash and cash equivalents at end of period		<u>2,000,033</u>	<u>1,911,237</u>
Cash and cash equivalents comprise:			
Cash and bank balances		62,707	164,811
Short term deposits with maturity periods of less than 3 months		1,937,326	1,746,426
		<u>2,000,033</u>	<u>1,911,237</u>

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

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2015

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 2014.

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 2014.

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 24 July 2015.

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
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1. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

1.2 SIGNIFICANT 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 2014, except for the adoption of the following MFRSs, Amendments to MFRSs and Issues Committee ("IC") Interpretations:

Standards effective for financial periods beginning on or after 1 July 2014

- Amendments to MFRS 119 *Defined Benefit Plans: Employee Contributions*
- Annual Improvements to MFRSs 2010-2012 Cycle: Amendments to MFRS 2 *Share-based Payment*
- Annual Improvements to MFRSs 2010-2012 Cycle: Amendments to MFRS 3 *Business Combinations*
- Annual Improvements to MFRSs 2010-2012 Cycle: Amendments to MFRS 8 *Operating Segments*
- Annual Improvements to MFRSs 2010-2012 Cycle: Amendments to MFRS 116 *Property, Plant and Equipment* and MFRS 138 *Intangible Assets*
- Annual Improvements to MFRSs 2010-2012 Cycle: Amendments to MFRS 124 *Related Party Disclosures*
- Annual Improvements to MFRSs 2011-2013 Cycle: Amendments to MFRS 3 *Business Combinations*
- Annual Improvements to MFRSs 2011-2013 Cycle: Amendments to MFRS 13 *Fair Value Measurement*
- Annual Improvements to MFRSs 2011-2013 Cycle: Amendments to MFRS 140 *Investment Property*

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

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.

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1. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

1.2 CHANGES IN ACCOUNTING POLICIES (CONTD.)

(a) New and amended standards and interpretations (Contd.)

Standards issued but not yet effective (cont'd)

Effective for financial periods beginning on or after 1 January 2016

- Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14 *Regulatory Deferral Accounts*
- 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*
- 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 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- 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*

Effective for financial periods beginning on or after 1 January 2017

- MFRS 15 *Revenue from Contracts with Customers*

Effective for financial periods beginning on or after 1 January 2018

- MFRS 9 *Financial Instruments*

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

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1. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

1.2 CHANGES IN ACCOUNTING POLICIES (CONTD.)

(a) New and amended standards and interpretations (Contd.)

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

MFRS 9 reflects the first phase of the work on the replacement of MFRS 139 Financial Instruments: Recognition and Measurement and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139 Financial Instruments: Recognition and Measurement. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Company's financial assets. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 9 until the Company undertakes a detailed review of its financial instruments in the upcoming years.

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

Change in presentation of interest expense incurred on agents' retirement benefits

In prior period, the Company reported interest expense incurred on agents' retirement benefits on a net basis within investment income. Since the end of the previous financial period, the Company decided to improve the presentation of investment income and interest expense incurred on agents' retirement benefits by retrospectively reporting these on a gross basis, with the interest expense incurred on agents' retirement benefit being reported under the fee and commission expense line item in the income statement.

Change in presentation of promotional fees and expenses

Promotional fees and expenses were previously included as part of fee and commission expenses in the Income Statement of the Company. Since the end of the previous financial period, the Company decided to improve the presentation of the promotional fees and expenses by retrospectively reporting these under the management expenses line item in the income statement.

The effects of the changes in presentation described above on the relevant income statement line items for the period ended 30 June 2014 are as follows:

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1. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

1.2 CHANGES IN ACCOUNTING POLICIES (CONTD.)

(b) Reclassification of comparative to conform with current period presentation (cont'd)

30 June 2014	As previously stated RM'000	Reclassification RM'000	As restated RM'000
Investment income	<u>1,325,116</u>	<u>22,570</u>	<u>1,347,686</u>
Fees and commission expenses	<u>(413,362)</u>	<u>(11,947)</u>	<u>(425,309)</u>
Management expenses	<u>(190,244)</u>	<u>(10,623)</u>	<u>(200,867)</u>

Change in presentation of short term deposits maturing within 3 months

Short term deposits which mature within 3 months was previously not included as part of Cash and Cash Equivalents in the Cash Flow Statement, and was disclosed as part of the increase or decrease in Loans and Receivables (LAR) under Cash used in operating activities. However, for the current period presentation, the short term deposits is presented as part of Cash and Cash Equivalents, in line with MFRS 107 *Statement of Cash Flows*.

Reconciliation of cash flow statement

30 June 2014	As previously stated RM'000	Reclassification RM'000	As restated RM'000
Increase in LAR	<u>(585,171)</u>	<u>125,936</u>	<u>(459,235)</u>
Cash used in operating activities	<u>(708,489)</u>	<u>125,936</u>	<u>(582,553)</u>
Net cash flow generated from operating activities	<u>510,017</u>	<u>125,936</u>	<u>635,953</u>
Net increase in cash and cash equivalents	<u>126,528</u>	<u>125,936</u>	<u>252,464</u>
Cash and cash equivalents at beginning of period	<u>38,283</u>	<u>1,620,490</u>	<u>1,658,773</u>
Cash and cash equivalents at end of period	<u>164,811</u>	<u>1,746,426</u>	<u>1,911,237</u>

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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 2015.

4. CHANGE IN ESTIMATES

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

5. DEBT AND EQUITY SECURITIES

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

6. DIVIDENDS

A second and final single tier dividend of RM5.12 (2013: RM3.699) per ordinary share on 100,000,005 ordinary shares amounting to RM512,000,026 (2013: RM369,900,018) for financial year ended 31 December 2014 was approved at the last Annual General Meeting held on 25 March 2015 and the dividend was paid on 28 April 2015.

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, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Company acquired assets with a cost of RM18,899,000 (the six months ended 30 June 2014: RM13,739,000).

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
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10. INVESTMENTS

	30.06.2015				31.12.2014			
	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	42,602	6,486,569	76,764	6,605,935	21,966	6,772,336	40,037	6,834,339
Debt securities	539,514	31,858,838	976,299	33,374,651	402,149	30,730,436	880,981	32,013,566
Equity securities	85,235	13,142,751	3,022,141	16,250,127	73,682	12,765,068	2,668,849	15,507,599
Unit and property trust funds	7,903	619,112	68,916	695,931	9,106	602,622	64,543	676,271
Loans	42,925	7,251,495	-	7,294,420	43,522	7,138,360	-	7,181,882
Deposits with financial institutions	21,600	1,368,756	672,720	2,063,076	7,100	1,532,032	1,073,490	2,612,622
	739,779	60,727,521	4,816,840	66,284,140	557,525	59,540,854	4,727,900	64,826,279

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

LAR	64,525	8,620,251	672,720	9,357,496	50,622	8,670,392	1,073,490	9,794,504
AFS	656,319	13,747,986	-	14,404,305	488,646	13,333,169	-	13,821,815
FVTPL	18,935	38,359,284	4,144,120	42,522,339	18,257	37,537,293	3,654,410	41,209,960
	739,779	60,727,521	4,816,840	66,284,140	557,525	59,540,854	4,727,900	64,826,279

The following investments mature after 12 months:

LAR	37,925	2,883,770	-	2,921,695	43,522	3,155,938	-	3,199,460
AFS	543,280	-	-	543,280	396,061	-	-	396,061
FVTPL	18,936	35,676,823	914,905	36,610,664	18,257	35,873,868	756,819	36,648,944
	600,141	38,560,593	914,905	40,075,639	457,840	39,029,806	756,819	40,244,465

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10. INVESTMENTS (CONT'D.)

(a) LAR

	30.06.2015				31.12.2014			
	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 Amortised Cost / Cost:								
Deposits with financial institutions:								
Licensed banks	21,600	1,338,756	672,720	2,033,076	7,100	1,502,032	1,073,490	2,582,622
Others	-	30,000	-	30,000	-	30,000	-	30,000
Policy loans	-	4,009,787	-	4,009,787	-	3,918,699	-	3,918,699
Mortgage loans	27,907	1,670,525	-	1,698,432	28,433	1,649,220	-	1,677,653
Secured loans	15,013	1,570,599	-	1,585,612	15,014	1,570,438	-	1,585,452
Unsecured loans	5	584	-	589	75	3	-	78
	64,525	8,620,251	672,720	9,357,496	50,622	8,670,392	1,073,490	9,794,504

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10. INVESTMENTS (CONT'D.)

(a) LAR (Cont'd.)

	30.06.2015				31.12.2014			
	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:								
Deposits with financial institutions:								
Licensed banks	21,600	1,338,756	672,720	2,033,076	7,100	1,502,032	1,073,490	2,582,622
Others	-	30,000	-	30,000	-	30,000	-	30,000
Policy loans	-	4,009,787	-	4,009,787	-	3,918,699	-	3,918,699
Mortgage loans	28,799	1,710,379	-	1,739,178	29,199	1,677,107	-	1,706,306
Secured loans	15,013	1,570,599	-	1,585,612	15,014	1,570,438	-	1,585,452
Unsecured loans	5	584	-	589	75	3	-	78
	<u>65,417</u>	<u>8,660,105</u>	<u>672,720</u>	<u>9,398,242</u>	<u>51,388</u>	<u>8,698,279</u>	<u>1,073,490</u>	<u>9,823,157</u>

Included in deposits with financial institutions of the Company are short term deposits with maturity periods of less than 3 months amounting to RM1,937,326,000 (2014: RM2,282,622,000), 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.

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10. INVESTMENTS (CONT'D.)

(b) AFS

	30.06.2015				31.12.2014			
	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	77,387	10,839,058	-	10,916,445	68,157	10,780,503	-	10,848,660
Quoted outside Malaysia	7,459	2,181,642	-	2,189,101	5,026	1,841,870	-	1,846,896
Malaysian government securities	42,602	-	-	42,602	21,966	-	-	21,966
Debt securities:								
Unquoted in Malaysia	520,676	-	-	520,676	384,099	-	-	384,099
Unit and property trust funds:								
Quoted in Malaysia	7,484	424,745	-	432,229	7,241	412,692	-	419,933
Quoted outside Malaysia	419	194,367	-	194,786	1,865	189,930	-	191,795
	<u>656,027</u>	<u>13,639,812</u>	<u>-</u>	<u>14,295,839</u>	<u>488,354</u>	<u>13,224,995</u>	<u>-</u>	<u>13,713,349</u>
At Cost:								
Equity securities:								
Unquoted in Malaysia	292	108,174	-	108,466	292	108,174	-	108,466
	<u>656,319</u>	<u>13,747,986</u>	<u>-</u>	<u>14,404,305</u>	<u>488,646</u>	<u>13,333,169</u>	<u>-</u>	<u>13,821,815</u>

The Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is 'significant' or 'prolonged' requires judgement. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. See Note 26 for fair value disclosures.

The Company identified an impairment loss of RM112,842,087 on quoted equity securities carried at AFS, which has been recognised in the income statement during the current period.

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10. INVESTMENTS (CONT'D.)

(c) FVTPL

	30.06.2015				31.12.2014			
	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	97	13,877	2,974,821	2,988,795	207	34,521	2,645,344	2,680,072
Quoted outside Malaysia	-	-	47,320	47,320	-	-	23,505	23,505
Malaysian government securities	-	-	76,764	76,764	-	-	40,037	40,037
Debt securities:								
Quoted in Malaysia	-	-	-	-	-	-	1,171	1,171
Unquoted in Malaysia	18,838	2,742,621	976,299	3,737,758	18,050	2,608,289	879,810	3,506,149
Unit and property trust funds:								
Quoted in Malaysia	-	-	67,639	67,639	-	-	63,227	63,227
Quoted outside Malaysia	-	-	1,277	1,277	-	-	1,316	1,316
	18,935	2,756,498	4,144,120	6,919,553	18,257	2,642,810	3,654,410	6,315,477
Designated upon initial recognition:								
Malaysian government securities	-	6,486,569	-	6,486,569	-	6,772,336	-	6,772,336
Debt securities:								
Quoted outside Malaysia	-	706,825	-	706,825	-	640,855	-	640,855
Unquoted in Malaysia	-	28,225,324	-	28,225,324	-	27,331,888	-	27,331,888
Unquoted outside Malaysia	-	184,068	-	184,068	-	149,404	-	149,404
	-	35,602,786	-	35,602,786	-	34,894,483	-	34,894,483
	18,935	38,359,284	4,144,120	42,522,339	18,257	37,537,293	3,654,410	41,209,960

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11. REINSURANCE ASSETS

Life Insurance Fund

	30.06.2015	31.12.2014
	RM'000	RM'000
Reinsurance of insurance contracts (Note 13)	127,659	108,941

12. INSURANCE RECEIVABLES

Life Insurance Fund

	30.06.2015	31.12.2014
	RM'000	RM'000
Due premiums including agents/brokers and co-insurers balances	208,754	272,895
Due from reinsurers and cedants	-	-
	<u>208,754</u>	<u>272,895</u>
Allowance for impairment	(6,816)	(7,855)
	<u>201,938</u>	<u>265,040</u>
Movement in allowance accounts:		
Individual impairment:		
At 1 January	7,855	5,399
Charge for the period / year	(1,039)	2,456
At 30 June / 31 December	<u>6,816</u>	<u>7,855</u>

There were no collectively impaired insurance receivables for the period ended 30 June 2015 and year ended 31 December 2014.

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13. INSURANCE CONTRACT LIABILITIES

Life Insurance Fund

	30.06.2015			31.12.2014		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Provision for outstanding claims	7,082,038	(80,191)	7,001,847	6,812,755	(62,402)	6,750,353
Actuarial liabilities	43,159,466	(47,468)	43,111,998	42,129,121	(46,539)	42,082,582
Unallocated surplus	5,337,021	-	5,337,021	4,990,093	-	4,990,093
Available-for-sale fair value reserves	4,168,139	-	4,168,139	4,171,771	-	4,171,771
Net asset value attributable to unitholders	4,861,672	-	4,861,672	4,654,811	-	4,654,811
	64,608,336	(127,659)	64,480,677	62,758,551	(108,941)	62,649,610

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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	1,781,474	373,654	2,155,128	(30,047)	(34,552)	(64,599)	2,090,529
Liabilities paid for death, maturities, surrenders, benefits and claims	(1,660,843)	(184,125)	(1,844,968)	12,376	23,094	35,470	(1,809,498)
Policy movements	935,712	33,792	969,504	-	(114)	(114)	969,390
Interest rate	7	61,279	61,286	-	(816)	(816)	60,470
Claims benefit experience variation	277,841	(8,560)	269,281	12,099	(758)	11,341	280,622
Net asset value attributable to unitholders	-	17,333	17,333	-	-	-	17,333
Modelling change	-	(443)	(443)	-	-	-	(443)
Available-for-sale fair value reserves	(3,897)	-	(3,897)	-	-	-	(3,897)
Unallocated surplus	226,296	-	226,296	-	-	-	226,296
Deferred tax effects:							
Available-for-sale fair value reserves	265	-	265	-	-	-	265
At 30 June 2015	57,111,678	7,496,658	64,608,336	(21,668)	(105,991)	(127,659)	64,480,677

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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 2014	52,947,385	6,700,619	59,648,004	(13,147)	(69,234)	(82,381)	59,565,623
Premiums received	3,945,004	862,645	4,807,649	(57,820)	(65,806)	(123,626)	4,684,023
Liabilities paid for death, maturities, surrenders, benefits and claims	(3,579,777)	(292,600)	(3,872,377)	31,729	55,994	87,723	(3,784,654)
Policy movements	1,947,563	127,617	2,075,180	-	(1,331)	(1,331)	2,073,849
Interest rate	1,350	49,165	50,515	-	(55)	(55)	50,460
<i>Adjustments due to changes in assumptions:</i>							
<i>Mortality/morbidity</i>	(115)	(23,573)	(23,688)	-	(3,189)	(3,189)	(26,877)
<i>Expenses</i>	50,479	255	50,734	-	-	-	50,734
<i>Lapse</i>	(9,808)	(3,227)	(13,035)	-	(2,719)	(2,719)	(15,754)
<i>Others</i>	70,108	16,218	86,326	-	-	-	86,326
Other	(184,425)	(4,154)	(188,579)	-	-	-	(188,579)
Claims benefit experience variation	1,024,198	27,882	1,052,080	23,142	(6,505)	16,637	1,068,717
Net asset value attributable to unitholders	-	(257,119)	(257,119)	-	-	-	(257,119)
Available-for-sale fair value reserves	(949,402)	-	(949,402)	-	-	-	(949,402)
Unallocated surplus	216,310	-	216,310	-	-	-	216,310
Deferred tax effects:							
Available-for-sale fair value reserves	75,953	-	75,953	-	-	-	75,953
At 31 December 2014	55,554,823	7,203,728	62,758,551	(16,096)	(92,845)	(108,941)	62,649,610

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14. DERIVATIVES

Life Insurance Fund

	Notional Principal RM'000	Fair Value RM'000
30 June 2015		
Derivatives held for trading:		
Currency swaps	709,254	258,323
Forward	51,235	183
	<u>760,489</u>	<u>258,506</u>
31 December 2014		
Derivatives held for trading:		
Currency swaps	<u>709,254</u>	<u>166,039</u>

15. INSURANCE PAYABLES

Life Insurance Fund

	30.06.2015 RM'000	31.12.2014 RM'000
Due to reinsurers	37,827	24,520
Due to agents and intermediaries	132,930	179,955
	<u>170,757</u>	<u>204,475</u>

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

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 offset in the balance sheet RM'000	Net amounts in the balance sheet RM'000
30 June 2015			
Premiums ceded	92,682	-	92,682
Commissions receivable	-	(12,714)	(12,714)
Claims recoveries	-	(42,141)	(42,141)
	<u>92,682</u>	<u>(54,855)</u>	<u>37,827</u>

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15. INSURANCE PAYABLES (CONT'D.)

	Gross carrying amount RM'000	Gross amounts offset in the balance sheet RM'000	Net amounts in the balance sheet RM'000
31 December 2014			
Premiums ceded	109,221	-	109,221
Commissions receivable	-	(16,576)	(16,576)
Claims recoveries	-	(68,125)	(68,125)
	<u>109,221</u>	<u>(84,701)</u>	<u>24,520</u>

16. NET EARNED PREMIUMS

Life Insurance Fund

	01.01.2015 to 30.06.2015 RM'000	01.01.2014 to 30.06.2014 RM'000
(a) Gross Premiums		
Life insurance contract	<u>3,152,707</u>	<u>3,040,353</u>
(b) Premiums Ceded		
Life insurance contract	<u>(64,599)</u>	<u>(49,392)</u>
Net Earned Premiums	<u>3,088,108</u>	<u>2,990,961</u>

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17. INVESTMENT INCOME

	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 cash equivalents 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	-	(17,211)	(17,211)
	<u>14,491</u>	<u>1,380,378</u>	<u>1,394,869</u>

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17. INVESTMENT INCOME (CONT'D.)

01.01.2014 to 30.06.2014	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
Rental income from properties	-	33,048	33,048
Financial assets at FVTPL			
- Held for trading purposes:			
Interest income	526	93,008	93,534
Dividend income:			
- Equity securities quoted in Malaysia	-	42,479	42,479
- Equity securities quoted outside Malaysia	-	305	305
- Designated upon initial recognition:			
Interest income	-	699,167	699,167
Financial assets at AFS:			
Interest income	9,375	-	9,375
Dividend income:			
- Equity securities quoted in Malaysia	1,344	199,656	201,000
- Equity securities quoted outside Malaysia	845	49,117	49,962
- Equity securities unquoted in Malaysia	20	2,684	2,704
LAR interest income	1,037	201,952	202,989
Cash and cash equivalents interest income	656	25,588	26,244
Gross investment income	<u>13,803</u>	<u>1,347,004</u>	<u>1,360,807</u>
Less: investment expenses	-	(13,121)	(13,121)
	<u>13,803</u>	<u>1,333,883</u>	<u>1,347,686</u>

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18. NET BENEFITS AND CLAIMS

Life Insurance Fund

	01.01.2015	01.01.2014
	to	to
	30.06.2015	30.06.2014
	RM'000	RM'000
(a) Gross Benefits and Claims Paid		
Life insurance contracts:		
Death	(164,509)	(172,804)
Maturity	(320,355)	(248,782)
Surrender	(678,260)	(519,647)
Cash bonus	(547,164)	(664,661)
Others	(533,405)	(462,454)
	<u>(2,243,693)</u>	<u>(2,068,348)</u>
(b) Claims Ceded to Reinsurers		
Life insurance contracts	<u>35,470</u>	<u>42,635</u>
(c) Gross Change in Contract Liabilities		
Life insurance contracts	<u>(1,584,134)</u>	<u>(1,590,766)</u>
(d) Change in Contract Liabilities Ceded to Reinsurers		
Life insurance contracts	<u>929</u>	<u>928</u>

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19. MANAGEMENT EXPENSES

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
01.01.2015 to 30.06.2015			
Employee benefits expense	-	88,745	88,745
Non-executive directors' remuneration	-	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	-	4,682	4,682
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
Others	7,336	15,679	23,015
	<u>7,344</u>	<u>223,735</u>	<u>231,079</u>

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19. MANAGEMENT EXPENSES (CONT'D.)

(a) Employee Benefits Expense

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
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>88,745</u>	<u>88,745</u>

(b) Directors' Remuneration

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

Executive:

Salaries and other emoluments	-	798	798
Bonus	-	640	640
Estimated money value of benefits in kind	-	18	18
	-	<u>1,456</u>	<u>1,456</u>

Non-executive:

Fees	-	470	470
	-	<u>1,926</u>	<u>1,926</u>

Represented by:

Directors' fees	-	470	470
Amount included in employee benefits expense	-	1,456	1,456

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19. MANAGEMENT EXPENSES (CONT'D.)

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
01.01.2014 to 30.06.2014			
Employee benefits expense	-	80,181	80,181
Non-executive directors' remuneration	-	447	447
Auditor's remuneration:			
- statutory audits	5	320	325
- regulatory related fees			
- other services			
Depreciation of property and equipment	-	24,115	24,115
Amortisation of prepaid land lease payments	-	69	69
Rental of properties	-	4,628	4,628
Operating lease payment	-	525	525
Advertising and promotion	-	19,767	19,767
Finance charges	3	20,227	20,230
Group service fees	-	11,952	11,952
IT and computer expenses	-	14,822	14,822
Policyholder expenses	-	3,719	3,719
Postal and telecommunication	-	6,174	6,174
Printing and stationery	-	1,514	1,514
Professional fees	1	1,612	1,613
Repairs and maintenance	-	1,434	1,434
Transport and travelling	-	826	826
Utilities	-	1,998	1,998
Others	307	6,221	6,528
	<u>316</u>	<u>200,551</u>	<u>200,867</u>

(a) Employee Benefits Expense

Wages and salaries	-	66,264	66,264
Social security contributions	-	477	477
Defined contribution plans - EPF	-	10,673	10,673
Other employee benefits expense	-	2,767	2,767
	<u>-</u>	<u>80,181</u>	<u>80,181</u>

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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	-	797	797
Bonus	-	560	560
	-	<u>1,357</u>	<u>1,357</u>
Non-executive:			
Fees	-	447	447
	-	<u>1,804</u>	<u>1,804</u>
Represented by:			
Directors' fees	-	447	447
Amount included in employee benefits expense	-	<u>1,357</u>	<u>1,357</u>

The remuneration, including benefits-in-kind, attributable to the CEO, who is the Director of the Company amounted to RM1,456,000 (01.01.2014 to 30.06.2014: RM1,357,000).

The directors' fees are subject to the recommendation of the Remuneration Committee

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	
	30.06.2015	30.06.2014
Executive Director		
RM1,350,000 - RM1,450,000	<u>1</u>	<u>1</u>
Non-Executive Directors		
Below RM50,000	-	-
RM50,001 - RM100,000	1	2
RM100,001 - RM150,000	3	1
RM150,001 - RM200,000	<u>-</u>	<u>1</u>

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20. CEO AND DIRECTORS' REMUNERATION

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
Mr Norman Ip Ka Cheung	Non - Executive	-	-	-	-	-
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

Name	Status of directorship	01.01.2014 to 30.06.2014				Total RM'000
		Salaries RM'000	Bonus RM'000	Fees RM'000	Benefits-in-kind RM'000	
Yg Bhg Dato Koh Yaw Hui	Executive	797	560	-	-	1,357
Total executive director's remuneration		797	560	-	-	1,357
Mrs Fang Ai Lian (nee Ho Ai Lian) - Chairman (resigned on 16 April 2014)	Non - Executive	-	-	89	-	89
Yg Bhg Datuk Kamaruddin bin Taib	Non - Executive	-	-	74	-	74
Yg Bhg Dato' Yeoh Beow Tit	Non - Executive	-	-	132	-	132
Mr Lee Kong Yip	Non - Executive	-	-	152	-	152
Total non-executive directors remuneration		-	-	447	-	447
Total directors' remuneration		797	560	447	-	1,804

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21. TAXATION

		01.01.2015	01.01.2014
		to	to
		30.06.2015	30.06.2014
	Note	RM'000	RM'000
Taxation of life insurance business	(a)	85,713	111,465
Taxation of the Company	(b)	61,138	60,158
		<u>146,851</u>	<u>171,623</u>

(a) Taxation of life insurance business

Tax expense/(income):			
Current		63,809	105,112
Deferred			
- Life Insurance Fund		25,408	7,128
- Unit-linked		(3,504)	(775)
		<u>85,713</u>	<u>111,465</u>
Current income tax:			
Malaysian income tax		63,770	105,092
Tax on foreign dividend income		39	20
		<u>63,809</u>	<u>105,112</u>
Deferred tax:			
Relating to origination and reversal of temporary differences			
- Life Insurance Fund		25,408	7,128
- Unit-linked		(3,504)	(775)
		<u>85,713</u>	<u>111,465</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% (2014: 8%) of the assessable investment income net of allowable deductions for the financial period.

(b) Taxation of the Company

Tax expense/(income):			
Current		60,652	60,282
Deferred		486	(124)
		<u>61,138</u>	<u>60,158</u>

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21. TAXATION (CONT'D.)

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

	01.01.2015	01.01.2014
	to	to
	30.06.2015	30.06.2014
	RM'000	RM'000
Current income tax:		
Malaysian income tax	72,833	69,552
Overprovided in prior years	(516)	-
Double taxation relief	(11,665)	(9,270)
	<u>60,652</u>	<u>60,282</u>
Deferred tax:		
Relating to origination and reversal of temporary differences	486	(124)
	<u>61,138</u>	<u>60,158</u>

The current income tax is calculated at 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% (2014: 25%).

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:

	01.01.2015	01.01.2014
	to	to
	30.06.2015	30.06.2014
	RM'000	RM'000
Profit before taxation	<u>292,704</u>	<u>278,615</u>
Taxation at Malaysian statutory tax rate of 25%	73,176	69,654
Income not subject to tax	(273)	(341)
Expenses not deductible for tax purposes	416	115
Double taxation relief	(11,665)	(9,270)
Underprovided in prior years	(516)	-
Tax expense for the period	<u>61,138</u>	<u>60,158</u>

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22. CASH USED IN OPERATING ACTIVITIES

		01.01.2015	01.01.2014
		to	to
		30.06.2015	30.06.2014
	Note	RM'000	RM'000
Profit before taxation		292,704	278,615
<i>Adjustment for:</i>			
Taxation of life insurance business	21(a)	85,713	111,465
Investment income	17	(1,412,080)	(1,360,807)
Realised losses/(gains) recorded in the income statement		10,108	(176,849)
Fair value gains recorded in the income statement		(467,744)	(113,932)
Depreciation of property and equipment		21,775	24,115
Amortisation of prepaid land lease payments		69	69
Impairment of quoted investments		112,842	-
Provision for agents' retirement benefits		53,500	48,779
Property and equipment write-off		-	207
Realised foreign exchange gain on receipt of dividend		(7)	-
Realised foreign exchange (gain)/loss on disposal of investments		(8,602)	66
Unrealised exchange loss/(gain) on derivatives		48,143	(6,898)
Unrealised exchange (gain)/loss on bonds		(49,461)	6,892
Cash flow before working capital changes		<u>(1,313,040)</u>	<u>(1,188,278)</u>
<i>Changes in working capital:</i>			
Purchases of FVTPL financial investments		(10,048,056)	(6,773,743)
Proceeds from disposals/maturities of FVTPL financial investments		9,283,666	6,884,315
Purchases of AFS financial investments		(1,667,282)	(1,825,793)
Proceeds from disposals/maturities of AFS financial investments		993,260	812,443
Decrease/(increase) in LAR		91,710	(459,235)
Increase in reinsurance assets		(18,719)	(26,418)
Decrease in insurance receivables		63,101	59,346
Increase in other receivables		(238,683)	(7,591)
Increase in insurance contract liabilities		1,853,416	2,059,650
Increase/(decrease) in other financial liabilities		85,447	(54,225)
Decrease in insurance payables		(33,718)	(39,641)
Decrease in other payables		(10,577)	(23,383)
Cash used in operating activities		<u>(959,475)</u>	<u>(582,553)</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.

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23. CAPITAL COMMITMENTS

	30.06.2015	31.12.2014
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
- Investment properties	432,396	1,082
- Property and equipment	78,384	56,637
Approved but not contracted for:		
Investment properties	92,376	593,042
	<u>603,156</u>	<u>650,761</u>

24. REGULATORY CAPITAL REQUIREMENT

The capital structure of the Company as at 30 June 2015, as prescribed under the RBC is provided below:

	30.06.2015	31.12.2014
	RM'000	RM'000
Eligible Tier 1 Capital		
Share capital (paid-up)	100,000	100,000
Reserves, including retained earnings	18,135,244	17,949,771
	<u>18,235,244</u>	<u>18,049,771</u>
Tier 2 Capital		
Eligible reserves	4,181,591	4,174,497
	<u>4,181,591</u>	<u>4,174,497</u>
Deductions: Deferred Tax Asset	-	1,192
	<u>-</u>	<u>1,192</u>
Total Capital Available	<u>22,416,835</u>	<u>22,223,076</u>

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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:

	01.01.2015	01.01.2014
	to	to
	30.06.2015	30.06.2014
	RM'000	RM'000
Transactions with related parties during the period:		
Property rentals received (note ii)		
- OCBC Bank (Malaysia) Berhad	402	384
- Overseas Assurance Corporation (Malaysia) Berhad	893	876
- Great Eastern Takaful Berhad	608	505
Service charges paid (note iii)		
- OCBC Bank (Malaysia) Berhad	19,322	17,327
- E2 Power Pte Ltd	1,835	658
- Pacific Mutual Fund Bhd	276	192
- Lion Global Investor Ltd	51	100
Service charges received		
- Overseas Assurance Corporation (Malaysia) Berhad	2,138	1,750
- Great Eastern Takaful Berhad	4,894	3,229
Premium paid (note i)		
- Overseas Assurance Corporation (Malaysia) Berhad	2,444	2,362
Premium received (note i)		
- Overseas Assurance Corporation (Malaysia) Berhad	228	220
- OCBC Bank (Malaysia) Berhad	-	572
- OCBC Al-Amin Bank Berhad	-	49
- PAC Lease Berhad	85	-
Commission received		
- Overseas Assurance Corporation (Malaysia) Berhad	370	359
Commission fees paid		
- OCBC Bank (Malaysia) Berhad	16,542	15,451
- OCBC Securities Private Limited	382	302
- PAC Lease Berhad	22	39

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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):

	01.01.2015	01.01.2014
	to	to
	30.06.2015	30.06.2014
	RM'000	RM'000
Transactions with related parties during the period (Cont'd.):		
Interest income (note iv)		
- OCBC Bank (Malaysia) Berhad	42,643	37,078
Dividend income from preference shares (note v)		
- OCBC Bank (Malaysia) Berhad	2,239	2,236
Bank charges		
- OCBC Bank (Malaysia) Berhad	895	763
Employee Share Option Scheme (ESOS) paid		
- Oversea-Chinese Banking Corporation Ltd.	290	305
Employee Share Purchase Plan		
- Oversea-Chinese Banking Corporation Ltd.	183	201
Deferred Share Plan		
- Oversea-Chinese Banking Corporation Ltd.	154	194
Charges for group services (note vi)		
- The Great Eastern Life Assurance Company Limited	16,153	11,748
Purchase of investments from		
- Overseas Assurance Corporation (Malaysia) Berhad	125,717	60,542
- Great Eastern Takaful Berhad	46,117	63,470
Disposal of investments to		
- Great Eastern Takaful Berhad	7,908	2,511

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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):

	30.06.2015	31.12.2014
	RM'000	RM'000
Balances with related parties at reporting date:		
Investment in preference shares (note v)		
- OCBC Bank (Malaysia) Berhad	100,000	100,000
Investment in redeemable subordinated bonds		
- OCBC Bank (Malaysia) Berhad	197,630	197,887
Investment in commercial papers/medium term notes		
- PAC Lease Berhad	139,773	179,723
Cash and bank balances		
- OCBC Bank (Malaysia) Berhad	10,574	7,990
Fixed deposits, structured deposits and repurchase agreements		
- OCBC Bank (Malaysia) Berhad	2,024,147	2,009,113
- OCBC Al-Amin Bank Berhad	182,600	184,724
Investment in cross currency swap (derivatives liabilities)		
- OCBC Bank (Malaysia) Berhad	63,693	40,369
Amount due from related companies:		
- Far Island Bay Sdn Bhd (formerly known as The Great Eastern General Insurance Company Sdn Bhd)	45	35
- Overseas Assurance Corporation (Malaysia) Berhad	968	1,602
- Great Eastern Takaful Berhad	5,733	1,632
- Great Eastern Life (Vietnam) Company Limited	18	-
- P.T. Great Eastern Life Indonesia	17	-
Amount due to ultimate holding company:		
- Oversea-Chinese Banking Corporation Ltd.	1,549	1,075
Amount due to intermediate holding company:		
- The Great Eastern Life Assurance Company Limited	6,557	8,305
Amount due from intermediate holding company:		
- Great Eastern Holdings Limited	43	43
Amount due to holding company:		
- Great Eastern Capital (M) Sdn Bhd	323	353

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25. RELATED PARTY DISCLOSURES (CONT'D)

Related companies are companies within the OCBC group:

- (i) The sale and purchase of insurance policies to related companies are made according to normal market prices and at terms and conditions no more favourable than those to other customers and employees.
- (ii) Rental of property to related parties are made according to normal market prices, terms and conditions.
- (iii) Payment of service charges to related parties are made according to normal market prices.
- (iv) The interest income arose mainly from investment in fixed deposits and repurchase agreements which are made according to prevailing market rates, terms and conditions.
- (v) The dividend income arose from investment in OCBC Bank (Malaysia) Bhd preference shares which are made according to arms length terms and conditions. The investment in OCBC Bank (Malaysia) Bhd preference shares amounting to RM100 million was approved by the Board.
- (vi) With effect from June 2010, Great Eastern Holdings Limited had allocated its Group function cost to all its subsidiaries including to the Company based on allocation rates approved by Group function heads.

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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	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
	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	10,916,445	10,848,660	10,916,445	10,848,660
Quoted outside Malaysia	2,189,101	1,846,896	2,189,101	1,846,896
Malaysian government securities	42,602	21,966	42,602	21,966
Debt securities:				
Unquoted in Malaysia	520,676	384,099	520,676	384,099
Unit and property trust funds:				
Quoted in Malaysia	432,229	419,933	432,229	419,933
Quoted outside Malaysia	194,786	191,795	194,786	191,795
<u>FVTPL - Held for Trading (Note 10(c))</u>				
Equity securities:				
Quoted in Malaysia	2,988,795	2,680,072	2,988,795	2,680,072
Quoted outside Malaysia	47,320	23,505	47,320	23,505
Malaysian government securities	76,764	40,037	76,764	40,037
Debt securities:				
Quoted in Malaysia	-	1,171	-	1,171
Unquoted in Malaysia	3,737,758	3,506,149	3,737,758	3,506,149
Unit and property trust funds:				
Quoted in Malaysia	67,639	63,227	67,639	63,227
Quoted outside Malaysia	1,277	1,316	1,277	1,316

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

	Carrying Amount		Fair Value	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
	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	6,486,569	6,772,336	6,486,569	6,772,336
Debt securities:				
Quoted outside Malaysia	706,825	640,855	706,825	640,855
Unquoted in Malaysia	28,225,324	27,331,888	28,225,324	27,331,888
Unquoted outside Malaysia	184,068	149,404	184,068	149,404
<u>Loans and receivables (Note 10(a)):</u>				
Mortgage loans	1,698,432	1,677,653	1,739,178	1,706,306
<u>Non financial Assets:</u>				
<u>Investment properties:</u>				
Commercial	314,716	314,716	314,716	314,716
Residential	231,900	231,900	231,900	231,900
	<u>59,063,226</u>	<u>57,147,578</u>	<u>59,103,972</u>	<u>57,176,231</u>
<u>Financial Liabilities</u>				
Derivatives (Note 14)				
Currency swaps	258,323	166,039	258,323	166,039
Forward	183	-	183	-
	<u>258,506</u>	<u>166,039</u>	<u>258,506</u>	<u>166,039</u>

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

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

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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.
- 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.

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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:

30 June 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
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(a) Assets measured at fair value:

Financial Assets

AFS financial assets (Note 10(b))

Equity securities:

Quoted in Malaysia	10,916,445	-	-	10,916,445
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Quoted outside Malaysia	2,189,101	-	-	2,189,101
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Malaysian government securities	-	42,602	-	42,602
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Debt securities:

Unquoted in Malaysia	-	520,676	-	520,676
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Unit and property trust funds:

Quoted in Malaysia	432,229	-	-	432,229
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Quoted outside Malaysia	194,786	-	-	194,786
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FVTPL - Held for Trading (Note 10(c))

Equity securities:

Quoted in Malaysia	2,988,795	-	-	2,988,795
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Quoted outside Malaysia	47,320	-	-	47,320
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Malaysian government securities	-	76,764	-	76,764
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Debt securities:

Unquoted in Malaysia	-	3,737,758	-	3,737,758
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Unit and property trust funds:

Quoted in Malaysia	67,639	-	-	67,639
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Quoted outside Malaysia	1,277	-	-	1,277
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26. FAIR VALUE OF ASSETS AND LIABILITIES (CONTD.)

	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 2015 (Cont'd.)				
<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	-	6,486,569	-	6,486,569
Debt securities:				
Quoted outside Malaysia	706,825	-	-	706,825
Unquoted in Malaysia	-	28,225,324	-	28,225,324
Unquoted outside Malaysia	-	184,068	-	184,068
Financial assets	<u>17,544,417</u>	<u>39,273,761</u>	<u>-</u>	<u>56,818,178</u>
<u>(b) Financial assets for which fair</u>				
<u>values are disclosed:</u>				
<u>LAR (Note 10(a)):</u>				
Mortgage loans	-	1,739,178	-	1,739,178
<u>(c) Non Financial Assets</u>				
<u>Investment Properties</u>				
Commercial	-	314,716	-	314,716
Residential	-	231,900	-	231,900
Non financial assets	<u>-</u>	<u>546,616</u>	<u>-</u>	<u>546,616</u>
<u>(d) Liabilities measured at</u>				
<u>fair value:</u>				
<u>Financial Liabilities</u>				
<u>Derivatives (Note 14):</u>				
Currency swaps	-	258,323	-	258,323
Forward	-	183	-	183
	<u>-</u>	<u>258,506</u>	<u>-</u>	<u>258,506</u>

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

31 December 2014	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	10,848,660	-	-	10,848,660
Quoted outside Malaysia	1,846,896	-	-	1,846,896
Malaysian government securities	-	21,966	-	21,966
Debt securities:				
Unquoted in Malaysia	-	384,099	-	384,099
Unit and property trust funds:				
Quoted in Malaysia	419,933	-	-	419,933
Quoted outside Malaysia	191,795	-	-	191,795
<u>FVTPL - Held for Trading (Note 10(c)):</u>				
Equity securities:				
Quoted in Malaysia	2,680,072	-	-	2,680,072
Quoted outside Malaysia	23,505	-	-	23,505
Malaysian government securities	-	40,037	-	40,037
Debt securities:				
Quoted in Malaysia	1,171	-	-	1,171
Unquoted in Malaysia	-	3,506,149	-	3,506,149
Unit and property trust funds:				
Quoted in Malaysia	63,227	-	-	63,227
Quoted outside Malaysia	1,316	-	-	1,316

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

31 December 2014 (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	-	6,772,336	-	6,772,336
Debt securities:				
Quoted outside Malaysia	640,855	-	-	640,855
Unquoted in Malaysia	-	27,331,888	-	27,331,888
Unquoted outside Malaysia	-	149,404	-	149,404
Financial assets	<u>16,717,430</u>	<u>38,205,879</u>	<u>-</u>	<u>54,923,309</u>
<u>(b) Financial assets for which fair values are disclosed:</u>				
<u>LAR (Note 10(a)):</u>				
Mortgage loans	-	1,706,306	-	1,706,306
<u>(c) Non Financial Assets</u>				
<u>Investment Properties</u>				
Commercial	-	314,716	-	314,716
Residential	-	231,900	-	231,900
Non financial assets	<u>-</u>	<u>546,616</u>	<u>-</u>	<u>546,616</u>
<u>(d) Liabilities measured at fair value:</u>				
<u>Financial Liabilities</u>				
<u>Derivatives (Note 14):</u>				
Currency swaps	-	166,039	-	166,039

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

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 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. The Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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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 2015

	Shareholder's Funds		Life Insurance Fund		Elimination*		Total	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014	30.06.2015	31.12.2014	30.06.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets								
Financial investments	761,666	578,890	65,544,361	64,268,754	(21,887)	(21,365)	66,284,140	64,826,279
Reinsurance assets	-	-	127,659	108,941	-	-	127,659	108,941
Insurance receivables	-	-	201,938	265,040	-	-	201,938	265,040
Other assets	723,750	1,202,378	1,955,723	1,663,721	(703,216)	(1,209,118)	1,976,257	1,656,981
	<u>1,485,416</u>	<u>1,781,268</u>	<u>67,829,681</u>	<u>66,306,456</u>	<u>(725,103)</u>	<u>(1,230,483)</u>	<u>68,589,994</u>	<u>66,857,241</u>
Equity, Policyholders' Fund and Liabilities								
Total Equity	<u>1,300,616</u>	<u>1,571,256</u>	<u>-</u>	<u>-</u>	<u>1,405</u>	<u>1,779</u>	<u>1,302,021</u>	<u>1,573,035</u>
Insurance contract liabilities	-	-	64,632,074	62,782,289	(23,738)	(23,738)	64,608,336	62,758,551
Other liabilities	184,800	210,012	3,197,607	3,524,167	(702,770)	(1,208,524)	2,679,637	2,525,655
Total Policyholders' Fund and Liabilities	<u>184,800</u>	<u>210,012</u>	<u>67,829,681</u>	<u>66,306,456</u>	<u>(726,508)</u>	<u>(1,232,262)</u>	<u>67,287,973</u>	<u>65,284,206</u>
	<u>1,485,416</u>	<u>1,781,268</u>	<u>67,829,681</u>	<u>66,306,456</u>	<u>(725,103)</u>	<u>(1,230,483)</u>	<u>68,589,994</u>	<u>66,857,241</u>

* Refers to elimination of Interfund balances.

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27. INSURANCE FUNDS (CONT'D.)

Condensed Income Statement / Revenue Accounts by Funds
For the six months ended 30 June 2015

	Shareholder's Funds		Life Insurance Fund		Elimination **		Total	
	01.01.2015 to 30.06.2015 RM'000	01.01.2014 to 30.06.2014 RM'000	01.01.2015 to 30.06.2015 RM'000	01.01.2014 to 30.06.2014 RM'000	01.01.2015 to 30.06.2015 RM'000	01.01.2014 to 30.06.2014 RM'000	01.01.2015 to 30.06.2015 RM'000	01.01.2014 to 30.06.2014 RM'000
Gross premiums	-	-	3,152,707	3,040,353	-	-	3,152,707	3,040,353
Premiums ceded to reinsurers	-	-	(64,599)	(49,392)	-	-	(64,599)	(49,392)
Net earned premiums	-	-	3,088,108	2,990,961	-	-	3,088,108	2,990,961
Investment income	14,492	15,505	1,380,377	1,333,882	-	(1,701)	1,394,869	1,347,686
Fees and commission income	-	-	3,856	3,088	-	-	3,856	3,088
Gains and losses and other operating revenue	2,663	3,035	362,363	288,349	-	-	365,026	291,384
Other revenue	17,155	18,540	1,746,596	1,625,319	-	(1,701)	1,763,751	1,642,158
Gross benefits and claims paid	-	-	(2,243,693)	(2,070,049)	-	1,701	(2,243,693)	(2,068,348)
Claims ceded to reinsurers	-	-	35,470	42,635	-	-	35,470	42,635
Gross change in contract liabilities	-	-	(1,584,134)	(1,590,766)	-	-	(1,584,134)	(1,590,766)
Change in contract liabilities ceded to reinsurers	-	-	929	928	-	-	929	928
Net benefits and claims	-	-	(3,791,428)	(3,617,252)	-	1,701	(3,791,428)	(3,615,551)
Depreciation and amortisation	-	-	(21,844)	(24,184)	-	-	(21,844)	(24,184)
Other operating and management expenses	(7,344)	433	(652,826)	(603,737)	-	-	(660,170)	(603,304)
Taxation of life insurance business	-	-	(85,713)	(111,465)	-	-	(85,713)	(111,465)
Other expenses	(7,344)	433	(760,383)	(739,386)	-	-	(767,727)	(738,953)
Profit from operations	9,811	18,973	282,893	259,642	-	-	292,704	278,615
Transfer from Life Insurance Fund*	282,893	259,642	(282,893)	(259,642)	-	-	-	-
Profit/Surplus before Taxation	292,704	278,615	-	-	-	-	292,704	278,615
Taxation	(61,138)	(60,158)	-	-	-	-	(61,138)	(60,158)
Net profit/surplus for the period	231,566	218,457	-	-	-	-	231,566	218,457

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

** Refers to elimination of interfund balances

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27. INSURANCE FUNDS (CONT'D.)

Condensed Cash Flow Statement by Funds
For the six months ended 30 June 2015

	Shareholder's Funds		Life Insurance Fund		Total	
	01.01.2015 to 30.06.2015 RM'000	01.01.2014 to 30.06.2014 RM'000	01.01.2015 to 30.06.2015 RM'000	01.01.2014 to 30.06.2014 RM'000	01.01.2015 to 30.06.2015 RM'000	01.01.2014 to 30.06.2014 RM'000
Cash flow from:						
Operating activities	532,295	353,807	(302,712)	282,146	229,583	635,953
Investing activities	-	-	(19,215)	(13,598)	(19,215)	(13,598)
Financing activities	(511,994)	(369,891)	-	-	(511,994)	(369,891)
(Decrease)/increase in cash and cash equivalents	20,301	(16,084)	(321,927)	268,548	(301,626)	252,464
Cash and cash equivalents:						
At beginning of period	7,590	39,997	2,294,069	1,618,776	2,301,659	1,658,773
At end of period	27,891	23,913	1,972,142	1,887,324	2,000,033	1,911,237