

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

**Interim condensed financial statements**  
**For the six months ended 30 June 2019**

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

**Interim condensed financial statements for the six months ended 30 June 2019**

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

**Statement by Directors**

We, Ng Hon Soon and Tan Fong Sang, 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 63 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/PD 032-13] dated 2 February 2018 so as to give a true and fair view of the financial position of the Company as at 30 June 2019 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 23 July 2019.

Ng Hon Soon

Tan Fong Sang

Kuala Lumpur  
23 July 2019

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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 2019 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 2019 to 30 June 2019 and other explanatory information as set out on page 4 to 63. 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/PD 032-13] dated 2 February 2018 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  
23 July 2019

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

**CONDENSED BALANCE SHEET**  
**AS AT 30 JUNE 2019**

	Note	30.06.2019 RM'000	31.12.2018 RM'000
<b>Assets</b>			
Property and equipment			
- Owned		462,290	457,457
- Right-of-use assets		19,750	-
Investment properties		1,140,056	1,137,600
Prepaid land lease payments		-	16,253
Investments	10	81,262,676	77,693,699
Derivatives	14	3,133	5,354
Reinsurance assets	11	46,959	50,672
Insurance receivables	12	370,924	320,304
Other receivables		795,356	712,254
Cash and bank balances		1,217,163	812,773
<b>Total assets</b>		<u>85,318,307</u>	<u>81,206,366</u>
<b>Equity</b>			
Share capital		100,000	100,000
Retained earnings		2,022,275	2,379,139
Other comprehensive income fair value reserves		72,714	16,487
<b>Total equity</b>		<u>2,194,989</u>	<u>2,495,626</u>
<b>Liabilities</b>			
Insurance contract liabilities	13	80,234,799	76,073,013
Derivatives	14	19,643	24,849
Agents' retirement benefits		873,924	828,281
Deferred tax liabilities		874,915	601,589
Other financial liabilities		161,276	75,312
Insurance payables	15	303,905	342,776
Provision for taxation		142,426	188,974
Lease liabilities		3,796	-
Other payables		508,634	575,946
<b>Total liabilities</b>		<u>83,123,318</u>	<u>78,710,740</u>
<b>Total equity and liabilities</b>		<u>85,318,307</u>	<u>81,206,366</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 2019**

	Note	01.01.2019 to 30.06.2019 RM'000	01.01.2018 to 30.06.2018 RM'000
Gross earned premiums	16(a)	4,063,915	3,776,531
Earned premiums ceded to reinsurers	16(b)	(97,582)	(90,510)
<b>Net earned premiums</b>		<u>3,966,333</u>	<u>3,686,021</u>
Investment income	17	1,721,577	1,632,354
Realised gains and losses		(41,329)	(154,054)
Fair value gains and losses		2,656,190	(1,227,676)
(Increase)/decrease in provision for impairment of:			
Insurance receivables		(1,941)	(1,436)
Other receivables		33	(50)
Investments		4,746	9,461
Fees and commission income		6,648	4,045
Other operating revenue		28,469	5,639
<b>Other revenue</b>		<u>4,374,393</u>	<u>268,283</u>
Gross benefits and claims paid	18(a)	(2,966,199)	(2,778,965)
Claims ceded to reinsurers	18(b)	57,548	44,230
Gross change in contract liabilities	18(c)	(3,885,431)	66,774
Change in contract liabilities ceded to reinsurers	18(d)	376	9,810
<b>Net benefits and claims</b>		<u>(6,793,706)</u>	<u>(2,658,151)</u>
Fees and commission expense		(609,008)	(542,938)
Management expenses	19	(253,753)	(266,080)
Other operating expenses		(389)	(67,438)
Taxation of life insurance business	21(a)	(319,987)	13,360
<b>Other expenses</b>		<u>(1,183,137)</u>	<u>(863,096)</u>
<b>Profit before taxation</b>		363,883	433,057
Taxation	21(b)	(67,747)	(98,651)
<b>Net profit for the period</b>		<u>296,136</u>	<u>334,406</u>
<b>Earnings per share (sen)</b>			
Basic and diluted		<u>296</u>	<u>334</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 2019**

	<b>01.01.2019</b>	<b>01.01.2018</b>
	<b>to</b>	<b>to</b>
	<b>30.06.2019</b>	<b>30.06.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Net profit for the period</b>	296,136	334,406
<b>Other comprehensive income/(loss):</b>		
<b>Other comprehensive income/(loss) that will not be reclassified to income statement in subsequent periods:</b>		
Net income/(loss) on equity instrument designated at fair value through other comprehensive income ("FVOCI")	37,563	(46,671)
Tax effects thereon	(10,267)	11,350
<b>Net other comprehensive income/(loss) that will not be reclassified to income statement in subsequent periods (net of tax)</b>	<u>27,296</u>	<u>(35,321)</u>
<b>Other comprehensive income/(loss) that may be reclassified to income statement in subsequent periods:</b>		
Debt instruments at FVOCI:		
Net gain/(loss) arising during the period	55,167	(8,878)
Changes in allowance for Expected Credit Loss	(322)	(1,136)
Net realised gain transferred to Income Statement	(16,779)	(2,391)
	<u>38,066</u>	<u>(12,405)</u>
Tax effects thereon	(9,135)	2,977
<b>Net other comprehensive income/(loss) that may be reclassified to income statement in subsequent periods (net of tax)</b>	<u>28,931</u>	<u>(9,428)</u>
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<u>56,227</u>	<u>(44,749)</u>
<b>Total comprehensive income for the period, net of tax</b>	<u>352,363</u>	<u>289,657</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 CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2019**

	Share Capital  RM'000	Non-Distributable			Distributable			Total Equity  RM'000
		Fair Value Reserves			Retained Earnings			
		Non- participating Fund RM'000	Shareholder's Fund RM'000	Sub-total RM'000	Non- participating Fund* RM'000	Shareholder's Fund RM'000	Sub-total RM'000	
<b>At 1 January 2018</b>	100,000	7,331	4,060	11,391	633,195	1,384,294	2,017,489	2,128,880
Net profit for the period	-	-	-	-	328,157	6,249	334,406	334,406
Other comprehensive loss for the period	-	(30,339)	(14,410)	(44,749)	-	-	-	(44,749)
Total comprehensive (loss)/income for the period	-	(30,339)	(14,410)	(44,749)	328,157	6,249	334,406	289,657
Dividends paid during the period (Note 6)	-	-	-	-	-	(425,000)	(425,000)	(425,000)
<b>At 30 June 2018</b>	100,000	(23,008)	(10,350)	(33,358)	961,352	965,543	1,926,895	1,993,537
<b>At 1 January 2019</b>	100,000	33,938	(17,451)	16,487	727,721	1,651,418	2,379,139	2,495,626
Net profit for the period	-	-	-	-	268,149	27,987	296,136	296,136
Other comprehensive income for the period	-	45,984	10,243	56,227	-	-	-	56,227
Total comprehensive income for the period	-	45,984	10,243	56,227	268,149	27,987	296,136	352,363
Dividends paid during the period (Note 6)	-	-	-	-	-	(653,000)	(653,000)	(653,000)
<b>At 30 June 2019</b>	100,000	79,922	(7,208)	72,714	995,870	1,026,405	2,022,275	2,194,989

\* The non-distributable retained earnings represent the unallocated surplus from the Non-participating Funds. In accordance with Section 83 *Withdrawal from insurance funds* of the Financial Services Act, 2013, the unallocated surplus of Non-participating Funds is only available for distribution to the shareholder upon approval/recommendation 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 2019**

	Note	01.01.2019 to 30.06.2019 RM'000	01.01.2018 to 30.06.2018 RM'000
<b>Operating activities</b>			
Cash generated from/(used in) operating activities	22	83,524	(149,472)
Dividend/distribution income received		442,131	427,364
Interest/profit income received		1,240,414	1,140,383
Rental income on investment properties received		30,218	29,602
Agents' retirement benefit paid		(32,734)	(45,203)
Income tax paid		(177,058)	(193,242)
<b>Net cash flows generated from operating activities</b>		<u>1,586,495</u>	<u>1,209,432</u>
<b>Investing activity</b>			
Proceeds from disposal of property and equipment		8	-
Purchase of property and equipment		(29,914)	(19,190)
Purchase of investment properties		(1,175)	-
<b>Net cash flows used in investing activity</b>		<u>(31,081)</u>	<u>(19,190)</u>
<b>Financing activity</b>			
Dividends paid to equity holder, representing net cash flows used in financing activity		(653,000)	(425,000)
<b>Net increase in cash and cash equivalents</b>		902,414	765,242
<b>Cash and cash equivalents at beginning of period</b>		<u>3,813,328</u>	<u>2,305,372</u>
<b>Cash and cash equivalents at end of period</b>		<u>4,715,742</u>	<u>3,070,614</u>
<b>Cash and cash equivalents comprise:</b>			
Cash and bank balances		1,217,163	340,109
Short term deposits with original maturity periods of less than 3 months		3,498,579	2,730,505
		<u>4,715,742</u>	<u>3,070,614</u>

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

**GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2019**

**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 2018.

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 2018.

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 23 July 2019.

**GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD**  
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**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

**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 2018, except for the adoption of the following standards, amendments to standards and interpretation of standards:

**Standards effective for financial periods beginning on or after 1 January 2019**

- MFRS 16 *Leases*
- IC Interpretation 23 *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 128 *Investments in Associates and Joint Ventures - Long-term Interest in Associates and Joint Ventures*
- Amendments to MFRS 3 *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 cycle)*
- Amendments to MFRS 9 *Financial Instruments - Prepayment Features with Negative Compensation*
- Amendments to MFRS 11 *Joint Arrangement (Annual Improvements to MFRS Standards 2015-2017 cycle)*
- Amendments to MFRS 112 *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 cycle)*
- Amendments to MFRS 119 *Employee Benefits - Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123 *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 cycle)*

The Company applies, for the first time, MFRS 16 *Leases*. As required by MFRS 134, the nature and effect of adopting MFRS 16 are disclosed in Table A.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim financial statements of the Company.

**MFRS 16 *Leases***

The Company has adopted MFRS 16 *Leases* effective for annual periods beginning on or after 1 January 2019. The Company applied the standard from its mandatory adoption date, applying the simplified transition approach and did not restate comparative amounts for the year prior to first adoption. The adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

**GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD**  
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**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

**1.2 CHANGES IN ACCOUNTING POLICIES (CONT'D.)**

**(a) New and amended standards and interpretations (Cont'd.)**

**MFRS 16 Leases (Cont'd.)**

On adoption of MFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of MFRS 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019.

**Table A**

	<b>RM'000</b>
<b>Right-of-use assets</b>	
Operating lease commitments disclosed as at 31 December 2018	1,959
Discounted using the lessee’s incremental borrowing rate at the date of initial application	
(Less): short-term leases recognised on a straight-line basis as expense	120
(Less): low-value leases recognised on a straight-line basis as expense	322
<b>Lease liability recognised as at 1 January 2019</b>	<u>1,517</u>
Of which are:	
Current lease liabilities	403
Non-current lease liabilities	<u>1,114</u>
	<u>1,517</u>

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 1 January 2019.

The recognised right-of-use assets relate to the following types of assets:

	<b>30.06.2019</b>	<b>01.01.2019</b>
Right-of-use assets	<u>3,566</u>	<u>1,517</u>

**GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD**  
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**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

**1.2 CHANGES IN ACCOUNTING POLICIES (CONT'D.)**

**(a) New and amended standards and interpretations (Cont'd.)**

**MFRS 16 *Leases* (Cont'd.)**

Practical expedients applied

In applying MFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of a single source discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

In conjunction with the adoption of MFRS 16, the Company has reclassified its prepaid land lease payment to right-of-use assets. Prepaid land lease payment refers to long term lease with an unexpired period of fifty years or more.

**(b) Standards issued but not yet effective**

The following are standards, amendments to standards and interpretation to standards issued by MASB that will be effective for the Company in future years. The Company intends to adopt these standards, amendments to standards and interpretation to standards, if applicable, when they become effective.

**Effective for financial periods beginning on or after 1 January 2020**

- Amendments to MFRS 3 *Business Combination*
- Amendments to MFRS 101 *Presentation of Financial Statements*
- Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*

**Effective for financial periods beginning on or after 1 January 2021**

- MFRS 17 *Insurance Contracts*

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**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

**1.2 CHANGES IN ACCOUNTING POLICIES (CONT'D.)**

**(a) New and amended standards and interpretations (Cont'd.)**

**MFRS 16 *Leases* (Cont'd.)**

**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, amendments to standards and interpretation 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:

**MFRS 17 *Insurance Contracts***

In August 2017, MFRS 17 was issued, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, which replaces MFRS 4.

MFRS 17 is effective for annual periods beginning on or after 1 January 2021. The Company plans to adopt the new standard on the required effective date and a Project Steering Committee has been formed to oversee the implementation of MFRS 17. The Company expects that the new standard will result in an important change to the accounting policies for insurance contract liabilities of the Company and is likely to have a significant impact on profit and total equity together with the Company's financial statements' presentation and disclosures.

**2. SEASONALITY OF OPERATIONS**

The business and operations of the Company were 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 2019.

**GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD**  
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**4. CHANGE IN ESTIMATES**

There were no significant changes in the bases used for applying accounting estimates of the Company 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 RM6.53 (2017: RM4.25) per ordinary share on 100,000,005 ordinary shares amounting to RM653,000,033 (2017: RM425,000,021) for the financial year ended 31 December 2018 was approved at the last Annual General Meeting held on 16 April 2019 and this dividend was paid in full on 6 May 2019.

**7. MATERIAL EVENTS SUBSEQUENT TO THE END OF INTERIM PERIOD**

There are 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 2019, the Company acquired assets with a cost of RM29,914,000 (the six months ended 30 June 2018: RM19,190,000).



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**10. INVESTMENTS**

	30.06.2019				31.12.2018			
	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Unit-linked RM'000	Total RM'000	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Unit-linked RM'000	Total RM'000
Malaysian government securities	35,343	5,202,422	271,463	5,509,228	-	7,126,271	213,644	7,339,915
Debt securities	343,009	36,614,927	2,255,352	39,213,288	194,338	34,102,927	2,028,856	36,326,121
Equity securities	273,067	18,763,574	4,647,570	23,684,211	221,451	17,357,667	3,871,298	21,450,416
Unit and property trust funds	-	2,389,583	201,374	2,590,957	-	1,934,070	143,544	2,077,614
Loans	2,042	6,014,572	-	6,016,614	2,489	6,904,066	-	6,906,555
Deposits with financial institutions	-	2,569,479	1,069,100	3,638,579	-	1,853,675	1,313,480	3,167,155
Investment in subsidiary:								
Collective investment scheme	10(e) 443,375	166,424	-	609,799	425,923	-	-	425,923
	<u>1,096,836</u>	<u>71,720,981</u>	<u>8,444,859</u>	<u>81,262,676</u>	<u>844,201</u>	<u>69,278,676</u>	<u>7,570,822</u>	<u>77,693,699</u>

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

AC (Note 10(a))	2,042	8,584,051	1,069,100	9,655,193	2,489	8,757,741	1,313,480	10,073,710
FVOCI (Note 10(b))	560,729	1,744,662	-	2,305,391	341,317	1,824,998	-	2,166,315
FVTPL (Note 10(c))	534,065	61,392,268	7,375,759	69,302,092	500,395	58,695,937	6,257,342	65,453,674
	<u>1,096,836</u>	<u>71,720,981</u>	<u>8,444,859</u>	<u>81,262,676</u>	<u>844,201</u>	<u>69,278,676</u>	<u>7,570,822</u>	<u>77,693,699</u>

The following investments mature after 12 months:

AC	2,042	847,344	-	849,386	2,489	1,435,656	-	1,438,145
FVOCI	267,719	1,110,720	-	1,378,439	119,866	1,242,908	-	1,362,774
FVTPL	72,210	38,199,532	2,338,123	40,609,865	74,472	37,651,589	2,028,196	39,754,257
	<u>341,971</u>	<u>40,157,596</u>	<u>2,338,123</u>	<u>42,837,690</u>	<u>196,827</u>	<u>40,330,153</u>	<u>2,028,196</u>	<u>42,555,176</u>

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**10. INVESTMENTS (CONT'D.)**

**(a) AC**

	30.06.2019				31.12.2018			
	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
<b>At Amortised Cost:</b>								
Deposits with financial institutions:								
Licensed banks	-	2,569,479	1,069,100	3,638,579	-	1,853,675	1,313,480	3,167,155
Policy loans	-	4,470,804	-	4,470,804	-	4,448,049	-	4,448,049
Mortgage loans	-	477,821	-	477,821	-	507,699	-	507,699
Secured loans	-	582,368	-	582,368	-	1,283,222	-	1,283,222
Unsecured loans	2,042	499,216	-	501,258	2,489	685,158	-	687,647
	<u>2,042</u>	<u>8,599,688</u>	<u>1,069,100</u>	<u>9,670,830</u>	<u>2,489</u>	<u>8,777,803</u>	<u>1,313,480</u>	<u>10,093,772</u>
Provision for expected credit loss ("ECL") (Note 10(d))	-	(15,637)	-	(15,637)	-	(20,062)	-	(20,062)
	<u>2,042</u>	<u>8,584,051</u>	<u>1,069,100</u>	<u>9,655,193</u>	<u>2,489</u>	<u>8,757,741</u>	<u>1,313,480</u>	<u>10,073,710</u>

Included in deposits with financial institutions of the Company are short term deposits with original maturity periods of less than 3 months amounting to RM3,498,579,000 (2018: RM3,000,555,000), 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, mortgage loans, secured loans and unsecured loans are reasonable approximations of fair value due to the insignificant impact of discounting.

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**10. INVESTMENTS (CONT'D.)**

**(b) FVOCI**

	30.06.2019				31.12.2018			
	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Unit-linked RM'000	Total RM'000	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Unit-linked RM'000	Total RM'000
<b>At Fair Value:</b>								
Equity securities:								
Quoted in Malaysia								
- Kuala Lumpur Stock Exchange	174,729	262,719	-	437,448	140,651	237,539	-	378,190
Quoted outside Malaysia								
- Singapore Exchange	38,798	136,885	-	175,683	24,045	108,078	-	132,123
- Hong Kong Exchange	58,840	133,905	-	192,745	56,190	122,583	-	178,773
Unquoted in Malaysia	558	80,285	-	80,843	565	80,285	-	80,850
Malaysian government securities	35,343	51,294	-	86,637	-	150,184	-	150,184
Debt securities:								
Unquoted in Malaysia	252,461	1,079,574	-	1,332,035	119,866	1,126,329	-	1,246,195
	<u>560,729</u>	<u>1,744,662</u>	<u>-</u>	<u>2,305,391</u>	<u>341,317</u>	<u>1,824,998</u>	<u>-</u>	<u>2,166,315</u>

During the financial period ended 30 June 2019, the Company sold listed equity securities as the underlying investments are no longer aligned with the Company's long-term investment strategy. These investments had a fair value of RM81,555,328 (2018: RM80,353,946) at the date of disposal.

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**10. INVESTMENTS (CONT'D.)**

**(c) FVTPL**

	30.06.2019				31.12.2018			
	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Unit-linked RM'000	Total RM'000	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Unit-linked RM'000	Total RM'000
<b>At Fair Value:</b>								
<b>Mandatorily measured:</b>								
Equity securities:								
Quoted in Malaysia	142	15,418,144	4,489,459	19,907,745	-	14,192,206	3,630,882	17,823,088
Quoted outside Malaysia	-	2,654,271	158,111	2,812,382	-	2,539,611	240,416	2,780,027
Unquoted in Malaysia	-	77,365	-	77,365	-	77,365	-	77,365
Debt securities:								
Quoted outside Malaysia	-	205,501	21,003	226,504	-	202,842	20,828	223,670
Unquoted in Malaysia	90,548	4,890,982	410,930	5,392,460	74,472	4,436,357	338,068	4,848,897
Unquoted outside Malaysia	-	105,170	21,034	126,204	-	-	-	-
Unit and property trust funds:								
Quoted in Malaysia	-	574,609	117,928	692,537	-	487,399	112,027	599,426
Quoted outside Malaysia	-	1,814,974	83,446	1,898,420	-	1,446,671	31,517	1,478,188
Collective investment scheme - subsidiary quoted in Malaysia	443,375	166,424	-	609,799	425,923	-	-	425,923
	<u>534,065</u>	<u>25,907,440</u>	<u>5,301,911</u>	<u>31,743,416</u>	<u>500,395</u>	<u>23,382,451</u>	<u>4,373,738</u>	<u>28,256,584</u>
<b>Designated upon initial recognition:</b>								
Malaysian government securities	-	5,151,128	271,463	5,422,591	-	6,976,087	213,644	7,189,731
Debt securities:								
Unquoted in Malaysia	-	30,051,251	1,802,385	31,853,636	-	28,251,730	1,669,960	29,921,690
Unquoted outside Malaysia	-	282,449	-	282,449	-	85,669	-	85,669
	<u>-</u>	<u>35,484,828</u>	<u>2,073,848</u>	<u>37,558,676</u>	<u>-</u>	<u>35,313,486</u>	<u>1,883,604</u>	<u>37,197,090</u>
	<u>534,065</u>	<u>61,392,268</u>	<u>7,375,759</u>	<u>69,302,092</u>	<u>500,395</u>	<u>58,695,937</u>	<u>6,257,342</u>	<u>65,453,674</u>

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**10. INVESTMENTS (CONT'D.)**

**(d) Provision for ECL**

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

	<b>30.06.2019</b>			
	<b>12-month ECL</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	<b>Total</b>
	<b>RM'000</b>	<b>not credit impaired</b>	<b>credit impaired</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Loans at amortised cost</b>				
Opening balance	866	19,196	-	20,062
Transfer to 12-month ECL	-	-	-	-
Transfer to lifetime ECL not credit-impaired	-	-	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-
Additional loss allowance due to transfer	-	-	-	-
Net remeasurement of loss allowance	-	(1,569)	-	(1,569)
New financial assets purchased	-	-	-	-
Financial assets that have been derecognised	(243)	(2,613)	-	(2,856)
Changes in models/risk parameters	-	-	-	-
Closing balance	<u>623</u>	<u>15,014</u>	<u>-</u>	<u>15,637</u>

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**10. INVESTMENTS (CONT'D.)**

**(d) Provision for ECL (Cont'd.)**

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.  
(Cont'd.)

	<b>31.12.2018</b>			
	<b>12-month ECL</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	<b>Total</b>
	<b>RM'000</b>	<b>not credit impaired</b>	<b>credit impaired</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Loans at amortised cost</b>				
Opening balance	487	26,141	-	26,628
Transfer to 12-month ECL	-	-	-	-
Transfer to lifetime ECL not credit-impaired	(119)	119	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-
Additional loss allowance due to transfer	-	347	-	347
Net remeasurement of loss allowance	22	922	-	944
New financial assets purchased	695	-	-	695
Financial assets that have been derecognised	(327)	(8,362)	-	(8,689)
Changes in models/risk parameters	108	29	-	137
Closing balance	<u>866</u>	<u>19,196</u>	<u>-</u>	<u>20,062</u>

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**10. INVESTMENTS (CONT'D.)**

**(d) Provision for ECL (Cont'd.)**

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.  
(Cont'd.)

	<b>30.06.2019</b>			
	<b>12-month ECL</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	<b>Total</b>
	<b>RM'000</b>	<b>not credit impaired</b>	<b>credit impaired</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Debt investment securities at FVOCI</b>				
Opening balance	2,070	2,329	-	4,399
Transfer to 12-month ECL	-	-	-	-
Transfer to lifetime ECL not credit-impaired	-	-	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-
Additional loss allowance due to transfer	-	-	-	-
Net remeasurement of loss allowance	(1)	(1)	-	(2)
New financial assets purchased	1,727	-	-	1,727
Financial assets that have been derecognised	(1,468)	(579)	-	(2,047)
Changes in models/risk parameters	-	-	-	-
Closing balance	<u>2,328</u>	<u>1,749</u>	<u>-</u>	<u>4,077</u>

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**10. INVESTMENTS (CONT'D.)**

**(d) Provision for ECL (Cont'd.)**

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.  
(Cont'd.)

	<b>31.12.2018</b>			
	<b>12-month ECL</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	<b>Total</b>
	<b>RM'000</b>	<b>not credit impaired</b>	<b>credit impaired</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Debt investment securities at FVOCI</b>				
Opening balance	341	5,414	-	5,755
Transfer to 12-month ECL	-	-	-	-
Transfer to lifetime ECL not credit-impaired	(37)	37	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-
Additional loss allowance due to transfer	-	269	-	269
Net remeasurement of loss allowance	38	150	-	188
New financial assets purchased	2,037	-	-	2,037
Financial assets that have been derecognised	(543)	(3,548)	-	(4,091)
Changes in models/risk parameters	234	7	-	241
Closing balance	<u>2,070</u>	<u>2,329</u>	<u>-</u>	<u>4,399</u>



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**10. INVESTMENTS (CONT'D.)**

**(e) Investment in subsidiary - collective investment scheme**

	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value:</b>		
FVTPL (Note 10(c))	609,799	425,923

Details of the Company's investment in subsidiary - collective investment scheme in Malaysia are as follows:

<b>Name of wholesale unit trust fund</b>	<b>Principal activities</b>	<b>% of ownership interest held by the Company</b>	
		<b>30.06.2019</b>	<b>31.12.2018</b>
Affin Hwang Wholesale Income Fund	Investment in debt securities and money market	91.67%	88.89%

The Company has determined that it has control over the Fund based on the following rationale:

By virtue of clause 17.1.2 of the Trust Deed signed between TMF Trustees Malaysia Berhad ("the Trustee") and Affin Hwang Asset Management Berhad ("the Fund Manager"), the Unitholders of the Fund may apply to the Fund Manager to summon a meeting for any purpose, without limitation, for the purpose of requiring the retirement or removal of the Fund Manager.

The Company has determined that it is able to exert its power in order to influence returns from its investment in the Fund by virtue of clause 17.1.2 as disclosed above.

The Company, by virtue of holding the units in the Fund, also has exposure, or rights to variable returns from the investment.

**11. REINSURANCE ASSETS**

**Life Insurance Fund**

	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Reinsurance of insurance contracts (Note 13)	46,959	50,672

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**12. INSURANCE RECEIVABLES**

**Life Insurance Fund**

	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Due premiums including agents/brokers and co-insurers balances	375,186	323,610
Due from reinsurers	985	-
	<u>376,171</u>	<u>323,610</u>
Allowance for impairment	(5,247)	(3,306)
	<u>370,924</u>	<u>320,304</u>
Movement in impairment allowance accounts:		
At 1 January	3,306	2,764
Impairment for the period	1,941	542
At 30 June / 31 December	<u>5,247</u>	<u>3,306</u>

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:

	<b>Gross carrying amount</b>	<b>Gross amounts offset in the balance sheet</b>	<b>Net amounts in the balance sheet</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30 June 2019</b>			
Premiums ceded	(12,597)	-	(12,597)
Commissions receivable	-	5,599	5,599
Claims recoveries	-	7,983	7,983
	<u>(12,597)</u>	<u>13,582</u>	<u>985</u>
<b>31 December 2018</b>			
Premiums ceded	-	-	-
Commissions receivable	-	-	-
Claims recoveries	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

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**13. INSURANCE CONTRACT LIABILITIES**

**Life Insurance Fund**

	<b>30.06.2019</b>			<b>31.12.2018</b>		
	<b>Gross RM'000</b>	<b>Reinsurance RM'000</b>	<b>Net RM'000</b>	<b>Gross RM'000</b>	<b>Reinsurance RM'000</b>	<b>Net RM'000</b>
Provision for outstanding claims	9,935,307	(13,078)	9,922,229	9,658,952	(17,167)	9,641,785
Actuarial liabilities	52,074,777	(33,881)	52,040,896	50,657,674	(33,505)	50,624,169
Unallocated surplus	9,807,720	-	9,807,720	8,130,220	-	8,130,220
Net asset value attributable to unitholders	8,416,995	-	8,416,995	7,626,167	-	7,626,167
	<b>80,234,799</b>	<b>(46,959)</b>	<b>80,187,840</b>	<b>76,073,013</b>	<b>(50,672)</b>	<b>76,022,341</b>

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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	
<b>At 1 January 2019</b>	64,998,892	11,074,121	76,073,013	(1,453)	(49,219)	(50,672)	76,022,341
Premiums received	1,420,301	641,816	2,062,117	(32,746)	(64,836)	(97,582)	1,964,535
Liabilities paid for death, maturities, surrenders, benefits and claims	(1,985,453)	(236,772)	(2,222,225)	14,804	42,743	57,547	(2,164,678)
Policy movements	894,013	329,086	1,223,099	-	124	124	1,223,223
Interest rate	3,654	190,743	194,397	-	(500)	(500)	193,897
<i>Adjustments due to changes in assumptions:</i>							
<i>Mortality/morbidity</i>	-	-	-	-	-	-	-
<i>Expenses</i>	-	-	-	-	-	-	-
<i>Lapse</i>	-	-	-	-	-	-	-
<i>Others</i>	-	-	-	-	-	-	-
Model change	1	(394)	(393)	-	-	-	(393)
Claims benefit experience variation	265,153	11,202	276,355	17,246	26,878	44,124	320,479
Net asset value attributable to unitholders	-	385,783	385,783	-	-	-	385,783
Unallocated surplus	2,242,653	-	2,242,653	-	-	-	2,242,653
<b>At 30 June 2019</b>	<b>67,839,214</b>	<b>12,395,585</b>	<b>80,234,799</b>	<b>(2,149)</b>	<b>(44,810)</b>	<b>(46,959)</b>	<b>80,187,840</b>

Policy benefits bear interest at 5% per annum.

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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	
<b>At 1 January 2018</b>	64,439,190	10,329,433	74,768,623	(5,540)	(47,352)	(52,892)	74,715,731
Premiums received	3,212,545	1,285,365	4,497,910	(72,984)	(134,576)	(207,560)	4,290,350
Liabilities paid for death, maturities, surrenders, benefits and claims	(4,149,829)	(491,643)	(4,641,472)	29,429	65,193	94,622	(4,546,850)
Policy movements	903,365	478,030	1,381,395	-	(6,718)	(6,718)	1,374,677
Interest rate	(711)	(21,486)	(22,197)	-	182	182	(22,015)
<i>Adjustments due to changes in assumptions:</i>							
<i>Mortality/morbidity</i>	(318,019)	(72,843)	(390,862)	-	5,005	5,005	(385,857)
<i>Expenses</i>	125,909	68,082	193,991	-	(14)	(14)	193,977
<i>Lapse</i>	(1,031)	(15,291)	(16,322)	-	(2,356)	(2,356)	(18,678)
<i>Others</i>	(46,087)	(20,112)	(66,199)	-	(3)	(3)	(66,202)
Model change	-	(180)	(180)	-	-	-	(180)
Claims benefit experience variation	686,363	40,845	727,208	47,642	71,420	119,062	846,270
Net asset value attributable to unitholders	-	(506,079)	(506,079)	-	-	-	(506,079)
Unallocated surplus	147,197	-	147,197	-	-	-	147,197
<b>At 31 December 2018</b>	<b>64,998,892</b>	<b>11,074,121</b>	<b>76,073,013</b>	<b>(1,453)</b>	<b>(49,219)</b>	<b>(50,672)</b>	<b>76,022,341</b>

Policy benefits bear interest at 5% per annum.

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**14. DERIVATIVES**

	Asset		Liability	
	Notional Principal RM'000	Fair Value RM'000	Notional Principal RM'000	Fair Value RM'000
<b>30 June 2019</b>				
<b>Life Insurance Fund</b>				
Derivatives held for trading:				
Currency swaps	111,239	3,124	62,608	19,342
Interest rate swap	1,000	9	-	-
	<u>112,239</u>	<u>3,133</u>	<u>62,608</u>	<u>19,342</u>
<b>Unit-linked</b>				
Derivatives held for trading:				
Currency swaps	-	-	20,740	301
	<u>112,239</u>	<u>3,133</u>	<u>83,348</u>	<u>19,643</u>
<b>31 December 2018</b>				
<b>Life Insurance Fund</b>				
Derivatives held for trading:				
Currency swaps	105,800	5,353	60,220	24,849
Interest rate swap	1,000	1	-	-
	<u>106,800</u>	<u>5,354</u>	<u>60,220</u>	<u>24,849</u>

**15. INSURANCE PAYABLES**

<b>Life Insurance Fund</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Due to reinsurers	78,050	72,243
Due to agents and intermediaries	225,855	270,533
	<u>303,905</u>	<u>342,776</u>

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

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**15. INSURANCE PAYABLES (CONT'D.)**

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

	<b>Gross carrying amount RM'000</b>	<b>Gross amounts offset in the balance sheet RM'000</b>	<b>Net amounts in the balance sheet RM'000</b>
<b>30 June 2019</b>			
Premiums ceded	232,948	-	232,948
Commissions receivable	-	(19,939)	(19,939)
Claims recoveries	-	(134,959)	(134,959)
	<u>232,948</u>	<u>(154,898)</u>	<u>78,050</u>
<b>31 December 2018</b>			
Premiums ceded	183,759	-	183,759
Commissions receivable	-	(16,764)	(16,764)
Claims recoveries	-	(94,752)	(94,752)
	<u>183,759</u>	<u>(111,516)</u>	<u>72,243</u>

**16. NET EARNED PREMIUMS**

**Life Insurance Fund**

	<b>01.01.2019 to 30.06.2019 RM'000</b>	<b>01.01.2018 to 30.06.2018 RM'000</b>
<b>(a) Gross earned premiums</b>		
Life insurance contracts	<u>4,063,915</u>	<u>3,776,531</u>
<b>(b) Earned premiums ceded to reinsurers</b>		
Life insurance contracts	<u>(97,582)</u>	<u>(90,510)</u>
<b>Net earned premiums</b>	<u>3,966,333</u>	<u>3,686,021</u>

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**17. INVESTMENT INCOME**

<b>01.01.2019 to 30.06.2019</b>	<b>Shareholder's Fund RM'000</b>	<b>Life Insurance Fund RM'000</b>	<b>Total RM'000</b>
Rental income from:			
- investment properties	-	15,403	15,403
- owner occupied properties	-	14,925	14,925
Financial assets at FVTPL			
- mandatorily measured:			
Interest income	2,236	146,692	148,928
Dividend income:			
- equity securities quoted in Malaysia	9,468	355,614	365,082
- equity securities quoted outside Malaysia	-	78,107	78,107
- equity securities unquoted in Malaysia	-	298	298
- designated upon initial recognition:			
Interest income	-	798,770	798,770
Financial assets at FVOCI:			
Interest income	3,805	28,874	32,679
Dividend income*:			
- equity securities quoted in Malaysia	3,617	6,213	9,830
- equity securities quoted outside Malaysia	4,166	11,500	15,666
- equity securities unquoted in Malaysia	-	497	497
LAR interest income	15	203,056	203,071
Cash and bank balances interest income	3,740	62,706	66,446
Gross investment income	<u>27,047</u>	<u>1,722,655</u>	<u>1,749,702</u>
Less: investment expenses	(25)	(28,100)	(28,125)
	<u>27,022</u>	<u>1,694,555</u>	<u>1,721,577</u>

\* During the period ended 30 June 2019, the dividend income were in respect of equity investments measured at FVOCI which were:

	<b>RM'000</b>
Derecognised during the reporting period	1,111
Held at the end of the reporting period	<u>24,882</u>
	<u>25,993</u>



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**17. INVESTMENT INCOME (CONT'D.)**

<b>01.01.2018 to 30.06.2018</b>	<b>Shareholder's Fund RM'000</b>	<b>Life Insurance Fund RM'000</b>	<b>Total RM'000</b>
Rental income from:			
- investment properties	-	12,797	12,797
- owner occupied properties	-	15,355	15,355
Financial assets at FVTPL			
- mandatorily measured:			
Interest income	2,118	116,078	118,196
Dividend income:			
- equity securities quoted in Malaysia	9,710	356,766	366,476
- equity securities quoted outside Malaysia	-	68,662	68,662
- equity securities unquoted in Malaysia	-	84	84
- designated upon initial recognition:			
Interest income	-	755,203	755,203
Financial assets at FVOCI:			
Interest income	2,501	47,926	50,427
Dividend income*:			
- equity securities quoted in Malaysia	3,116	5,355	8,471
- equity securities quoted outside Malaysia	2,524	5,684	8,208
- equity securities unquoted in Malaysia	-	140	140
LAR interest income	112	212,344	212,456
Cash and bank balances interest income	1,172	44,708	45,880
Gross investment income	21,253	1,641,102	1,662,355
Less: investment expenses	-	(30,001)	(30,001)
	<u>21,253</u>	<u>1,611,101</u>	<u>1,632,354</u>

\* During the period ended 30 June 2018, the dividend income were in respect of equity investments measured at FVOCI which were:

	<b>RM'000</b>
Derecognised during the reporting period	95
Held at the end of the reporting period	<u>16,724</u>
	<u>16,819</u>

Included in rental income from properties is contingent rent for the year amounting to RM60,450 (30.06.2018: RM101,308). Contingent rental arrangements are computed based on sales or profit achieved by tenants.

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**18. NET BENEFITS AND CLAIMS**

**Life Insurance Fund**

	<b>01.01.2019</b>	<b>01.01.2018</b>
	<b>to</b>	<b>to</b>
	<b>30.06.2019</b>	<b>30.06.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(a) Gross benefits and claims paid</b>		
Life insurance contracts:		
Death	(233,138)	(208,940)
Maturity	(256,420)	(253,027)
Surrender	(967,683)	(933,429)
Cash bonus	(636,078)	(633,978)
Others	(872,880)	(749,591)
	<u>(2,966,199)</u>	<u>(2,778,965)</u>
<b>(b) Claims ceded to reinsurers</b>		
Life insurance contracts	<u>57,548</u>	<u>44,230</u>
<b>(c) Gross change in contract liabilities</b>		
Life insurance contracts	<u>(3,885,431)</u>	<u>66,774</u>
<b>(d) Change in contract liabilities ceded to reinsurers</b>		
Life insurance contracts	<u>376</u>	<u>9,810</u>

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**19. MANAGEMENT EXPENSES**

	<b>Shareholder's Fund RM'000</b>	<b>Life Insurance Fund RM'000</b>	<b>Total RM'000</b>
<b>01.01.2019 to 30.06.2019</b>			
Employee benefits expense (Note (a))	97	113,301	113,398
Non-executive directors' remuneration (Note (b))	-	669	669
Auditor's remuneration:			
- statutory audits	5	343	348
- regulatory related fees	-	112	112
- other services	-	61	61
Depreciation of property and equipment	-	23,377	23,377
Depreciation of right-of-use assets	-	423	423
Amortisation of prepaid land lease payments	-	69	69
Rental of properties	12	107	119
Operating lease payments	-	320	320
Advertising and promotion	760	21,192	21,952
Finance charges	211	28,248	28,459
Group service fees	-	9,245	9,245
IT and computer expenses	-	18,982	18,982
Policyholder expenses	-	5,422	5,422
Postal and telecommunication	-	7,174	7,174
Printing and stationery	-	858	858
Professional fees	1	3,887	3,888
Repairs and maintenance	-	1,414	1,414
Transport and travelling	-	872	872
Utilities	-	3,157	3,157
Others	12,676	758	13,434
	<u>13,762</u>	<u>239,991</u>	<u>253,753</u>

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**19. MANAGEMENT EXPENSES (CONT'D.)**

**(a) Employee Benefits Expense**

	<b>Shareholder's Fund RM'000</b>	<b>Life Insurance Fund RM'000</b>	<b>Total RM'000</b>
<b>01.01.2019 to 30.06.2019</b>			
Wages and salaries	97	90,079	90,176
Social security contributions	-	698	698
Defined contribution plans - EPF	-	14,630	14,630
Other employee benefits expense	-	7,894	7,894
	97	113,301	113,398

**(b) Chief Executive Officer's (CEO) and Directors' Remuneration**

The details of remuneration received by CEO and Directors during the period are as follows:

	<b>Shareholder's Fund RM'000</b>	<b>Life Insurance Fund RM'000</b>	<b>Total RM'000</b>
CEO:			
Salaries and other emoluments	-	1,145	1,145
Bonus	-	978	978
Estimated money value of benefits-in-kind	-	11	11
	-	2,134	2,134
Non-executive:			
Fees	-	669	669
Total directors' remuneration	-	2,803	2,803
Represented by:			
Directors' fees	-	669	669
Amount included in employee benefits expense	-	2,134	2,134
	-	2,803	2,803

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**19. MANAGEMENT EXPENSES (CONT'D.)**

	<b>Shareholder's Fund RM'000</b>	<b>Life Insurance Fund RM'000</b>	<b>Total RM'000</b>
<b>01.01.2018 to 30.06.2018</b>			
Employee benefits expense (Note (a))	-	96,473	96,473
Non-executive directors' remuneration (Note (b))	-	696	696
Auditor's remuneration:			
- statutory audits	5	285	290
- regulatory related fees	-	112	112
- other services	-	58	58
Depreciation of property and equipment	-	23,541	23,541
Amortisation of prepaid land lease payments	-	69	69
Rental of properties	-	127	127
Operating lease payment	-	332	332
Advertising and promotion	331	9,096	9,427
Finance charges	3	26,971	26,974
Group service fees	-	13,036	13,036
IT and computer expenses	-	15,859	15,859
Policyholder expenses	-	4,272	4,272
Postal and telecommunication	-	6,090	6,090
Printing and stationery	-	1,201	1,201
Professional fees	1	3,901	3,902
Repairs and maintenance	-	1,479	1,479
Transport and travelling	-	1,180	1,180
Utilities	-	2,992	2,992
GST expense	6	35,698	35,705
Others	16,330	5,936	22,265
	<u>16,676</u>	<u>249,404</u>	<u>266,080</u>

**(a) Employee Benefits Expense**

Wages and salaries	-	76,698	76,698
Social security contributions	-	679	679
Defined contribution plans - EPF	-	12,707	12,707
Other employee benefits expense	-	6,389	6,389
	<u>-</u>	<u>96,473</u>	<u>96,473</u>

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**19. MANAGEMENT EXPENSES (CONT'D.)**

**(b) CEO and Directors' Remuneration**

The details of remuneration received by CEO and Directors during the period are as follows:

	<b>Shareholder's Fund RM'000</b>	<b>Life Insurance Fund RM'000</b>	<b>Total RM'000</b>
CEO:			
Salaries and other emoluments	-	1,014	1,014
Bonus	-	1,030	1,030
Estimated money value of benefits in kind	-	11	11
	<u>-</u>	<u>2,055</u>	<u>2,055</u>
Non-executive:			
Fees	-	696	696
Total directors' remuneration	<u>-</u>	<u>2,751</u>	<u>2,751</u>
Represented by:			
Directors' fees	-	696	696
Amount included in employee benefits expense	-	2,055	2,055
	<u>-</u>	<u>2,751</u>	<u>2,751</u>

The directors' fees are subject to the recommendation of the Board Nominations and Remuneration Committee to the Board of Directors for endorsement and approval by shareholder at the Annual General Meeting ("AGM").

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

	<b>Number of Directors</b>	
	<b>30.06.2019</b>	<b>30.06.2018</b>
<b>Executive Director</b>		
Below RM50,000	<u>1</u>	<u>1</u>
<b>Non-Executive Directors</b>		
Below RM50,000	2	-
RM50,001 - RM100,000	2	2
RM100,001 - RM150,000	<u>4</u>	<u>5</u>

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**20. CEO AND DIRECTORS' REMUNERATION**

Name		01.01.2019 to 30.06.2019				Total RM'000
		Salaries RM'000	Bonus RM'000	Fees RM'000	Benefits-in-kind RM'000	
Y Bhg Dato Koh Yaw Hui	CEO	1,145	978	-	11	2,134
<b>Total CEO's remuneration</b>		<b>1,145</b>	<b>978</b>	<b>-</b>	<b>11</b>	<b>2,134</b>
	<b>Status of directorship</b>					
Mr Norman Ka Cheung Ip	Non - Executive	-	-	119	-	119
Mr Tan Yam Pin	Non - Executive	-	-	107	-	107
Mr Koh Poh Tiong	Non - Executive	-	-	65	-	65
Mr Ng Hon Soon	Non - Executive	-	-	111	-	111
Mdm Tan Fong Sang	Non - Executive	-	-	103	-	103
Mr Siew Kah Toong (Appointed on 1 March 2019)	Non - Executive	-	-	49	-	49
Y Bhg Datuk Kamaruddin bin Taib (Stepped down on 28 February 2019)	Non - Executive	-	-	47	-	47
Y Bhg Dato' Yeoh Beow Tit (Stepped down on 20 March 2019)	Non - Executive	-	-	68	-	68
<b>Total Non-Executive Directors' remuneration</b>		<b>-</b>	<b>-</b>	<b>669</b>	<b>-</b>	<b>669</b>
<b>Total remuneration</b>		<b>1,145</b>	<b>978</b>	<b>669</b>	<b>11</b>	<b>2,803</b>

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**20. CEO AND DIRECTORS' REMUNERATION (CONT'D.)**

Name		01.01.2018 to 30.06.2018				Total RM'000
		Salaries RM'000	Bonus RM'000	Fees RM'000	Benefits-in-kind RM'000	
Y Bhg Dato Koh Yaw Hui	CEO	1,014	1,030	-	11	2,055
<b>Total CEO's remuneration</b>		<b>1,014</b>	<b>1,030</b>	<b>-</b>	<b>11</b>	<b>2,055</b>
	<b>Status of directorship</b>					
Mr Norman Ka Cheung Ip	Non - Executive	-	-	108	-	108
Mr Tan Yam Pin	Non - Executive	-	-	87	-	87
Mr Koh Poh Tiong	Non - Executive	-	-	52	-	52
Y Bhg Datuk Kamaruddin bin Taib	Non - Executive	-	-	115	-	115
Y Bhg Dato' Yeoh Beow Tit	Non - Executive	-	-	117	-	117
Mr Ng Hon Soon	Non - Executive	-	-	115	-	115
Mdm Tan Fong Sang	Non - Executive	-	-	102	-	102
<b>Total Non-Executive Directors' remuneration</b>		<b>-</b>	<b>-</b>	<b>696</b>	<b>-</b>	<b>696</b>
<b>Total remuneration</b>		<b>1,014</b>	<b>1,030</b>	<b>696</b>	<b>11</b>	<b>2,751</b>



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**21. TAXATION**

		<b>01.01.2019</b>	<b>01.01.2018</b>
		<b>to</b>	<b>to</b>
		<b>30.06.2019</b>	<b>30.06.2018</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
Taxation of life insurance business	(a)	319,987	(13,360)
Taxation of the Company	(b)	<u>67,747</u>	<u>98,651</u>
		<u>387,734</u>	<u>85,291</u>

**(a) Taxation of life insurance business**

Current income tax:			
Malaysian income tax		133,339	148,512
Tax on foreign dividend income		<u>144</u>	<u>76</u>
		133,483	148,588
Deferred tax:			
Relating to origination and reversal of temporary differences			
- Life Insurance Fund		164,729	(108,229)
- Unit-linked		<u>21,775</u>	<u>(53,719)</u>
		<u>319,987</u>	<u>(13,360)</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% (2018: 8%) of the assessable investment income net of allowable deductions for the financial period.

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**21. TAXATION (CONT'D.)**

**(b) Taxation of the Company**

	<b>01.01.2019</b>	<b>01.01.2018</b>
	<b>to</b>	<b>to</b>
	<b>30.06.2019</b>	<b>30.06.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Current income tax:		
Malaysian income tax	388	2,078
Underprovided in prior years	3,719	5,566
	<u>4,107</u>	<u>7,644</u>
Deferred tax:		
Relating to origination and reversal of temporary differences	63,640	91,007
	<u>67,747</u>	<u>98,651</u>

The current income tax is calculated at 24% (2018: 24%) of the estimated assessable profit for the financial period.

The deferred tax for the Shareholder's Fund is calculated based on the tax rate of 24% (2018: 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:

	<b>01.01.2019</b>	<b>01.01.2018</b>
	<b>to</b>	<b>to</b>
	<b>30.06.2019</b>	<b>30.06.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation	<u>363,883</u>	<u>433,057</u>
Taxation at Malaysian statutory tax rate of 24% (2017: 24%)	87,332	103,934
Income not subject to tax	(3,192)	(3,054)
Expenses not deductible for tax purposes	2,784	4,001
Estimated double taxation relief	(22,896)	(11,796)
Underprovided in prior years	3,719	5,566
Tax expense for the period	<u>67,747</u>	<u>98,651</u>

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**22. CASH USED IN OPERATING ACTIVITIES**

		<b>01.01.2019</b>	<b>01.01.2018</b>
		<b>to</b>	<b>to</b>
		<b>30.06.2019</b>	<b>30.06.2018</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Profit before taxation</b>		363,883	433,057
<i>Adjustments for:</i>			
Taxation of life insurance business	21(a)	319,987	(13,360)
Investment income	17	(1,749,702)	(1,662,355)
Realised losses recorded in the income statement		41,329	154,054
Fair value (gains)/losses recorded in the income statement		(2,656,190)	1,227,676
Depreciation of property and equipment		23,377	23,541
Depreciation of right-of-use assets		423	-
Amortisation of prepaid land lease payments		69	69
Impairment loss on/(write-back of):			
Insurance and other receivables		1,908	1,486
Investments		(4,746)	(9,461)
Provision for agents' retirement benefits		78,378	49,080
Realised foreign exchange loss/(gain) on receipt of dividend		2	(5)
Realised foreign exchange gain on disposal of investments		(35,802)	(7,410)
Unrealised exchange gain on derivatives		(5,874)	(1,335)
Unrealised exchange loss on investments		10,596	69,600
Cash flow before working capital changes		<u>(3,612,362)</u>	<u>264,637</u>
<i>Changes in working capital:</i>			
Purchases of FVTPL financial investments		(14,561,547)	(8,903,018)
Proceeds from disposals/maturities of			
FVTPL financial investments		13,339,376	8,780,283
Purchases of FVOCI financial investments		(1,222,928)	(1,104,678)
Proceeds from disposals/maturities of			
FVOCI financial investments		1,175,275	693,151
Decrease in LAR		920,965	169,443
Decrease/(increase) in reinsurance assets		3,713	(5,286)
Increase in insurance receivables		(52,561)	(21,711)
(Increase)/decrease in other receivables		(51,770)	4,278
Increase in insurance contract liabilities		4,161,786	237,448
Increase/(decrease) in other financial liabilities		85,964	(67,201)
(Decrease)/increase in insurance payables		(38,871)	4,246
Decrease in other payables		(63,516)	(201,064)
Cash generated from/(used in) operating activities		<u>83,524</u>	<u>(149,472)</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. COMMITMENTS AND OTHER CONTINGENCIES**

**(a) Capital commitments**

	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Capital expenditure</b>		
Approved and contracted for:		
- Investment properties	96,240	102,310
- Property and equipment	39,298	30,932
Approved but not contracted for:		
Investment properties	12,359	14,916
	<u>147,897</u>	<u>148,158</u>

**(b) Contribution to the National B40 Protection Trust Fund**

On its announcement dated 9 November 2018 and 24 January 2019, the Group announced that as part of its corporate social responsibility efforts and in line with the objectives of the Malaysian authorities, the Group has opted for making a contribution of RM2.0 billion to the National B40 Protection Trust Fund in satisfaction of the local shareholdings requirements applicable to insurance companies in Malaysia.

**24. REGULATORY CAPITAL REQUIREMENT**

The capital structure of the Company as at 30 June 2019, as prescribed under the RBC Framework is provided below:

	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Eligible Tier 1 Capital</b>		
Share capital (paid-up)	100,000	100,000
Reserves, including retained earnings	24,827,443	23,887,354
	<u>24,927,443</u>	<u>23,987,354</u>
<b>Tier 2 Capital</b>		
Eligible reserves	89,540	23,634
	<u>89,540</u>	<u>23,634</u>
<b>Deductions: Deferred Tax Asset</b>	3,137	3,469
	<u>3,137</u>	<u>3,469</u>
<b>Total Capital Available</b>	<u>25,013,846</u>	<u>24,007,519</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:

	<b>01.01.2019 to 30.06.2019 RM'000</b>	<b>01.01.2018 to 30.06.2018 RM'000</b>
<b>Transactions with related parties during the period:</b>		
Income/(expense):		
Property rentals received (note i)		
- OCBC Bank (Malaysia) Berhad	419	419
- Great Eastern General Insurance (Malaysia) Berhad	1,572	1,547
- Great Eastern Takaful Berhad	700	699
Service charges paid (note ii)		
- OCBC Bank (Malaysia) Berhad	(26,176)	(23,423)
- E2 Power Sdn Bhd	(1,389)	(1,147)
- E2 Power Pte Ltd	(1,488)	(630)
- Pacific Mutual Fund Bhd	(168)	(170)
- Lion Global Investor Ltd	(52)	(50)
Service charges received (note ii)		
- Great Eastern General Insurance (Malaysia) Berhad	3,807	3,379
- Great Eastern Takaful Berhad	5,021	6,566
Premium paid (note iii)		
- Great Eastern General Insurance (Malaysia) Berhad	(2,088)	(2,155)
Premium received (note iii)		
- Great Eastern General Insurance (Malaysia) Berhad	9	971
- E2 Power Sdn Bhd	1,387	144
- OCBC Bank (Malaysia) Berhad	22,163	22,653
- OCBC Al-Amin Bank Berhad	558	19
- PAC Lease Berhad	345	289
- Pacific Mutual Fund Bhd	24	24
- Key Management Personnel	674	335

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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):

	<b>01.01.2019 to 30.06.2019 RM'000</b>	<b>01.01.2018 to 30.06.2018 RM'000</b>
<b>Transactions with related parties during the period (Cont'd.):</b>		
Income/(expense):		
Commission received		
- Great Eastern General Insurance (Malaysia) Berhad	332	339
Claims paid		
- Key Management Personnel	(320)	-
Commission fees paid		
- OCBC Bank (Malaysia) Berhad	(23,060)	(17,732)
- OCBC Securities Private Limited	(199)	(186)
- PAC Lease Berhad	(23)	(18)
Interest income (note iv)		
- OCBC Bank (Malaysia) Berhad	41,805	38,421
- OCBC Al-Amin Bank Berhad	2,940	3,355
Dividend income (note v)		
- Affin Hwang Wholesale Income Fund	13,022	9,710
- Aminstitutional Income Bond Fund	773	-
Bank charges		
- OCBC Bank (Malaysia) Berhad	(1,356)	(1,277)
Other services		
- OCBC Bank (Malaysia) Berhad	(13)	(377)
Policy payments		
- OCBC Bank (Malaysia) Berhad	(246)	(27)

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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):

	<b>01.01.2019</b>	<b>01.01.2018</b>
	<b>to</b>	<b>to</b>
	<b>30.06.2019</b>	<b>30.06.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Transactions with related parties during the period (Cont'd.):</b>		
Income/(expense): (Cont'd.)		
Employee Share Purchase Plan		
- Oversea-Chinese Banking Corporation Ltd.	(427)	(296)
Employee Share Option Scheme paid		
- Oversea-Chinese Banking Corporation Ltd.	(150)	(233)
Deferred Share Plan		
- Oversea-Chinese Banking Corporation Ltd.	(655)	(597)
Charges for group services (note vi)		
- The Great Eastern Life Assurance Company Limited	(5,618)	(12,762)
Disposal of investments to		
- Great Eastern General Insurance (Malaysia) Berhad	17,657	20,692
Purchase of investments from		
- Great Eastern General Insurance (Malaysia) Berhad	(36,120)	(120,671)
Investment in wholesale unit trust fund		
- Affin Hwang Wholesale Income Fund	(173,022)	(9,710)
- Aministrational Income Bond Fund	(60,564)	-

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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):

	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Balances with related parties at reporting date:</b>		
Due from/(due to):		
Investment in other debt securities		
- OCBC Bank (Malaysia) Berhad	-	100,709
Investment in wholesale unit trust fund		
- Affin Hwang Wholesale Income Fund	609,800	425,923
- Aminstitutional Income Bond Fund	61,590	-
Cash and bank balances		
- OCBC Bank (Malaysia) Berhad	326,966	754,122
- OCBC Al-Amin Bank Berhad	8,954	18,604
Fixed deposits, structured deposits and repurchase agreements		
- OCBC Bank (Malaysia) Berhad	2,783,375	1,031,328
- OCBC Al-Amin Bank Berhad	121,650	697,680
Amount due from related companies:		
- Far Island Bay Sdn Bhd	62	61
- Great Eastern General Insurance (Malaysia) Berhad	592	808
- Great Eastern Takaful Berhad	6,809	3,891
- P.T. Great Eastern Life Indonesia	185	137



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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):

	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Balances with related parties at reporting date (Cont'd):</b>		
Amount due to ultimate holding company:		
- Oversea-Chinese Banking Corporation Ltd.	(1,487)	(983)
Amount due to intermediate holding company:		
- The Great Eastern Life Assurance Company Limited	(37,874)	(30,310)
Amount due to holding company:		
- Great Eastern Capital (M) Sdn Bhd	(3,111)	(3,144)

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/from 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, other debt securities and medium term notes which are made according to prevailing market rates, terms and conditions.
- (v) The dividend income arose from investment in wholesale unit trust fund which are made according to prevailing market terms and conditions.
- (vi) Payment of Group function costs based on allocation rates governed by corporate service agreement and in line with Malaysian Transfer Pricing Guidelines and Organisation for Economic Co-operation and Development ("OECD") Transfer Pricing Guidelines. Group function services are derived from the immediate parent company in Singapore.

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**25. RELATED PARTY DISCLOSURES (CONT'D)**

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

(vi) The table below shows the breakdown by type of services received and geographical location for inter company charges:

<b>Geographical Location</b>	<b>Type of Services</b>	<b>01.01.2019 to 30.06.2019 RM</b>	<b>01.01.2018 to 30.06.2018 RM</b>
Singapore	Group service charges for services rendered, which include those in respect of finance, legal, actuarial, support, human resources, operations, investment management, IT, internal audit and risk management services.	5,618	12,762
		<u>5,618</u>	<u>12,762</u>

**(b) Compensation of Key Management Personnel**

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

	<b>01.01.2019 to 30.06.2019 RM'000</b>	<b>01.01.2018 to 30.06.2018 RM'000</b>
Non-Executive Directors' fees	669	696
Short-term employee benefits	7,879	7,902
Post-employments benefits:		
Defined contribution plan - EPF	1,519	1,236
	<u>10,067</u>	<u>9,834</u>
Share-based payment (in units)	<u>49,516</u>	<u>109,428</u>
Included in the total key management personnel remuneration are:		
CEO's and Directors' remuneration (Note 20)	<u>2,803</u>	<u>2,751</u>

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel include all Directors, CEO, Senior Management Team, Chief Internal Auditor and Head of Compliance of the Company.

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**26. FAIR VALUES OF ASSETS AND LIABILITIES**

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 values of the financial assets and 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.

The carrying amounts of the Company's assets and liabilities approximate their respective fair values except for mortgage loans (included in investments carried at amortised cost) (Note 10(a)).

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 and closing prices as appropriate for assets at the close of business on the reporting 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 prices in an active market and whose fair value cannot be reliably measured will be stated at net asset value.
- 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") while for foreign bonds, fair value is obtained from Bloomberg.
- 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.

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

	Level 1	Level 2	Level 3	
	Valuation			
	Quoted market price	Techniques - Market Observable Inputs	Valuation Techniques - Unobservable Inputs	Total Fair Value
30 June 2019	RM'000	RM'000	RM'000	RM'000

**(a) Assets measured at fair value:**

**Financial Assets**

FVOCI financial assets (Note 10(b)):

Equity securities:

Quoted in Malaysia

- Kuala Lumpur

Stock Exchange

	437,448	-	-	437,448
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Quoted outside Malaysia

- Singapore Exchange

	175,683	-	-	175,683
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- Hong Kong Exchange

	192,745	-	-	192,745
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Unquoted in Malaysia

	-	-	80,843	80,843
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Malaysian government

securities

	-	86,637	-	86,637
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Debt securities:

Unquoted in Malaysia

	-	1,332,035	-	1,332,035
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FVTPL financial assets (Note 10(c)):

Mandatorily measured

Equity securities:

Quoted in Malaysia

	19,907,745	-	-	19,907,745
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Quoted outside Malaysia

	2,812,382	-	-	2,812,382
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Unquoted in Malaysia

	-	-	77,365	77,365
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Debt securities:

Quoted outside Malaysia

	226,504	-	-	226,504
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Unquoted in Malaysia

	-	5,392,460	-	5,392,460
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Unquoted outside Malaysia

	-	126,204	-	126,204
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Unit and property trust funds:

Quoted in Malaysia

	692,537	-	-	692,537
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Quoted outside Malaysia

	1,898,420	-	-	1,898,420
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**26. FAIR VALUE OF ASSETS AND LIABILITIES (CONTD.)**

	Level 1	Level 2	Level 3	
	Valuation			
	Quoted market price	Techniques - Market Observable Inputs	Valuation Techniques - Unobservable Inputs	Total Fair Value
30 June 2019 (Cont'd.)	RM'000	RM'000	RM'000	RM'000
<b><u>(a) Assets measured at fair value</u></b>				
<b><u>(Cont'd.):</u></b>				
<b><u>Financial assets: (cont'd.)</u></b>				
<u>FVTPL financial assets (Note 6(c)):</u>				
<u>(cont'd):</u>				
<u>Mandatorily measured (cont'd)</u>				
Investment in subsidiary:				
Collective investment schemes				
Quoted in Malaysia	609,799	-	-	609,799
<u>Designated upon initial recognition:</u>				
Malaysian government securities				
	-	5,422,591	-	5,422,591
Debt securities:				
Unquoted in Malaysia	-	31,853,636	-	31,853,636
Unquoted outside Malaysia	-	282,449	-	282,449
Financial assets	26,953,263	44,496,012	158,208	71,607,483
<u>Derivatives (Note 14):</u>				
Currency swaps	-	3,124	-	3,124
Interest rate swaps	-	9	-	9
	-	3,133	-	3,133
<b><u>Non financial assets:</u></b>				
Investment Properties				
Commercial	-	-	905,156	905,156
Residential	-	-	234,900	234,900
Non financial assets	-	-	1,140,056	1,140,056

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

	Level 1	Level 2	Level 3	
	Valuation			
	Quoted market price RM'000	Techniques - Market Observable Inputs RM'000	Valuation Techniques - Unobservable Inputs RM'000	Total Fair Value RM'000
<b>30 June 2019 (Cont'd.)</b>				
<b><u>(b) Liabilities measured at fair value:</u></b>				
<b>Financial liabilities</b>				
Derivatives (Note 14):				
Currency swaps	-	19,643	-	19,643

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

	Level 1	Level 2	Level 3	
	Valuation			
	Quoted market price	Techniques - Market Observable Inputs	Valuation Techniques - Unobservable Inputs	Total Fair Value
31 December 2018	RM'000	RM'000	RM'000	RM'000
<b><u>(a) Assets measured at fair value:</u></b>				
<b><u>Financial assets:</u></b>				
<u>FVOCI financial assets (Note 10(b)):</u>				
Equity securities:				
Quoted in Malaysia				
- Kuala Lumpur				
Stock Exchange	378,190	-	-	378,190
Quoted outside Malaysia				
- Singapore Exchange				
	132,123	-	-	132,123
- Hong Kong Exchange				
	178,773	-	-	178,773
Unquoted in Malaysia				
	-	-	80,850	80,850
Malaysian government securities				
	-	150,184	-	150,184
Debt securities:				
Unquoted in Malaysia				
	-	1,246,195	-	1,246,195
<u>FVTPL financial assets (Note 10(c)):</u>				
<u>Mandatorily measured</u>				
Equity securities:				
Quoted in Malaysia				
	17,823,088	-	-	17,823,088
Quoted outside Malaysia				
	2,780,027	-	-	2,780,027
Unquoted in Malaysia				
	-	-	77,365	77,365
Debt securities:				
Quoted outside Malaysia				
	223,670	-	-	223,670
Unquoted in Malaysia				
	-	4,848,897	-	4,848,897
Unit and property trust funds:				
Quoted in Malaysia				
	599,426	-	-	599,426
Quoted outside Malaysia				
	1,478,188	-	-	1,478,188

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

	Level 1	Level 2	Level 3	
	Valuation			
	Quoted market price	Techniques - Market Observable Inputs	Valuation Techniques - Unobservable Inputs	Total Fair Value
31 December 2018 (Cont'd.)	RM'000	RM'000	RM'000	RM'000
<b><u>(a) Assets measured at fair value</u></b>				
<b><u>(Cont'd.):</u></b>				
<b><u>Financial assets: (Cont'd.)</u></b>				
FVTPL financial assets (Note 6(c)):				
<u>(Cont'd):</u>				
<u>Mandatorily measured (Cont'd)</u>				
Investment in subsidiary:				
Collective investment schemes				
Quoted in Malaysia	425,923	-	-	425,923
<u>Designated upon initial recognition:</u>				
Malaysian government securities				
	-	7,189,731	-	7,189,731
Debt securities:				
Unquoted in Malaysia	-	29,921,690	-	29,921,690
Unquoted outside Malaysia	-	85,669	-	85,669
Financial assets	24,019,408	43,442,366	158,215	67,619,989
<u>Derivatives (Note 14):</u>				
Currency swaps	-	5,353	-	5,353
Interest rate swaps	-	1	-	1
	-	5,354	-	5,354
<b><u>Non financial assets:</u></b>				
Investment Properties				
Commercial	-	-	902,700	902,700
Residential	-	-	234,900	234,900
Non financial assets	-	-	1,137,600	1,137,600



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

	Level 1	Level 2	Level 3	
	Valuation			
	Quoted	Market	Valuation	
	market	Observable	Techniques -	Total Fair
	price	Inputs	Unobservable	Value
31 December 2018 (Cont'd.)	RM'000	RM'000	RM'000	RM'000
<b><u>(b) Liabilities measured at fair value:</u></b>				
<b>Financial liabilities</b>				
Derivatives (Note 14):				
Currency swaps	-	24,849	-	24,849

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**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):

<b>Description</b>	<b>Fair value as at 30 June 2019 RM'000</b>	<b>Valuation techniques</b>	<b>Unobservable inputs</b>	<b>Range (weighted average)</b>
<u>Investment properties</u>				
Commercial properties	271,309	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% 7.50% 6.0% - 6.5%
Commercial properties	633,847	Comparison approach	Estimated Value p.s.f	RM100 - RM1,150
Residential properties	234,900	Comparison approach	Estimated Value p.s.f	RM45 - RM725
<u>FVOCI financial assets</u>				
Unquoted equities	80,843	Adjusted net asset value <sup>(1)</sup>	not applicable	not applicable
<u>FVTPL financial assets</u>				
Unquoted equities	77,365	Adjusted net asset value <sup>(1)</sup>	not applicable	not applicable

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

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

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

<b>Description</b>	<b>Fair value as at 31 December 2018 RM'000</b>	<b>Valuation techniques</b>	<b>Unobservable inputs</b>	<b>Range (weighted average)</b>
<u>Investment properties</u>				
Commercial properties	270,000	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% 7.50% 6.0% - 6.5%
Commercial properties	632,700	Comparison approach	Estimated Value p.s.f	RM100 - RM1,150
Residential properties	234,900	Comparison approach	Estimated Value p.s.f	RM45 - RM725
<u>FVOCI financial assets</u>				
Unquoted equities	80,850	Adjusted net asset value <sup>(1)</sup>	not applicable	not applicable
<u>FVTPL financial assets</u>				
Unquoted equities	77,365	Adjusted net asset value <sup>(1)</sup>	not applicable	not applicable

<sup>(1)</sup> These investments are valued using adjusted net asset value. The net asset value of these investments as at the reporting period is an unobservable input as it is not published. Accordingly, these investments are classified as Level 3 investments within the fair value hierarchy. A reasonable change to the significant unobservable inputs is not expected to have a material impact to the total equity of the Company.

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**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):

	<b>Fair value measurements using significant unobservable inputs (Level 3)</b>			
	<b><u>FVOCI</u></b>	<b><u>FVTPL</u></b>		
	<b><u>financial assets</u></b>	<b><u>financial assets</u></b>	<b>Investment properties</b>	<b>Total</b>
<b>30 June 2019</b>	<b>Unquoted equities</b>		<b>RM'000</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Opening balance</b>	80,850	77,365	1,137,600	1,295,815
Total gain for the period:				
Included in income statement				
- Changes in fair value	(7)	-	9	2
Addition for the period:				
Additions	-	-	1,175	1,175
Transfer from deposits	-	-	1,281	1,281
Transfer from property and equipment	-	-	-	-
Write-off	-	-	(9)	(9)
<b>Closing balance</b>	<b>80,843</b>	<b>77,365</b>	<b>1,140,056</b>	<b>1,298,264</b>

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

(ii) Movements in level 3 assets and liabilities measured at fair value: (Cont'd.)

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

	Fair value measurements using significant unobservable inputs (Level 3)			
	<u>FVOCI</u>	<u>FVTPL</u>		
	<u>financial assets</u>	<u>financial assets</u>	Investment properties	Total
31 December 2018	Unquoted equities		RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000
<b>Opening balance</b>	80,850	77,363	601,421	759,634
Total gain for the year:				
Included in income statement				
- Changes in fair value	-	2	(7,553)	(7,551)
Addition for the year:				
Additions	-	-	434,348	434,348
Transfer from deposits	-	-	108,815	108,815
Transfer from property and equipment	-	-	1,954	1,954
Write-off	-	-	(1,385)	(1,385)
<b>Closing balance</b>	<b>80,850</b>	<b>77,365</b>	<b>1,137,600</b>	<b>1,295,815</b>

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**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 of 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 of 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 of 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.

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**27. INSURANCE FUNDS**

The Company's activities are organised by funds and segregated into Life Insurance (including Unit-Linked business) 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 2019**

	<b>Shareholder's Funds</b>		<b>Life Insurance Fund</b>		<b>Elimination*</b>		<b>Total</b>	
	<b>30.06.2019</b>	<b>31.12.2018</b>	<b>30.06.2019</b>	<b>31.12.2018</b>	<b>30.06.2019</b>	<b>31.12.2018</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>								
Financial investments	1,096,836	844,201	80,165,840	76,849,498	-	-	81,262,676	77,693,699
Reinsurance assets	-	-	46,959	50,672	-	-	46,959	50,672
Insurance receivables	-	-	370,924	320,304	-	-	370,924	320,304
Other assets	1,255,536	1,830,284	3,591,752	3,145,885	(1,209,540)	(1,834,478)	3,637,748	3,141,691
	<u>2,352,372</u>	<u>2,674,485</u>	<u>84,175,475</u>	<u>80,366,359</u>	<u>(1,209,540)</u>	<u>(1,834,478)</u>	<u>85,318,307</u>	<u>81,206,366</u>
<b>Equity, Policyholders' Fund and Liabilities</b>								
<b>Total Equity</b>	<u>2,194,989</u>	<u>2,495,626</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,194,989</u>	<u>2,495,626</u>
Insurance contract liabilities	-	-	80,234,799	76,073,013	-	-	80,234,799	76,073,013
Other liabilities	157,383	178,859	3,940,676	4,293,346	(1,209,540)	(1,834,478)	2,888,519	2,637,727
<b>Total policyholders' fund and Total Policyholders' Fund and Liabilities</b>	<u>157,383</u>	<u>178,859</u>	<u>84,175,475</u>	<u>80,366,359</u>	<u>(1,209,540)</u>	<u>(1,834,478)</u>	<u>83,123,318</u>	<u>78,710,740</u>
	<u>2,352,372</u>	<u>2,674,485</u>	<u>84,175,475</u>	<u>80,366,359</u>	<u>(1,209,540)</u>	<u>(1,834,478)</u>	<u>85,318,307</u>	<u>81,206,366</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 2019**

	Shareholder's Funds		Life Insurance Fund		Elimination **		Total	
	01.01.2019 to 30.06.2019 RM'000	01.01.2018 to 30.06.2018 RM'000	01.01.2019 to 30.06.2019 RM'000	01.01.2018 to 30.06.2018 RM'000	01.01.2019 to 30.06.2019 RM'000	01.01.2018 to 30.06.2018 RM'000	01.01.2019 to 30.06.2019 RM'000	01.01.2018 to 30.06.2018 RM'000
Gross earned premiums	-	-	4,068,776	3,776,531	(4,861)	-	4,063,915	3,776,531
Premiums ceded to reinsurers	-	-	(97,582)	(90,510)	-	-	(97,582)	(90,510)
<b>Net earned premiums</b>	-	-	3,971,194	3,686,021	(4,861)	-	3,966,333	3,686,021
Investment income	27,022	21,335	1,694,555	1,611,020	-	-	1,721,577	1,632,355
Fees and commission income	-	-	6,648	4,045	-	-	6,648	4,045
Gains and losses and other operating revenue	7,998	(3,159)	2,638,170	(1,364,958)	-	-	2,646,168	(1,368,117)
<b>Other revenue</b>	35,020	18,176	4,339,373	250,107	-	-	4,374,393	268,283
Gross benefits and claims paid	-	-	(2,966,199)	(2,778,965)	-	-	(2,966,199)	(2,778,965)
Claims ceded to reinsurers	-	-	57,548	44,230	-	-	57,548	44,230
Gross change in contract liabilities	-	-	(3,885,431)	66,774	-	-	(3,885,431)	66,774
Change in contract liabilities ceded to reinsurers	-	-	376	9,810	-	-	376	9,810
<b>Net benefits and claims</b>	-	-	(6,793,706)	(2,658,151)	-	-	(6,793,706)	(2,658,151)
Depreciation and amortisation	-	-	(23,869)	(23,610)	-	-	(23,869)	(23,610)
Other operating and management expenses	(23,965)	(16,906)	(820,177)	(835,940)	4,861	-	(839,281)	(852,846)
Taxation of life insurance business	-	-	(319,987)	13,360	-	-	(319,987)	13,360
<b>Other expenses</b>	(23,965)	(16,906)	(1,164,033)	(846,190)	4,861	-	(1,183,137)	(863,096)
<b>Profit from operations</b>	11,055	1,270	352,828	431,787	-	-	363,883	433,057
<b>Transfer from Life Insurance Fund*</b>	352,828	431,787	(352,828)	(431,787)	-	-	-	-
<b>Profit before Taxation</b>	363,883	433,057	-	-	-	-	363,883	433,057
Taxation	(67,747)	(98,651)	-	-	-	-	(67,747)	(98,651)
<b>Net profit for the period</b>	296,136	334,406	-	-	-	-	296,136	334,406

\* 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 2019**

	Shareholder's Funds		Life Insurance Fund		Total	
	01.01.2019 to 30.06.2019 RM'000	01.01.2018 to 30.06.2018 RM'000	01.01.2019 to 30.06.2019 RM'000	01.01.2018 to 30.06.2018 RM'000	01.01.2019 to 30.06.2019 RM'000	01.01.2018 to 30.06.2018 RM'000
<b>Cash flow from:</b>						
Operating activities	676,481	437,293	910,014	772,139	1,586,495	1,209,432
Investing activities	-	-	(31,081)	(19,190)	(31,081)	(19,190)
Financing activities	(653,000)	(425,000)	-	-	(653,000)	(425,000)
Increase in cash and cash equivalents	23,481	12,293	878,933	752,949	902,414	765,242
Cash and cash equivalents:						
At beginning of period	2,704	25,852	3,810,624	2,279,520	3,813,328	2,305,372
At end of period	26,185	38,145	4,689,557	3,032,469	4,715,742	3,070,614