

**GREAT EASTERN LIFE ASSURANCE (MALAYSIA)
BERHAD**

**198201013982 (93745-A)
(Incorporated in Malaysia)**

**Interim condensed financial statements
For the six months ended 30 June 2020**

198201013982 (93745-A)

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
(Incorporated in Malaysia)

Interim condensed financial statements for the six months ended 30 June 2020

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Statement by Directors

We, Ng Hon Soon and Siew Kah Toong, 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 2 to 58 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 27 September 2019 so as to give a true and fair view of the financial position of the Company as at 30 June 2020 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 22 July 2020.

Ng Hon Soon

Siew Kah Toong

Kuala Lumpur
22 July 2020

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
(Incorporated in Malaysia)

CONDENSED BALANCE SHEET
AS AT 30 JUNE 2020

	Note	30.06.2020 RM'000	31.12.2019 RM'000
Assets			
Property and equipment			
- Owned		496,934	475,869
- Right-of-use assets		19,655	20,230
Intangible assets		3,980	5,180
Investment properties		1,146,018	1,145,950
Investments	11	80,786,547	83,503,538
Derivatives	15	2,108	5,832
Reinsurance assets	12	109,414	108,013
Insurance receivables	13	347,913	296,159
Other receivables		842,644	685,136
Cash and bank balances		1,764,077	1,046,106
Total assets		<u>85,519,290</u>	<u>87,292,013</u>
Equity			
Share capital		100,000	100,000
Retained earnings		2,963,338	2,488,842
Other comprehensive income fair value reserves		(12,328)	78,179
Total equity		<u>3,051,010</u>	<u>2,667,021</u>
Liabilities			
Insurance contract liabilities	14	79,747,858	81,795,688
Derivatives	15	40,337	20,595
Agents' retirement benefits		863,897	885,033
Deferred tax liabilities		760,133	759,740
Other financial liabilities		50,874	52,009
Insurance payables	16	280,070	290,778
Provision for taxation		210,304	239,130
Lease liabilities		3,899	4,352
Other payables		510,908	577,667
Total liabilities		<u>82,468,280</u>	<u>84,624,992</u>
Total equity and liabilities		<u>85,519,290</u>	<u>87,292,013</u>

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

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
(Incorporated in Malaysia)

CONDENSED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2020

		01.01.2020	01.01.2019
		to	to
		30.06.2020	30.06.2019
	Note	RM'000	RM'000
Gross earned premiums	17(a)	4,335,658	4,063,915
Earned premiums ceded to reinsurers	17(b)	(105,896)	(97,582)
Net earned premiums		<u>4,229,762</u>	<u>3,966,333</u>
Investment income	18	1,778,092	1,721,577
Realised gains and losses		(129,364)	(41,329)
Fair value gains and losses		(1,807,238)	2,656,190
(Increase)/decrease in provision for impairment of:			
Insurance receivables		(8,057)	(1,941)
Other receivables		(55)	33
Investments		(72)	4,746
Fees and commission income		29,896	6,648
Other operating revenue		214,975	28,469
Other revenue		<u>78,177</u>	<u>4,374,393</u>
Gross benefits and claims paid	19(a)	(2,765,147)	(2,966,199)
Claims ceded to reinsurers	19(b)	70,314	57,548
Gross change in contract liabilities	19(c)	2,316,422	(3,885,431)
Change in contract liabilities ceded to reinsurers	19(d)	(449)	376
Net benefits and claims		<u>(378,860)</u>	<u>(6,793,706)</u>
Fees and commission expense		(604,906)	(609,008)
Management expenses	20	(260,836)	(253,753)
Other operating expenses		(520)	(389)
Taxation of life insurance business	22(a)	35,652	(319,987)
Other expenses		<u>(830,610)</u>	<u>(1,183,137)</u>
Profit before taxation		3,098,469	363,883
Taxation	22(b)	(153,973)	(67,747)
Net profit for the period		<u>2,944,496</u>	<u>296,136</u>
Earnings per share (sen)			
Basic and diluted		<u>2,944</u>	<u>296</u>

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

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
(Incorporated in Malaysia)

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2020

	01.01.2020	01.01.2019
	to	to
	30.06.2020	30.06.2019
	RM'000	RM'000
Net profit for the period	2,944,496	296,136
Other comprehensive income/(loss):		
Other comprehensive (loss)/income that will not be reclassified to income statement in subsequent periods:		
Net (loss)/gain on equity instrument designated at fair value through other comprehensive income ("FVOCI")	(121,348)	37,563
Tax effects thereon	27,055	(10,267)
Net other comprehensive (loss)/income that will not be reclassified to income statement in subsequent periods (net of tax)	<u>(94,293)</u>	<u>27,296</u>
Other comprehensive (loss)/income that may be reclassified to income statement in subsequent periods:		
Debt instruments at FVOCI:		
Net gain arising during the period	38,673	55,167
Changes in allowance for Expected Credit Loss ("ECL")	5,132	(322)
Net realised gain transferred to Income Statement	(39,448)	(16,779)
	4,357	38,066
Tax effects thereon	(571)	(9,135)
Net other comprehensive income that may be reclassified to income statement in subsequent periods (net of tax)	<u>3,786</u>	<u>28,931</u>
Other comprehensive (loss)/income for the period, net of tax	<u>(90,507)</u>	<u>56,227</u>
Total comprehensive income for the period, net of tax	<u>2,853,989</u>	<u>352,363</u>

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

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GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
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CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2020

	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	
At 1 January 2019	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 7)	-	-	-	-	-	(653,000)	-653,000	(653,000)
At 30 June 2019	100,000	79,922	(7,208)	72,714	995,870	1,026,405	2,022,275	2,194,989
At 1 January 2020	100,000	87,622	(9,443)	78,179	777,742	1,711,100	2,488,842	2,667,021
Net profit for the period	-	-	-	-	346,854	2,597,642	2,944,496	2,944,496
Other comprehensive loss for the period	-	(62,976)	(27,531)	(90,507)	-	-	-	(90,507)
Total comprehensive (loss)/income for the period	-	(62,976)	(27,531)	(90,507)	346,854	2,597,642	2,944,496	2,853,989
Dividends paid during the period (Note 7)	-	-	-	-	-	(2,470,000)	(2,470,000)	(2,470,000)
At 30 June 2020	100,000	24,646	(36,974)	(12,328)	1,124,596	1,838,742	2,963,338	3,051,010

* 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 2020

	Note	01.01.2020 to 30.06.2020 RM'000	01.01.2019 to 30.06.2019 RM'000
Operating activities			
Cash (used in)/generated from operating activities	23	(1,172,714)	84,114
Dividend/distribution income received		556,579	442,131
Interest/profit income received		1,181,359	1,240,414
Rental income on investment properties received		32,480	30,218
Agents' retirement benefit paid		(32,769)	(32,734)
Expense relating to leases of low-value assets		(28)	(300)
Expense relating to short-term leases		(8)	(31)
Income tax paid		(116,655)	(177,058)
Net cash flows generated from operating activities		<u>448,244</u>	<u>1,586,754</u>
Investing activities			
Proceeds from disposal of property and equipment		-	8
Purchase of property and equipment		(45,931)	(29,914)
Purchase of investment properties		(68)	(1,175)
Net cash flows used in investing activities		<u>(45,999)</u>	<u>(31,081)</u>
Financing activities			
Dividends paid to equity holder		(2,470,000)	(653,000)
Payment of principal portion of lease liabilities		(452)	(193)
Interest paid on lease liabilities		(103)	(66)
Net cash flows used in financing activities		<u>(2,470,555)</u>	<u>(653,259)</u>
Net (decrease)/increase in cash and cash equivalents		(2,068,310)	902,414
Cash and cash equivalents at beginning of period		<u>4,985,829</u>	<u>3,813,328</u>
Cash and cash equivalents at end of period		<u>2,917,519</u>	<u>4,715,742</u>
Cash and cash equivalents comprise:			
Cash and bank balances		1,764,077	1,217,163
Short term deposits with original maturity periods of less than 3 months		1,153,442	3,498,579
		<u>2,917,519</u>	<u>4,715,742</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 2020

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 2019.

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 2019.

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

The interim condensed financial statements were approved for issue by the Board of Directors on 21 July 2020.

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

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 2019, 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 2020

- Amendments to MFRS 3 *Definition of a Business*
- Amendments to MFRS 101 and MFRS 108 *Definition of Material*
- Revised Conceptual Framework for Financial Reporting

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

(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 2021

- MFRS 17 *Insurance Contracts*

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:

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1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.2 CHANGES IN ACCOUNTING POLICIES (CONT'D.)

(b) Standards issued but not yet effective (Cont'd.)

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.

The original effective date for MFRS 17 was for annual periods beginning on or after 1 January 2021. On 25 June 2020, the International Accounting Standards Board (“IASB”) has issued amendments to the IFRS 17 Insurance Contracts which has deferred the effective dates of IFRS 17 and temporary exemption of the adoption of IFRS 9 for qualifying insurers to annual reporting periods beginning on or after 1 January 2023.

The Malaysian Accounting Standard Board is expected to issue the amendments to MFRS 17 Insurance Contracts.

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. SIGNIFICANT EVENT IN THE CURRENT REPORTING PERIOD

On 9 November 2018 and 24 January 2019, the Great Eastern Group (the “Group”) announced that in line with the objectives of the Malaysian authorities, the Group has opted to make a contribution of RM2 billion to the National B40 Protection Trust Fund in satisfaction and in lieu of the local shareholder requirement imposed on its subsidiary, Great Eastern Life Assurance (Malaysia) Berhad.

Subsequent to the announcements, the contribution was revised to RM2.37 billion and was paid to the National B40 Protection Trust Fund on 5 March 2020.

3. 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.

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4. UNUSUAL ITEMS

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows for the interim financial period ended 30 June 2020.

5. CHANGE IN ESTIMATES

There were no significant changes in the bases used for applying accounting estimates of the Company for the interim financial period.

6. DEBT AND EQUITY SECURITIES

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

7. DIVIDENDS

A final single tier dividend of RM1.00 (2018: RM6.53) per ordinary share on 100,000,005 ordinary shares amounting to RM100,000,005 (2018: RM653,000,033) for the financial year ended 31 December 2019 was approved at the last Annual General Meeting held on 6 May 2020 and this dividend was paid in full on 15 May 2020.

On 3 March 2020, the shareholders of the Company through an Extraordinary General Meeting approved the declaration and payment of a special dividend of RM23.70 per ordinary share (RM2,370,000,119) for the financial year ending 2020 and the dividend was paid on 4 March 2020.

8. 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.

9. CHANGES IN THE COMPOSITION OF THE COMPANY

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

10. PROPERTY AND EQUIPMENT

During the six months ended 30 June 2020, the Company acquired assets with a cost of RM45,931,000 (the six months ended 30 June 2019: RM29,914,000).

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GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
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11. INVESTMENTS

	30.06.2020				31.12.2019			
	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	231,217	5,774,593	384,363	6,390,173	15,299	6,105,933	292,664	6,413,896
Debt securities	660,812	36,629,338	2,035,011	39,325,161	290,054	36,063,221	2,170,046	38,523,321
Equity securities	470,390	18,792,683	5,544,956	24,808,029	275,774	19,465,791	5,557,363	25,298,928
Unit and property trust funds	-	2,493,997	244,478	2,738,475	-	2,524,011	198,907	2,722,918
Loans	3,011	5,515,941	-	5,518,952	816	5,834,019	-	5,834,835
Deposits with financial institutions	-	1,080,442	173,000	1,253,442	-	3,418,573	661,150	4,079,723
Investment in subsidiary:								
Collective investment scheme	11(e) 574,770	177,545	-	752,315	458,002	171,915	-	629,917
	1,940,200	70,464,539	8,381,808	80,786,547	1,039,945	73,583,463	8,880,130	83,503,538

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

AC (Note 11(a))	3,011	6,596,383	173,000	6,772,394	816	9,252,592	661,150	9,914,558
FVOCI (Note 11(b))	1,300,990	1,880,774	-	3,181,764	515,212	2,110,580	-	2,625,792
FVTPL (Note 11(c))	636,199	61,987,382	8,208,808	70,832,389	523,917	62,220,291	8,218,980	70,963,188
	1,940,200	70,464,539	8,381,808	80,786,547	1,039,945	73,583,463	8,880,130	83,503,538

The following investments mature after 12 months:

AC	3,011	842,634	-	845,645	816	865,622	-	866,438
FVOCI	747,080	1,251,664	-	1,998,744	219,535	1,426,476	-	1,646,011
FVTPL	19,854	37,304,923	1,903,237	39,228,014	47,641	38,306,141	2,333,126	40,686,908
	769,944	39,399,221	1,903,237	42,072,403	267,992	40,598,239	2,333,126	43,199,357

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11. INVESTMENTS (CONT'D.)

(a) AC

	30.06.2020				31.12.2019			
	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Unit-linked RM'000	Total RM'000	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Unit-linked RM'000	Total RM'000
At Amortised Cost:								
Deposits with financial institutions:								
Licensed banks	-	1,080,442	173,000	1,253,442	-	3,418,573	661,150	4,079,723
Policy loans	-	4,580,342	-	4,580,342	-	4,510,209	-	4,510,209
Mortgage loans	-	470,134	-	470,134	-	566,925	-	566,925
Secured loans	-	1,755	-	1,755	-	282,098	-	282,098
Unsecured loans	3,011	473,872	-	476,883	816	490,009	-	490,825
	3,011	6,606,545	173,000	6,782,556	816	9,267,814	661,150	9,929,780
Provision for expected credit loss ("ECL") (Note 11(d))	-	(10,162)	-	(10,162)	-	(15,222)	-	(15,222)
	3,011	6,596,383	173,000	6,772,394	816	9,252,592	661,150	9,914,558

Included in deposits with financial institutions of the Company are short term deposits with original maturity periods of less than 3 months amounting to RM1,153,442,219 (2019: RM3,939,722,666), 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.

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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11. INVESTMENTS (CONT'D.)

(b) FVOCI

	30.06.2020				31.12.2019			
	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Unit-linked RM'000	Total RM'000	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Unit-linked RM'000	Total RM'000
At Fair Value:								
Equity securities:								
Quoted in Malaysia								
- Kuala Lumpur Stock Exchange	301,741	257,426	-	559,167	171,635	260,496	-	432,131
Quoted outside Malaysia								
- Singapore Exchange	76,324	123,088	-	199,412	38,833	121,957	-	160,790
- Hong Kong Exchange	91,740	138,198	-	229,938	64,603	150,223	-	214,826
Unquoted in Malaysia	585	86,209	-	86,794	558	86,774	-	87,332
Malaysian government securities	231,217	94,655	-	325,872	15,299	87,092	-	102,391
Debt securities:								
Unquoted in Malaysia	599,383	1,181,198	-	1,780,581	224,284	1,404,038	-	1,628,322
	<u>1,300,990</u>	<u>1,880,774</u>	<u>-</u>	<u>3,181,764</u>	<u>515,212</u>	<u>2,110,580</u>	<u>-</u>	<u>2,625,792</u>

During the financial period ended 30 June 2020, 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 RM67,575,287 (2019: RM149,259,194) at the date of disposal.

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11. INVESTMENTS (CONT'D.)

(c) FVTPL

	30.06.2020				31.12.2019			
	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Unit-linked RM'000	Total RM'000	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Unit-linked RM'000	Total RM'000
At Fair Value:								
Mandatorily measured:								
Equity securities:								
Quoted in Malaysia	-	15,057,439	5,193,410	20,250,849	145	15,689,680	5,232,809	20,922,634
Quoted outside Malaysia	-	3,046,475	351,546	3,398,021	-	3,072,474	324,554	3,397,028
Unquoted in Malaysia	-	83,848	-	83,848	-	84,187	-	84,187
Debt securities:								
Quoted outside Malaysia	-	527,349	22,789	550,138	-	454,566	20,746	475,312
Unquoted in Malaysia	61,429	2,611,980	386,521	3,059,930	65,770	3,096,341	447,227	3,609,338
Unquoted outside Malaysia	-	294,170	52,964	347,134	-	104,195	20,839	125,034
Unit and property trust funds:								
Quoted in Malaysia	-	412,074	119,901	531,975	-	491,545	150,270	641,815
Quoted outside Malaysia	-	2,015,607	124,577	2,140,184	-	1,968,950	48,637	2,017,587
Unquoted in Malaysia	-	66,316	-	66,316	-	63,516	-	63,516
Collective investment scheme - subsidiary								
Unquoted in Malaysia	574,770	177,545	-	752,315	458,002	171,915	-	629,917
	<u>636,199</u>	<u>24,292,803</u>	<u>6,251,708</u>	<u>31,180,710</u>	<u>523,917</u>	<u>25,197,369</u>	<u>6,245,082</u>	<u>31,966,368</u>
Designated upon initial recognition:								
Malaysian government securities	-	5,679,938	384,363	6,064,301	-	6,018,841	292,664	6,311,505
Debt securities:								
Unquoted in Malaysia	-	31,948,119	1,572,737	33,520,856	-	30,940,433	1,681,234	32,621,667
Unquoted outside Malaysia	-	66,522	-	66,522	-	63,648	-	63,648
	<u>-</u>	<u>37,694,579</u>	<u>1,957,100</u>	<u>39,651,679</u>	<u>-</u>	<u>37,022,922</u>	<u>1,973,898</u>	<u>38,996,820</u>
	<u>636,199</u>	<u>61,987,382</u>	<u>8,208,808</u>	<u>70,832,389</u>	<u>523,917</u>	<u>62,220,291</u>	<u>8,218,980</u>	<u>70,963,188</u>

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11. 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.

	30.06.2020			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	not credit impaired	not credit impaired	credit impaired	
	RM'000	RM'000	RM'000	RM'000
Loans at amortised cost				
Opening balance	996	14,226	-	15,222
Transfer to 12-month ECL	1,649	(1,649)	-	-
Reversal of loss allowance due to transfer	(1,453)	-	-	(1,453)
Net remeasurement of loss allowance	(312)	(1,701)	-	(2,013)
Financial assets that have been derecognised	(95)	(333)	-	(428)
Changes in models/risk parameters	1,260	(2,426)	-	(1,166)
Closing balance	<u>2,045</u>	<u>8,117</u>	<u>-</u>	<u>10,162</u>

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11. 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.)

	31.12.2019			Total RM'000
	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	
Loans at amortised cost				
Opening balance	866	19,196	-	20,062
Net remeasurement of loss allowance	1	(2,391)	-	(2,390)
New financial assets purchased	365	-	-	365
Financial assets that have been derecognised	(326)	(3,021)	-	(3,347)
Changes in models/risk parameters	90	442	-	532
Closing balance	996	14,226	-	15,222

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11. 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.)

	30.06.2020			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	not credit impaired	not credit impaired	credit impaired	
	RM'000	RM'000	RM'000	RM'000
Debt investment securities at FVOCI				
Opening balance	2,923	1,810	-	4,733
Transfer to 12-month ECL	471	(471)	-	-
Reversal of loss allowance due to transfer	(437)	-	-	(437)
Net remeasurement of loss allowance	176	(169)	-	7
New financial assets purchased	2,295	-	-	2,295
Financial assets that have been derecognised	(1,212)	(71)	-	(1,283)
Changes in models/risk parameters	4,829	(280)	-	4,549
Closing balance	9,045	819	-	9,864

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11. 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.)

	31.12.2019			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	not credit impaired	not credit impaired	credit impaired	
	RM'000	RM'000	RM'000	RM'000
Debt investment securities at FVOCI				
Opening balance	2,070	2,329	-	4,399
Transfer to 12-month ECL	-	-	-	-
Transfer to lifetime ECL not credit-impaired	(23)	23	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-
Additional loss allowance due to transfer	-	433	-	433
Net remeasurement of loss allowance	(140)	(400)	-	(540)
New financial assets purchased	2,613	-	-	2,613
Financial assets that have been derecognised	(1,839)	(605)	-	(2,444)
Changes in models/risk parameters	242	30	-	272
Closing balance	<u>2,923</u>	<u>1,810</u>	<u>-</u>	<u>4,733</u>

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
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11. INVESTMENTS (CONT'D.)

(e) Investment in subsidiary - collective investment scheme

	30.06.2020	31.12.2019
	RM'000	RM'000
At fair value:		
FVTPL (Note 11(c))	752,315	629,917

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

Name of wholesale unit trust fund	Principal activities	% of ownership interest held by the Company	
		30.06.2020	31.12.2019
Affin Hwang Wholesale Income Fund	Investment in debt securities and money market	93.44%	91.67%

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.

The Company is exempted from presenting consolidated financial statements based on the criteria set out in paragraph 4 of MFRS 10 Consolidated Financial Statements.

12. REINSURANCE ASSETS

Life Insurance Fund

	30.06.2020	31.12.2019
	RM'000	RM'000
Reinsurance of insurance contracts (Note 14)	109,414	108,013

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13. INSURANCE RECEIVABLES

Life Insurance Fund

	30.06.2020	31.12.2019
	RM'000	RM'000
Due premiums including agents/brokers and co-insurers balances	340,285	300,478
Due from reinsurers	20,420	416
	<u>360,705</u>	<u>300,894</u>
Allowance for impairment	(12,792)	(4,735)
	<u>347,913</u>	<u>296,159</u>
Movement in impairment allowance account:		
At 1 January	4,735	3,306
Impairment for the period	8,057	1,429
At 30 June / 31 December	<u>12,792</u>	<u>4,735</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:

	Gross carrying amount RM'000	Gross amounts offset in the balance sheet RM'000	Net amounts in the balance sheet RM'000
30 June 2020			
Premiums ceded	(46,653)	-	(46,653)
Commissions receivable	-	39,102	39,102
Claims recoveries	-	27,971	27,971
	<u>(46,653)</u>	<u>67,073</u>	<u>20,420</u>
31 December 2019			
Premiums ceded	(5,928)	-	(5,928)
Commissions receivable	-	2,887	2,887
Claims recoveries	-	3,457	3,457
	<u>(5,928)</u>	<u>6,344</u>	<u>416</u>

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14. INSURANCE CONTRACT LIABILITIES

Life Insurance Fund

	30.06.2020			31.12.2019		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Provision for outstanding claims	10,692,823	(24,055)	10,668,768	10,424,231	(22,205)	10,402,026
Actuarial liabilities	50,002,234	(85,359)	49,916,875	52,270,975	(85,808)	52,185,167
Unallocated surplus	10,053,017	-	10,053,017	10,163,400	-	10,163,400
Net asset value attributable to unitholders	8,999,784	-	8,999,784	8,937,082	-	8,937,082
	<u>79,747,858</u>	<u>(109,414)</u>	<u>79,638,444</u>	<u>81,795,688</u>	<u>(108,013)</u>	<u>81,687,675</u>

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14. 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 2020	68,323,935	13,471,753	81,795,688	(26,131)	(81,882)	(108,013)	81,687,675
Premiums received	1,306,358	716,956	2,023,314	(28,536)	(77,361)	(105,897)	1,917,417
Liabilities paid for death, maturities, surrenders, benefits and claims	(1,844,689)	(199,075)	(2,043,764)	14,315	55,999	70,314	(1,973,450)
Policy movements	424,065	504,824	928,889	3,786	(2,754)	1,032	929,921
Interest rate	1,634	118,699	120,333	-	(583)	(583)	119,750
Model change	(3,317,352)	(610)	(3,317,962)	-	-	-	(3,317,962)
One off transfer from Participating fund to Shareholder's fund*	(2,636,000)	-	(2,636,000)	-	-	-	(2,636,000)
Claims benefit experience variation	323,029	(54,437)	268,592	14,813	18,920	33,733	302,325
Net asset value attributable to unitholders	-	(455,180)	(455,180)	-	-	-	(455,180)
Unallocated surplus	3,063,948	-	3,063,948	-	-	-	3,063,948
At 30 June 2020	65,644,928	14,102,930	79,747,858	(21,753)	(87,661)	(109,414)	79,638,444

Policy benefits bear interest at 5% per annum.

* On 3 March 2020, the shareholders of GELM through an Extraordinary General Meeting approved a transfer of RM2,636,000 (RM'000) from Participating fund to Shareholders' fund.

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GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
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14 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 2019	64,998,892	11,074,121	76,073,013	(1,453)	(49,219)	(50,672)	76,022,341
Premiums received	2,962,790	1,494,920	4,457,710	(65,595)	(149,193)	(214,788)	4,242,922
Liabilities paid for death, maturities, surrenders, benefits and claims	(4,305,936)	(517,206)	(4,823,142)	30,217	119,068	149,285	(4,673,857)
Policy movements	1,180,665	720,968	1,901,633	(24,185)	(23,953)	(48,138)	1,853,495
Interest rate	5,097	354,915	360,012	-	(914)	(914)	359,098
<i>Adjustments due to changes in assumptions:</i>							
<i>Mortality/morbidity</i>	(156,644)	24,036	(132,608)	-	(2,357)	(2,357)	(134,965)
<i>Expenses</i>	(29,119)	(16,798)	(45,917)	-	-	-	(45,917)
<i>Lapse</i>	(503,644)	(17,521)	(521,165)	-	8	8	(521,157)
<i>Others</i>	92,007	(59,626)	32,381	-	(902)	(902)	31,479
Model change	21,765	(2,802)	18,963	-	-	-	18,963
Claims benefit experience variation	681,735	83,547	765,282	34,885	25,580	60,465	825,747
Net asset value attributable to unitholders	-	333,199	333,199	-	-	-	333,199
Unallocated surplus	3,376,327	-	3,376,327	-	-	-	3,376,327
At 31 December 2019	68,323,935	13,471,753	81,795,688	(26,131)	(81,882)	(108,013)	81,687,675

Policy benefits bear interest at 5% per annum.

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15. DERIVATIVES

	Asset		Liability	
	Notional Principal RM'000	Fair Value RM'000	Notional Principal RM'000	Fair Value RM'000
30 June 2020				
Life Insurance Fund				
Derivatives held for trading:				
Currency swaps	56,734	426	473,035	27,513
Interest rate swap	1,000	24	-	-
Synthetic cash flow swaps	100,000	1,658	400,000	11,130
	<u>157,734</u>	<u>2,108</u>	<u>873,035</u>	<u>38,643</u>
Unit-linked				
Derivatives held for trading:				
Currency swaps	-	-	48,360	1,694
	<u>157,734</u>	<u>2,108</u>	<u>921,395</u>	<u>40,337</u>
31 December 2019				
Life Insurance Fund				
Derivatives held for trading:				
Currency swaps	174,419	5,609	300,110	20,595
Interest rate swap	1,000	9	-	-
	<u>175,419</u>	<u>5,618</u>	<u>300,110</u>	<u>20,595</u>
Unit-linked				
Derivatives held for trading:				
Currency swaps	20,740	214	-	-
	<u>196,159</u>	<u>5,832</u>	<u>300,110</u>	<u>20,595</u>

16. INSURANCE PAYABLES

Life Insurance Fund	30.06.2020	31.12.2019
	RM'000	RM'000
Due to reinsurers	62,206	34,750
Due to agents and intermediaries	217,864	256,028
	<u>280,070</u>	<u>290,778</u>

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

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16. INSURANCE PAYABLES (CONT'D.)

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 2020			
Premiums ceded	269,826	-	269,826
Commissions receivable	-	(73,833)	(73,833)
Claims recoveries	-	(133,787)	(133,787)
	<u>269,826</u>	<u>(207,620)</u>	<u>62,206</u>
31 December 2019			
Premiums ceded	201,775	-	201,775
Commissions receivable	-	(23,523)	(23,523)
Claims recoveries	-	(143,502)	(143,502)
	<u>201,775</u>	<u>(167,025)</u>	<u>34,750</u>

17. NET EARNED PREMIUMS

Life Insurance Fund

	01.01.2020 to 30.06.2020 RM'000	01.01.2019 to 30.06.2019 RM'000
(a) Gross earned premiums		
Life insurance contracts	<u>4,335,658</u>	<u>4,063,915</u>
(b) Earned premiums ceded to reinsurers		
Life insurance contracts	<u>(105,896)</u>	<u>(97,582)</u>
Net earned premiums	<u>4,229,762</u>	<u>3,966,333</u>

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18. INVESTMENT INCOME

01.01.2020 to 30.06.2020	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
Rental income from:			
- investment properties	-	23,983	23,983
- owner occupied properties	-	11,886	11,886
Financial assets at FVTPL			
- mandatorily measured:			
Interest income	1,827	112,709	114,536
Dividend income:			
- equity securities quoted in Malaysia	15,471	450,022	465,493
- equity securities quoted outside Malaysia	-	80,250	80,250
- equity securities unquoted in Malaysia	-	6,069	6,069
- designated upon initial recognition:			
Interest income	-	813,880	813,880
Financial assets at FVOCI:			
Interest income	9,468	27,499	36,967
Dividend income*:			
- equity securities quoted in Malaysia	5,350	7,698	13,048
- equity securities quoted outside Malaysia	4,317	5,970	10,287
- equity securities unquoted in Malaysia	-	10,115	10,115
LAR interest income	35	190,914	190,949
Cash and bank balances interest income	7,849	40,665	48,514
Gross investment income	<u>44,317</u>	<u>1,781,660</u>	<u>1,825,977</u>
Less: investment expenses	(55)	(47,830)	(47,885)
	<u>44,262</u>	<u>1,733,830</u>	<u>1,778,092</u>

* During the period ended 30 June 2020, dividend income earned in respect of equity investments measured at FVOCI were as follows:

	RM'000
On investments derecognised during the reporting period	652
On investments held at the end of the reporting period	<u>32,798</u>
	<u>33,450</u>

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18. INVESTMENT INCOME (CONT'D.)

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
01.01.2019 to 30.06.2019			
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, dividend income earned in respect of equity investments measured at FVOCI were as follows:

	RM'000
On investments derecognised during the reporting period	1,111
On investments held at the end of the reporting period	<u>24,882</u>
	<u>25,993</u>

Included in rental income from properties is contingent rent for the period amounting to RM16,255 (30.06.2019: RM60,450). Contingent rental arrangements are computed based on sales or profit achieved by tenants.

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19. NET BENEFITS AND CLAIMS

Life Insurance Fund

	01.01.2020	01.01.2019
	to	to
	30.06.2020	30.06.2019
	RM'000	RM'000
(a) Gross benefits and claims paid		
Life insurance contracts:		
Death	(205,911)	(233,138)
Maturity	(270,870)	(256,420)
Surrender	(801,912)	(967,683)
Cash bonus	(619,876)	(636,078)
Others	(866,578)	(872,880)
	<u>(2,765,147)</u>	<u>(2,966,199)</u>
(b) Claims ceded to reinsurers		
Life insurance contracts	<u>70,314</u>	<u>57,548</u>
(c) Gross change in contract liabilities		
Life insurance contracts	<u>2,316,422</u>	<u>(3,885,431)</u>
(d) Change in contract liabilities ceded to reinsurers		
Life insurance contracts	<u>(449)</u>	<u>376</u>

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20. MANAGEMENT EXPENSES

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
01.01.2020 to 30.06.2020			
Employee benefits expense (Note (a))	102	117,941	118,043
Non-executive directors' remuneration (Note (b))	-	654	654
Auditor's remuneration:			
- statutory audits	5	401	406
- regulatory related fees	-	120	120
- other services	-	38	38
Depreciation of:			
- property and equipment	-	24,794	24,794
- right-of-use assets	-	506	506
Amortisation of:			
- right-of-use assets	-	69	69
- intangible assets	325	-	325
Rental of properties	13	136	149
Advertising and promotion	178	16,315	16,493
Finance charges	129	29,773	29,902
Group service fees	-	2,395	2,395
IT and computer expenses	-	24,017	24,017
Policyholder expenses	223	5,842	6,065
Postal and telecommunication	-	7,412	7,412
Printing and stationery	-	759	759
Professional fees	3,928	2,023	5,951
Repairs and maintenance	-	1,451	1,451
Transport and travelling	-	345	345
Utilities	-	1,596	1,596
Interest expense on lease liabilities	-	103	103
Expense relating to leases			
of low-value assets	-	28	28
Expense relating to short-term leases	-	8	8
Others	13,795	5,412	19,207
	<u>18,698</u>	<u>242,138</u>	<u>260,836</u>

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20. MANAGEMENT EXPENSES (CONT'D.)

(a) Employee Benefits Expense

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
01.01.2020 to 30.06.2020			
Wages and salaries	102	98,162	98,264
Social security contributions	-	719	719
Defined contribution plans - EPF	-	15,883	15,883
Other employee benefits expense	-	3,177	3,177
	<u>102</u>	<u>117,941</u>	<u>118,043</u>

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

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

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
CEO:			
Salaries and other emoluments	-	1,237	1,237
Bonus	-	1,014	1,014
Estimated money value of benefits-in-kind	-	18	18
	<u>-</u>	<u>2,269</u>	<u>2,269</u>
Non-executive:			
Fees	-	654	654
Total directors' remuneration	<u>-</u>	<u>2,923</u>	<u>2,923</u>
Represented by:			
Directors' fees	-	654	654
Amount included in employee benefits expense	-	2,269	2,269
	<u>-</u>	<u>2,923</u>	<u>2,923</u>

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20. MANAGEMENT EXPENSES (CONT'D.)

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
01.01.2019 to 30.06.2019			
Employee benefits expense (Note (a))	97	108,440	108,537
Non-executive directors' remuneration (Note (b))	-	669	669
Auditor's remuneration:			
- statutory audits	5	343	348
- regulatory related fees	-	112	112
- other services	-	2,991	2,991
Depreciation of:			
- property and equipment	-	23,377	23,377
- right-of-use assets	-	423	423
Amortisation of:			
- right-of-use assets	-	69	69
Rental of properties	12	107	119
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	957	958
Repairs and maintenance	-	1,409	1,409
Transport and travelling	-	872	872
Utilities	-	3,157	3,157
Interest expense on lease liabilities	-	66	66
Expense relating to leases of low-value assets	-	300	300
Expense relating to short-term leases	-	31	31
Others	12,676	5,547	18,223
	<u>13,762</u>	<u>239,991</u>	<u>253,753</u>

(a) Employee Benefits Expense

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	-	3,033	3,033
	<u>97</u>	<u>108,440</u>	<u>108,537</u>

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20. MANAGEMENT EXPENSES (CONT'D.)

(b) CEO and Directors' Remuneration

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

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

	Number of Directors	
	30.06.2020	30.06.2019
Non-Executive Directors		
Below RM50,000	-	2
RM50,001 - RM100,000	3	2
RM100,001 - RM150,000	3	4
	<u>3</u>	<u>4</u>

The Executive Director does not receive any director fees.

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21. CEO AND DIRECTORS' REMUNERATION

Name		01.01.2020 to 30.06.2020				Total RM'000
		Salaries RM'000	Bonus RM'000	Fees RM'000	Benefits-in-kind RM'000	
Y Bhg Dato Koh Yaw Hui	CEO	1,237	1,014	-	18	2,269
Total CEO's remuneration		1,237	1,014	-	18	2,269
	Status of directorship					
Mr Norman Ka Cheung Ip	Non - Executive	-	-	139	-	139
Mr Tan Yam Pin	Non - Executive	-	-	123	-	123
Mr Koh Poh Tiong	Non - Executive	-	-	73	-	73
Mr Ng Hon Soon	Non - Executive	-	-	131	-	131
Mr Siew Kah Toong	Non - Executive	-	-	97	-	97
Mr Ou Shian Waei	Non - Executive	-	-	91	-	91
Total Non-Executive Directors' remuneration		-	-	654	-	654
Total remuneration		1,237	1,014	654	18	2,923

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GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
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21. CEO AND DIRECTORS' REMUNERATION (CONT'D.)

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
Total CEO's remuneration		1,145	978	-	11	2,134
	Status of directorship					
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	Non - Executive	-	-	49	-	49
Y Bhg Datuk Kamaruddin bin Taib	Non - Executive	-	-	47	-	47
Y Bhg Dato' Yeoh Beow Tit	Non - Executive	-	-	68	-	68
Total Non-Executive Directors' remuneration		-	-	669	-	669
Total remuneration		1,145	978	669	11	2,803

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22. TAXATION

		01.01.2020	01.01.2019
		to	to
		30.06.2020	30.06.2019
	Note	RM'000	RM'000
Taxation of life insurance business	(a)	(35,652)	319,987
Taxation of the Company	(b)	153,973	67,747
		<u>118,321</u>	<u>387,734</u>

(a) Taxation of life insurance business

Current income tax:

Malaysian income tax	86,583	133,339
Tax on foreign dividend income	963	144
	<u>87,546</u>	<u>133,483</u>

Deferred tax:

Relating to origination and reversal of temporary differences		
- Life Insurance Fund	(104,603)	164,729
- Unit-linked	(18,595)	21,775
	<u>(35,652)</u>	<u>319,987</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% (2019: 8%) of the assessable investment income net of allowable deductions for the financial period.

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
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22. TAXATION (CONT'D.)

(b) Taxation of the Company

	01.01.2020	01.01.2019
	to	to
	30.06.2020	30.06.2019
	RM'000	RM'000
Current income tax:		
Malaysian income tax	58,719	388
Underprovided in prior years	3,799	3,719
	<u>62,518</u>	<u>4,107</u>
Deferred tax:		
Relating to origination and reversal of temporary differences	91,455	63,640
	<u>153,973</u>	<u>67,747</u>

The current income tax is calculated at 24% (2019: 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% (2019: 24%).

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

	01.01.2020	01.01.2019
	to	to
	30.06.2020	30.06.2019
	RM'000	RM'000
Profit before taxation	<u>3,098,469</u>	<u>363,883</u>
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	743,633	87,332
Income not subject to tax	(962)	(3,192)
Tax exemption relating to the one off Participating fund transfer to Shareholder's fund	(568,800)	-
Expenses not deductible for tax purposes	1,845	2,784
Estimated double taxation relief	(25,542)	(22,896)
Underprovided in prior years	3,799	3,719
Tax expense for the period	<u>153,973</u>	<u>67,747</u>

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
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23. CASH USED IN OPERATING ACTIVITIES

		01.01.2020	01.01.2019
		to	to
		30.06.2020	30.06.2019
	Note	RM'000	RM'000
Profit before taxation		3,098,469	363,883
<i>Adjustments for:</i>			
Taxation of life insurance business	22(a)	(35,652)	319,987
Investment income	18	(1,825,977)	(1,749,702)
Realised losses recorded in the income statement		129,364	41,329
Fair value losses/(gains) recorded in the income statement		1,807,238	(2,656,190)
Depreciation of:			
- property and equipment		24,794	23,377
- right-of-use assets		506	423
Amortisation of:			
- right-of-use assets		69	69
- intangible assets		325	-
Expense relating to leases of low-value assets		28	300
Expense relating to short-term leases		8	31
Interest on lease liabilities		103	66
Impairment loss on/(write-back of):			
Insurance and other receivables		8,112	1,908
Investments		72	(4,746)
Provision for agents' retirement benefits		11,633	78,378
Realised foreign exchange loss on receipt of dividend		7	2
Realised foreign exchange gain on disposal of investments		(25,469)	(35,802)
Unrealised exchange loss/(gain) on derivatives		25,248	(5,874)
Unrealised exchange (gain)/loss on bonds		(200,975)	10,596
Cash flow before working capital changes		<u>3,017,903</u>	<u>(3,611,965)</u>

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
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23. CASH USED IN OPERATING ACTIVITIES (CONT'D.)

	01.01.2020	01.01.2019
	to	to
	30.06.2020	30.06.2019
Note	RM'000	RM'000
<i>Changes in working capital:</i>		
Purchases of FVTPL financial investments	(12,941,323)	(14,561,547)
Proceeds from disposals/maturities of FVTPL financial investments	11,329,174	13,339,376
Purchases of FVOCI financial investments	(1,652,954)	(1,222,928)
Proceeds from disposals/maturities of FVOCI financial investments	1,007,850	1,175,275
Decrease in LAR	360,944	920,965
(Increase)/decrease in reinsurance assets	(1,401)	3,713
Increase in insurance receivables	(59,811)	(52,561)
Increase in other receivables	(106,948)	(51,770)
(Decrease)/increase in insurance contract liabilities	(2,047,830)	4,161,786
(Decrease)/increase in other financial liabilities	(1,135)	85,964
Decrease in insurance payables	(10,708)	(38,871)
Increase in lease liabilities	284	3,989
Decrease in other payables	(66,759)	(67,312)
Cash (used in)/generated from operating activities	<u>(1,172,714)</u>	<u>84,114</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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24. COMMITMENTS AND OTHER CONTINGENCIES

(a) Capital commitments

	30.06.2020	31.12.2019
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
- Investment properties	68,174	84,977
- Property and equipment	48,132	53,912
Approved but not contracted for:		
- Investment properties	10,663	12,359
	<u>126,969</u>	<u>151,248</u>

25. REGULATORY CAPITAL REQUIREMENT

The capital structure of the Company as at 30 June 2020, as prescribed under the RBC Framework is provided below:

	30.06.2020	31.12.2019
	RM'000	RM'000
Eligible Tier 1 Capital		
Share capital (paid-up)	100,000	100,000
Reserves, including retained earnings	22,180,115	23,588,249
	<u>22,280,115</u>	<u>23,688,249</u>
Tier 2 Capital		
Eligible reserves	(8,314)	96,626
	<u>(8,314)</u>	<u>96,626</u>
Deductions: Deferred Tax Asset	11,928	8,792
	<u>11,928</u>	<u>8,792</u>
Total Capital Available	<u>22,259,873</u>	<u>23,776,083</u>

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26. 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:

	01.01.2020	01.01.2019
	to	to
	30.06.2020	30.06.2019
	RM'000	RM'000
Transactions with related parties during the period:		
Income/(expense):		
Property rentals received (note i)		
- OCBC Bank (Malaysia) Berhad	419	419
- Great Eastern General Insurance (Malaysia) Berhad	1,571	1,572
- Great Eastern Takaful Berhad	747	700
Service charges paid (note ii)		
- OCBC Bank (Malaysia) Berhad	(26,950)	(26,176)
- E2 Power Sdn Bhd	(2,698)	(1,389)
- E2 Power Pte Ltd	(481)	(1,488)
- Pacific Mutual Fund Bhd	(169)	(168)
- Lion Global Investor Ltd	-	(52)
Service charges received (note ii)		
- Great Eastern General Insurance (Malaysia) Berhad	3,599	3,807
- Great Eastern Takaful Berhad	5,776	5,021
Premium paid (note iii)		
- Great Eastern General Insurance (Malaysia) Berhad	(2,079)	(2,088)
Premium received (note iii)		
- Great Eastern General Insurance (Malaysia) Berhad	1,251	1,142
- OCBC Bank (Malaysia) Berhad	17,889	31,582
- PAC Lease Berhad	161	236
- Pacific Mutual Fund Bhd	19	1
- Key Management Personnel	219	674

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26. 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):

	01.01.2020	01.01.2019
	to	to
	30.06.2020	30.06.2019
	RM'000	RM'000
Transactions with related parties during the period (Cont'd.):		
Income/(expense):		
Commission received		
- Great Eastern General Insurance (Malaysia) Berhad	316	332
Claims paid		
- Key Management Personnel	(908)	(320)
Commission fees paid		
- OCBC Bank (Malaysia) Berhad	(28,577)	(23,060)
- OCBC Securities Private Limited	(373)	(199)
- PAC Lease Berhad	(4)	(23)
Interest income (note iv)		
- OCBC Bank (Malaysia) Berhad	39,642	41,805
- OCBC Al-Amin Bank Berhad	1,307	2,940
- PAC Lease Berhad	702	-
Dividend income (note v)		
- Affin Hwang Wholesale Income Fund	20,768	13,022
- Aminstitutional Income Bond Fund	1,615	773
Bank charges		
- OCBC Bank (Malaysia) Berhad	(427)	(1,356)
Other services		
- OCBC Bank (Malaysia) Berhad	(8)	(13)
Policy payments		
- OCBC Bank (Malaysia) Berhad	(186)	(246)

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26. 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):

	01.01.2020	01.01.2019
	to	to
	30.06.2020	30.06.2019
	RM'000	RM'000
Transactions with related parties during the period (Cont'd.):		
Income/(expense):		
Employee Share Purchase Plan		
- Oversea-Chinese Banking Corporation Ltd.	(358)	(427)
Employee Share Option Scheme paid		
- Oversea-Chinese Banking Corporation Ltd.	(49)	(150)
Deferred Share Plan		
- Oversea-Chinese Banking Corporation Ltd.	(642)	(655)
Charges for group services (note vi)		
- The Great Eastern Life Assurance Company Limited	(5,822)	(5,618)
Disposal of investments to		
- Great Eastern General Insurance (Malaysia) Berhad	-	17,657
Purchase of investments from		
- Great Eastern General Insurance (Malaysia) Berhad	(11,966)	(36,120)
Investment in wholesale unit trust fund		
- Affin Hwang Wholesale Income Fund	(120,768)	(173,022)
- Aminstitutional Income Bond Fund	(1,933)	(60,564)

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26. 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):

	30.06.2020	31.12.2019
	RM'000	RM'000
Balances with related parties at reporting date:		
Due from/(due to):		
Investment in Synthetic cash flow		
- OCBC Bank (Malaysia) Berhad	(9,472)	-
Investment in wholesale unit trust fund		
- Affin Hwang Wholesale Income Fund	752,315	629,917
- Aminstitutional Income Bond Fund	66,316	63,516
Investment in medium term note		
- Pac Lease Berhad	50,249	50,090
Cash and bank balances		
- OCBC Bank (Malaysia) Berhad	74,480	295,803
- OCBC Al-Amin Bank Berhad	44,962	11,753
Fixed deposits, structured deposits and repurchase agreements		
- OCBC Bank (Malaysia) Berhad	1,475,921	1,871,137
- OCBC Al-Amin Bank Berhad	43,000	124,150
Amount due from related companies:		
- Great Eastern General Insurance (Malaysia) Berhad	968	1,210
- Great Eastern Takaful Berhad	13,499	7,612
- P.T. Great Eastern Life Indonesia	110	304

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26. 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):

	30.06.2020	31.12.2019
	RM'000	RM'000
Balances with related parties at reporting date (Cont'd):		
Amount due to ultimate holding company:		
- Oversea-Chinese Banking Corporation Ltd.	(1,228)	(879)
Amount due to intermediate holding company:		
- The Great Eastern Life Assurance Company Limited	(28,785)	(24,183)
Amount due to holding company:		
- Great Eastern Capital (M) Sdn Bhd	(3,073)	(48,106)

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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26. 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:

Geographical Location	Type of Services	01.01.2020 to 30.06.2020 RM	01.01.2019 to 30.06.2019 RM
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.	5,822	5,618
		<u>5,822</u>	<u>5,618</u>

(b) Compensation of Key Management Personnel

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

	30.06.2020 RM'000	30.06.2019 RM'000
Non-Executive Directors' fees	654	669
Short-term employee benefits	7,719	7,879
Post-employments benefits:		
Defined contribution plan - EPF	1,192	1,519
	<u>9,565</u>	<u>10,067</u>
Share-based payment (in units)	<u>45,508</u>	<u>49,516</u>
Included in the total key management personnel remuneration are:		
CEO's and Directors' remuneration (Note 21)	<u>2,923</u>	<u>2,803</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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27. 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.

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 will be stated at adjusted 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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27. 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 2020	RM'000	RM'000	RM'000	RM'000
<u>(a) Assets measured at fair value:</u>				
<u>Financial assets:</u>				
<u>FVOCI financial assets (Note 11(b)):</u>				
Equity securities:				
Quoted in Malaysia				
- Kuala Lumpur Stock Exchange	559,167	-	-	559,167
Quoted outside Malaysia				
- Singapore Exchange	199,412	-	-	199,412
- Hong Kong Exchange	229,938	-	-	229,938
Unquoted in Malaysia	-	-	86,794	86,794
Malaysian government securities	-	325,872	-	325,872
Debt securities:				
Unquoted in Malaysia	-	1,780,581	-	1,780,581
<u>FVTPL financial assets (Note 11(c)):</u>				
<u>Mandatorily measured</u>				
Equity securities:				
Quoted in Malaysia	20,250,849	-	-	20,250,849
Quoted outside Malaysia	3,398,021	-	-	3,398,021
Unquoted in Malaysia	-	-	83,848	83,848
Debt securities:				
Quoted outside Malaysia	550,138	-	-	550,138
Unquoted in Malaysia	-	3,059,930	-	3,059,930
Unquoted outside Malaysia	-	347,134	-	347,134
Unit and property trust funds:				
Quoted in Malaysia	531,975	-	-	531,975
Quoted outside Malaysia	2,140,184	-	-	2,140,184
Unquoted in Malaysia	-	66,316	-	66,316

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

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

	Level 1	Level 2	Level 3	
	Valuation			
	Quoted market price	Valuation Techniques - Market Observable Inputs	Valuation Techniques - Unobservable Inputs	Total Fair Value
30 June 2020 (Cont'd.)	RM'000	RM'000	RM'000	RM'000
<u>(a) Assets measured at fair value</u>				
<u>(Cont'd.):</u>				
<u>Financial assets: (Cont'd.)</u>				
<u>FVTPL financial assets (Note 11(c)):</u>				
<u>(Cont'd.):</u>				
<u>Mandatorily measured (Cont'd)</u>				
Investment in subsidiary:				
Collective investment schemes				
Unquoted in Malaysia	-	752,315	-	752,315
<u>Designated upon initial recognition:</u>				
Malaysian government securities				
	-	6,064,301	-	6,064,301
Debt securities:				
Unquoted in Malaysia	-	33,520,856	-	33,520,856
Unquoted outside Malaysia	-	66,522	-	66,522
Financial assets	<u>27,859,684</u>	<u>45,983,827</u>	<u>170,642</u>	<u>74,014,153</u>
<u>Derivatives (Note 15):</u>				
Currency swaps	-	426	-	426
Interest rate swaps	-	24	-	24
Synthetic cash flow swaps	-	1,658	-	1,658
	<u>-</u>	<u>2,108</u>	<u>-</u>	<u>2,108</u>
<u>Non financial assets:</u>				
Investment Properties				
Commercial	-	-	908,118	908,118
Residential	-	-	237,900	237,900
Non financial assets	<u>-</u>	<u>-</u>	<u>1,146,018</u>	<u>1,146,018</u>
<u>(b) Liabilities measured at fair value:</u>				
<u>Financial liabilities</u>				
<u>Derivatives (Note 15):</u>				
Currency swaps	-	29,207	-	29,207
Synthetic cash flow swaps	-	11,130	-	11,130
Financial liabilities	<u>-</u>	<u>40,337</u>	<u>-</u>	<u>40,337</u>

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

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

	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
31 December 2019				
<u>(a) Assets measured at fair value:</u>				
<u>Financial assets:</u>				
<u>FVOCI financial assets (Note 11(b)):</u>				
Equity securities:				
Quoted in Malaysia				
- Kuala Lumpur Stock Exchange	432,131	-	-	432,131
Quoted outside Malaysia				
- Singapore Exchange	160,790	-	-	160,790
- Hong Kong Exchange	214,826	-	-	214,826
Unquoted in Malaysia	-	-	87,332	87,332
Malaysian government securities				
Unquoted in Malaysia	-	102,391	-	102,391
Debt securities:				
Unquoted in Malaysia	-	1,628,322	-	1,628,322
<u>FVTPL financial assets (Note 11(c)):</u>				
<u>Mandatorily measured</u>				
Equity securities:				
Quoted in Malaysia				
Quoted outside Malaysia	20,922,634	-	-	20,922,634
Unquoted in Malaysia	3,397,028	-	-	3,397,028
Unquoted in Malaysia	-	-	84,187	84,187
Debt securities:				
Quoted outside Malaysia				
Unquoted in Malaysia	475,312	-	-	475,312
Unquoted outside Malaysia	-	3,609,338	-	3,609,338
Unquoted outside Malaysia	-	125,034	-	125,034
Unit and property trust funds:				
Quoted in Malaysia				
Quoted outside Malaysia	641,815	-	-	641,815
Unquoted in Malaysia	2,017,587	-	-	2,017,587
Unquoted in Malaysia	-	63,516	-	63,516

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

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

	Level 1	Level 2	Level 3	
	Valuation			
	Quoted market price	Techniques - Market Observable Inputs	Valuation Techniques - Unobservable Inputs	Total Fair Value
31 December 2019 (Cont'd.)	RM'000	RM'000	RM'000	RM'000
<u>(a) Assets measured at fair value</u>				
<u>(Cont'd.):</u>				
<u>Financial assets: (Cont'd.)</u>				
<u>FVTPL financial assets (Note 11(c)):</u>				
<u>(Cont'd):</u>				
<u>Mandatorily measured (Cont'd)</u>				
Investment in subsidiary:				
Collective investment schemes				
Unquoted in Malaysia	-	629,917	-	629,917
<u>Designated upon initial recognition:</u>				
Malaysian government securities				
	-	6,311,505	-	6,311,505
Debt securities:				
Unquoted in Malaysia	-	32,621,667	-	32,621,667
Unquoted outside Malaysia	-	63,648	-	63,648
Financial assets	<u>28,262,123</u>	<u>45,155,338</u>	<u>171,519</u>	<u>73,588,980</u>
<u>Derivatives (Note 15):</u>				
Currency swaps	-	5,823	-	5,823
Interest rate swaps	-	9	-	9
	<u>-</u>	<u>5,832</u>	<u>-</u>	<u>5,832</u>
<u>Non financial assets:</u>				
Investment Properties				
Commercial	-	-	908,050	908,050
Residential	-	-	237,900	237,900
Non financial assets	<u>-</u>	<u>-</u>	<u>1,145,950</u>	<u>1,145,950</u>
<u>(b) Liabilities measured at</u>				
<u>fair value:</u>				
Financial liabilities				
<u>Derivatives (Note 15):</u>				
Currency swaps	<u>-</u>	<u>20,595</u>	<u>-</u>	<u>20,595</u>

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

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

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

Description	Fair value as at 30 June 2020 RM'000	Valuation techniques	Unobservable inputs	Range (weighted average)
<u>Investment properties</u>				
Commercial properties	265,068	Income approach	Rental per square foot ("p.s.f.") per month Rental growth rate (upon Revisionary) Long-term vacancy rate Discount rate	RM2.35 - RM5.80 12.50% 7.50% 6.0% - 6.25%
Commercial properties	643,050	Comparison approach	Estimated Value p.s.f	RM108 - RM1,250
Residential properties	237,900	Comparison approach	Estimated Value p.s.f	RM45 - RM885
<u>FVOCI financial assets</u>				
Unquoted equities	86,794	Adjusted net asset value ⁽¹⁾	not applicable	not applicable
<u>FVTPL financial assets</u>				
Unquoted equities	83,848	Adjusted net asset value ⁽¹⁾	not applicable	not applicable

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27. 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.)

Description	Fair value as at 31 December 2019 RM'000	Valuation techniques	Unobservable inputs	Range (weighted average)
<u>Investment properties</u>				
Commercial properties	265,000	Income approach	Rental per square foot ("p.s.f.") per month Rental growth rate (upon Revisionary) Long-term vacancy rate Discount rate	RM2.35 - RM5.80 12.50% 7.50% 6.0% - 6.25%
Commercial properties	643,050	Comparison approach	Estimated Value p.s.f	RM108 - RM1,250
Residential properties	237,900	Comparison approach	Estimated Value p.s.f	RM45 - RM885
<u>FVOCI financial assets</u>				
Unquoted equities	87,332	Adjusted net asset value ⁽¹⁾	not applicable	not applicable
<u>FVTPL financial assets</u>				
Unquoted equities	84,187	Adjusted net asset value ⁽¹⁾	not applicable	not applicable

⁽¹⁾ 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 material impact to the total equity of the Company.

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27. 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):

	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
30 June 2020	Unquoted equities RM'000	RM'000	RM'000	RM'000
Opening balance	87,332	84,187	1,145,950	1,317,469
Total gain for the period:				
Changes in fair value				
- Included in income statement	-	(339)	-	(339)
- Included in other comprehensive income	(538)	-	-	(538)
Addition for the period:				
Additions	-	-	68	68
Transfer from property and equipment	-	-	-	-
Write-off	-	-	-	-
Closing balance	86,794	83,848	1,146,018	1,316,660

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27. 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 2019	Unquoted equities			
	RM'000	RM'000	RM'000	RM'000
Opening balance	80,850	77,365	1,137,600	1,295,815
Total gain for the year:				
Changes in fair value				
- Included in income statement	-	6,822	5,764	12,586
- Included in other comprehensive income	6,482	-	-	6,482
Addition for the year:				
Additions	-	-	1,314	1,314
Transfer from property and equipment	-	-	1,281	1,281
Write-off	-	-	(9)	(9)
Closing balance	87,332	84,187	1,145,950	1,317,469

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27. 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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28. 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 2020

	Shareholder's Funds		Life Insurance Fund		Elimination*		Total	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets								
Financial investments	1,940,200	1,039,945	78,846,347	82,463,593	-	-	80,786,547	83,503,538
Reinsurance assets	-	-	109,414	108,013	-	-	109,414	108,013
Insurance receivables	-	-	347,913	296,159	-	-	347,913	296,159
Other assets	1,372,689	1,830,511	4,164,578	3,362,596	(1,261,851)	(1,808,804)	4,275,416	3,384,303
	<u>3,312,889</u>	<u>2,870,456</u>	<u>83,468,252</u>	<u>86,230,361</u>	<u>(1,261,851)</u>	<u>(1,808,804)</u>	<u>85,519,290</u>	<u>87,292,013</u>
Equity, Policyholders' Fund and Liabilities								
Total Equity	<u>3,051,010</u>	<u>2,667,021</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,051,010</u>	<u>2,667,021</u>
Insurance contract liabilities	-	-	79,747,858	81,795,688	-	-	79,747,858	81,795,688
Other liabilities	261,879	203,435	3,720,394	4,434,673	(1,261,851)	(1,808,804)	2,720,422	2,829,304
	<u>261,879</u>	<u>203,435</u>	<u>83,468,252</u>	<u>86,230,361</u>	<u>(1,261,851)</u>	<u>(1,808,804)</u>	<u>82,468,280</u>	<u>84,624,992</u>
Total Policyholders' Fund and Liabilities	<u>3,312,889</u>	<u>2,870,456</u>	<u>83,468,252</u>	<u>86,230,361</u>	<u>(1,261,851)</u>	<u>(1,808,804)</u>	<u>85,519,290</u>	<u>87,292,013</u>

* Refers to elimination of Interfund balances.

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28. INSURANCE FUNDS (CONT'D.)

Condensed Income Statement / Revenue Accounts by Funds
For the six months ended 30 June 2020

	Shareholder's Funds		Life Insurance Fund		Elimination **		Total	
	01.01.2020 to 30.06.2020 RM'000	01.01.2019 to 30.06.2019 RM'000	01.01.2020 to 30.06.2020 RM'000	01.01.2019 to 30.06.2019 RM'000	01.01.2020 to 30.06.2020 RM'000	01.01.2019 to 30.06.2019 RM'000	01.01.2020 to 30.06.2020 RM'000	01.01.2019 to 30.06.2019 RM'000
Gross earned premiums	-	-	4,341,488	4,068,776	(5,830)	(4,861)	4,335,658	4,063,915
Premiums ceded to reinsurers	-	-	(105,896)	(97,582)	-	-	(105,896)	(97,582)
Net earned premiums	-	-	4,235,592	3,971,194	(5,830)	(4,861)	4,229,762	3,966,333
Investment income	44,261	27,022	1,733,831	1,694,555	-	-	1,778,092	1,721,577
Fees and commission income	-	-	29,896	6,648	-	-	29,896	6,648
Gains and losses and other operating revenue	(33)	7,998	(1,729,778)	2,638,170	-	-	(1,729,811)	2,646,168
Other revenue	44,228	35,020	33,949	4,339,373	-	-	78,177	4,374,393
Gross benefits and claims paid	-	-	(2,765,147)	(2,966,199)	-	-	(2,765,147)	(2,966,199)
Claims ceded to reinsurers	-	-	70,314	57,548	-	-	70,314	57,548
Gross change in contract liabilities	-	-	2,316,422	(3,885,431)	-	-	2,316,422	(3,885,431)
Change in contract liabilities ceded to reinsurers	-	-	(449)	376	-	-	(449)	376
Net benefits and claims	-	-	(378,860)	(6,793,706)	-	-	(378,860)	(6,793,706)
Depreciation and amortisation	(325)	-	(25,369)	(23,869)	-	-	(25,694)	(23,869)
Other operating and management expenses	(37,820)	(23,965)	(808,578)	(820,177)	5,830	4,861	(840,568)	(839,281)
Taxation of life insurance business	-	-	35,652	(319,987)	-	-	35,652	(319,987)
Other expenses	(38,145)	(23,965)	(798,295)	(1,164,033)	5,830	4,861	(830,610)	(1,183,137)
Profit from operations	6,083	11,055	3,092,386	352,828	-	-	3,098,469	363,883
Transfer from Life Insurance Fund*	722,386	352,828	(722,386)	(352,828)	-	-	-	-
One off Shareholder profit	2,370,000	-	(2,370,000)	-	-	-	-	-
Profit before taxation	3,098,469	363,883	-	-	-	-	3,098,469	363,883
Taxation (Note 21(b))	(153,973)	(67,747)	-	-	-	-	(153,973)	(67,747)
Net profit for the period	2,944,496	296,136	-	-	-	-	2,944,496	296,136

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

** Refers to elimination of interfund transactions

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28. INSURANCE FUNDS (CONT'D.)

Condensed Cash Flow Statement by Funds
For the six months ended 30 June 2020

	Shareholder's Funds		Life Insurance Fund		Total	
	01.01.2020 to 30.06.2020 RM'000	01.01.2019 to 30.06.2019 RM'000	01.01.2020 to 30.06.2020 RM'000	01.01.2019 to 30.06.2019 RM'000	01.01.2020 to 30.06.2020 RM'000	01.01.2019 to 30.06.2019 RM'000
Cash flow from:						
Operating activities	2,528,909	676,481	(2,080,665)	910,273	448,244	1,586,754
Investing activities	-	-	(45,999)	(31,081)	(45,999)	(31,081)
Financing activities	(2,470,000)	(653,000)	(555)	(259)	(2,470,555)	(653,259)
Increase/(decrease) in cash and cash equivalents	58,909	23,481	(2,127,219)	878,933	(2,068,310)	902,414
Cash and cash equivalents:						
At beginning of period	23,626	2,704	4,962,203	3,810,624	4,985,829	3,813,328
At end of period	82,535	26,185	2,834,984	4,689,557	2,917,519	4,715,742