

GREAT EASTERN TAKAFUL BERHAD
(916257-H)
(Incorporated in Malaysia)

Unaudited Interim Condensed Financial Statements

For the six-month ended 30 June 2017

GREAT EASTERN TAKAFUL BERHAD
(916257-H)
(Incorporated in Malaysia)

Unaudited interim condensed financial statements for the six-month ended 30 June 2017

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GREAT EASTERN TAKAFUL BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017			2016		
		Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
Assets							
Property and equipment		8,697	-	8,697	7,738	-	7,738
Intangible assets		8,722	-	8,722	2,364	-	2,364
Financial assets:							
Available-for-sale ("AFS") financial assets	12(a)	88,143	199,094	281,994	50,152	145,778	190,983
Financial assets at FVTPL	12(b)	-	142,511	142,511	-	114,125	114,125
Loans and receivables, excluding takaful receivables	12(c)	17,800	63,250	81,050	12,150	107,150	119,300
Takaful receivables	13	-	16,249	16,249	-	17,506	17,506
Retakaful assets	14	-	99,452	99,452	-	96,609	96,609
Other receivables		7,794	5,361	6,961	32,624	4,087	5,026
Tax recoverable		150	-	-	-	44	44
Cash and bank balances		4,990	8,178	13,168	5,228	9,738	14,966
Total assets		136,296	534,095	658,804	110,256	495,037	568,661
Equity							
Share capital		155,000	-	155,000	120,000	-	120,000
Accumulated losses		(78,443)	-	(78,443)	(67,114)	-	(67,114)
AFS reserves		1,599	-	316	1,276	-	282
Total equity		78,156	-	76,873	54,162	-	53,168
Liabilities and participants' fund							
Provision for zakat		82	-	82	194	-	194
Provision for taxation		-	721	571	-	-	-
Expense liabilities		14,880	-	14,880	16,037	-	16,037
Takaful certificate liabilities	14	-	501,037	502,924	-	426,453	443,032
Participants' fund		-	5,526	-	-	20,218	-
Deferred tax liabilities		567	669	915	161	198	45
Amounts due to related companies		6,449	-	6,449	4,583	-	4,583
Takaful payables		7,708	9,562	17,270	7,644	7,179	14,823
Other payables		25,634	16,580	36,020	21,789	40,989	31,093
Provisions		2,820	-	2,820	5,686	-	5,686
Total liabilities and participants' fund		58,140	534,095	581,931	56,094	495,037	515,493
Total equity, liabilities and participants' fund		136,296	534,095	658,804	110,256	495,037	568,661

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

GREAT EASTERN TAKAFUL BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INCOME STATEMENT
FOR THE SIX-MONTH ENDED 30 JUNE 2017

	2017			2016		
	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
Takaful operator income	59,352	-	-	53,573	-	-
Gross earned contributions	-	144,549	144,549	-	131,920	131,920
Contributions ceded to retakaful operators	-	(22,606)	(22,606)	-	(20,065)	(20,065)
Net earned contributions	-	121,943	121,943	-	111,855	111,855
Investment income	1,511	7,042	8,553	1,493	5,472	6,965
Realised gains and losses	539	6,688	7,227	782	3,470	4,252
Fair value gains and losses	-	3,903	3,903	11	(3,621)	(3,610)
Fee and commission income	-	686	241	-	91	192
Other operating revenue	27	32	59	23	30	53
Other revenue	2,077	18,351	19,983	2,309	5,442	7,852
Gross benefits and claims paid	-	(39,716)	(39,716)	-	(29,774)	(29,774)
Claims ceded to retakaful operators	-	18,915	18,915	-	14,414	14,414
Gross change in certificate liabilities	-	(62,097)	(58,964)	-	(63,879)	(62,091)
Change in certificate liabilities ceded to retakaful operators	-	2,843	2,843	-	16,373	16,373
Net benefits and claims	-	(80,055)	(76,922)	-	(62,866)	(61,078)
Wakalah fee expense	-	(59,352)	-	-	(53,573)	-
Commission expenses/administration fee	(33,459)	(1,031)	(34,045)	(27,764)	(634)	(28,499)
Management expenses	(40,158)	(1,830)	(41,988)	(36,564)	(1,183)	(37,747)
Change in expense liabilities	1,157	-	1,157	185	-	185
Impairment of financial assets	-	(58)	(58)	(240)	(613)	(853)
Taxation of family takaful business	-	(1,101)	(1,101)	-	(216)	(216)
Other expenses	(72,460)	(63,372)	(76,035)	(64,383)	(56,219)	(67,130)
Operating loss before surplus transfers	(11,031)	(3,133)	(11,031)	(8,501)	(1,788)	(8,501)
Surplus attributable to participants	-	3,133	-	-	1,788	-
Loss before taxation	(11,031)	-	(11,031)	(8,501)	-	(8,501)
Zakat	111	-	111	(50)	-	(50)
Taxation	(409)	-	(409)	(561)	-	(561)
Net loss for the year	(11,329)	-	(11,329)	(9,112)	-	(9,112)
Loss per share (sen)						
Basic and diluted	10.3	-	10.3	9.1	-	9.1

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

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GREAT EASTERN TAKAFUL BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH ENDED 30 JUNE 2017

	2017			2016		
	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
Net loss for the year	(11,329)	-	(11,329)	(9,112)	-	(9,112)
Other comprehensive income:						
Other comprehensive (loss)/income to be reclassified to income statement in subsequent periods:						
Net (loss)/gain on AFS financial assets:						
(Loss)/gain on fair value changes	(219)	(124)	(635)	(116)	108	(188)
Realised loss transferred to the income statement	539	1,959	2,498	782	864	1,646
Impairment loss transferred to the income statement	-	58	58	240	613	853
Deferred tax relating to components of other comprehensive income	4	(173)	(167)	(217)	(103)	(196)
Other comprehensive income attributable to participants	-	(1,720)	(1,720)	-	(1,482)	(1,482)
Other comprehensive income for the year, net of tax	324	-	34	689	-	633
Total comprehensive loss for the year	(11,005)	-	(11,295)	(8,423)	-	(8,479)

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

GREAT EASTERN TAKAFUL BERHAD
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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH ENDED 30 JUNE 2017

Attributable to Equity Holder of the Company

	Share capital RM'000	Non- distributable AFS reserves RM'000	Accumulated losses RM'000	Total RM'000
At 1 January 2016	120,000	313	(48,357)	71,956
Net loss for the year	-	-	(9,112)	(9,112)
Other comprehensive income	-	633	-	633
Total comprehensive income/ (loss)	-	633	(9,112)	(8,479)
At 30 June 2016	<u>120,000</u>	<u>946</u>	<u>(57,469)</u>	<u>63,477</u>
At 1 January 2017	120,000	282	(67,114)	53,168
Net loss for the year	-	-	(11,329)	(11,329)
Other comprehensive income	-	34	-	34
Total comprehensive income/ (loss)	-	34	(11,329)	(11,295)
Issuance of shares	35,000	-	-	35,000
At 30 June 2017	<u>155,000</u>	<u>316</u>	<u>(78,443)</u>	<u>76,873</u>

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

GREAT EASTERN TAKAFUL BERHAD
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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH ENDED 30 JUNE 2017

	01.01.2017 to 30.06.2017 RM'000	01.01.2016 to 30.06.2016 RM'000
OPERATING ACTIVITIES		
Loss before zakat and taxation	(11,031)	(8,501)
Adjustments for:		
Depreciation for motor vehicles and equipment	1,405	1,361
Amortisation of intangible assets	857	663
Investment income	(8,553)	(6,965)
Realised gains	(7,227)	(4,252)
Fair value (gains)/losses	(3,903)	3,610
Operating loss before working capital changes	(28,452)	(14,084)
Purchase of investment assets	64,657	114,968
Proceeds from disposal/maturities of investment assets	(171,007)	(145,630)
Increase in takaful certificate liabilities	59,273	62,307
Increase in retakaful assets	(2,843)	(16,373)
(Decrease)/increase in other receivables	134	(1,012)
Increase in other payables	3,352	2,410
Net change in balance with related companies	1,866	(524)
Cash (used in)/generated from operating activities	(73,020)	2,062
Income tax paid	(189)	(206)
Investment income received	7,741	6,645
Net cash (used in)/generated from operating activities	(65,468)	8,501
INVESTING ACTIVITIES		
Purchase of motor vehicles and equipment	(2,365)	(1,099)
Purchase of intangible assets	(7,215)	(400)
Net cash used in investing activities	(9,580)	(1,499)
FINANCING ACTIVITIES		
Issuance of ordinary shares	35,000	-
Net cash generated from financing activities	35,000	-
Net (decrease)/increase in cash and cash equivalents	(40,048)	7,002
Cash and cash equivalents at beginning of year	129,266	73,193
Cash and cash equivalents at end of year	89,218	80,195
Cash and cash equivalents comprise of:		
Cash and bank balances	13,168	9,265
Short term Islamic investment accounts with original maturity period of less than 3 months	76,050	70,930
	89,218	80,195

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

GREAT EASTERN TAKAFUL BERHAD
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NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2017

1. BASIS OF PREPARATION

The interim condensed financial statements of Great Eastern Takaful 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.

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 2016.

The notes attached to the unaudited interim condensed financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the financial year ended 31 December 2016.

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.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) New and amended standards and interpretations

The significant accounting policies in these interim condensed financial statements are consistent with those adopted in the financial statements for the financial year ended 31 December 2016, except for the adoption of the following Amendments to MFRSs:

Effective for financial periods beginning on or after 1 January 2017

- Amendments to MFRS 12 *Annual Improvements to MFRS Standards 2014-2016 Cycle*
- Amendments to MFRS 107 *Disclosure Initiatives*
- Amendments to MFRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*

The adoption of the above did not have any significant impact on the financial statements of the Company.

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2. SIGNIFICANT ACCOUNTING POLICIES

(b) Standards issued but not yet effective

The following are standards, amendments to standards and interpretation to standard issued by Malaysian Accounting Standards Board (“MASB”), but not yet effective, up to the date of issuance of the Company's financial statements. The Company intends to adopt these standards, if applicable, when they become effective:

Effective for financial periods beginning on or after 1 January 2018

- Amendments to MFRS 1 *Annual Improvements to MFRS Standards 2014-2016 Cycle*
- Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4 Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts*
- MFRS 9 *Financial Instruments*
- MFRS 15 *Revenue from Contracts with Customers*
- Amendments to MFRS 128 *Annual Improvements to MFRS Standards 2014-2016 Cycle*
- Amendments to MFRS 140 *Transfers of Investment Property*
- IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*

Effective for financial periods beginning on or after 1 January 2019

- MFRS 16 *Leases*

Deferred

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

The management expects that the adoption of the above standards, amendments to standards and interpretation to standard 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:

GREAT EASTERN TAKAFUL BERHAD
(Incorporated in Malaysia)**2. SIGNIFICANT ACCOUNTING POLICIES****(b) Standards issued but not yet effective (Continued)****MFRS 9 *Financial Instruments***

In July 2014, the MASB issued the final version of MFRS 9 *Financial Instruments* that replaces MFRS 139 *Financial Instruments: Recognition and Measurement* and all previous versions of MFRS 9. MFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

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

(a) Classification and measurement

The Company expects to have mixed business models. The Company intends to hold its loans and receivable to collect contractual cash flows, and accordingly measure at amortised cost when it applies MFRS 9. The Company intends to hold debt securities either to collect contractual cash flows and to sell or to hold for trading, and this is accordingly measured either at fair value through other comprehensive income ("FVOCI") or at fair value through profit or loss ("FVTPL") respectively. The Company may make an election to measure its debt securities currently measured as AFS at FVTPL if by doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets and liabilities or recognising the gains and losses on them on different bases. The Company is currently assessing the impact arising from these changes.

For equity securities, the Company will continue to measure its currently held for trading equity securities at FVTPL. The Company may make an election to measure its AFS equity securities that is not held for trading at FVOCI. In addition, the Company currently measures its investments in unquoted securities whose fair value cannot be reliably measured at cost less impairment losses. Under MFRS 9, the Company will be required to measure such investments at fair value. Any difference between the previous carrying amount under MFRS 139 and the fair value would be recognised in the opening retained earnings when the Company applies MFRS 9. The Company is currently assessing the impact arising from this change.

GREAT EASTERN TAKAFUL BERHAD
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2. SIGNIFICANT ACCOUNTING POLICIES

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

MFRS 9 Financial Instruments (Continued)

(b) Impairment

The MFRS 9 impairment requirements are based on an expected credit loss (“ECL”) model that replaces the incurred loss model under the current accounting standard. The Company is required to recognise either a 12-month or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. The ECL model will apply to financial assets measured at amortised cost or at FVOCI, trade and other receivables, irrevocable loan commitments and financial guarantee contracts, which will include loans, advances and financing, and debt instruments held by the Company.

The Company expects to apply the simplified approach and record lifetime ECL on all trade and other receivables.

A more detailed analysis considering all reasonable and supportable information, including forward looking elements is required to determine the extent of the impact.

(c) Hedge accounting

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

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

(d) Transition

The Company plans to adopt the new standard on the required effective date without restating prior year’s information and recognise any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings. The Company is in the process of assessing the impact of MFRS 9 and is not yet able to reasonably estimate the impact on its financial statements.

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2. SIGNIFICANT ACCOUNTING POLICIES

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

Amendments to MFRS 4 Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

In December 2016, the MASB issued amendments to MFRS 4 to address issues arising from the different effective dates of MFRS 9 and the upcoming new insurance contracts standard (MFRS 17). Amendments to MFRS 4 is issued by the MASB in respect of its application in Malaysia. It is equivalent to the amendments to IFRS 4 as issued by the IASB.

The amendments introduce two alternative options for entities issuing contracts within the scope of MFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of MFRS 9 for annual periods beginning before 1 January 2021 at the latest. An entity may apply the temporary exemption from MFRS 9 if:

- (i) it has not previously applied any version of MFRS 9 before; and
- (ii) its activities are predominantly connected with insurance on its annual reporting date that immediately precedes 1 April 2016.

The overlay approach allows an entity applying MFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied MFRS 139 to these designated financial assets.

An entity can apply the temporary exemption from MFRS 9 for annual periods beginning on or after 1 January 2018. An entity may start applying the overlay approach when it applies MFRS 9 for the first time.

However, the Company intends to adopt MFRS 9 on the required effective date without applying any of the alternative options.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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2. SIGNIFICANT ACCOUNTING POLICIES

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

MFRS 15 Revenue from Contracts with Customers (Continued)

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied i.e., when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Company is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

MFRS 16 Leases

MFRS 16 will replace MFRS 117 *Leases*, IC Interpretation 4 *Determining whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Lease-Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

3. SEASONALITY OF OPERATIONS

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

4. UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows for the financial period ended 30 June 2017.

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5. CHANGES IN ESTIMATES

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

6. DEBT AND EQUITY SECURITIES

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

However, during the financial period, the Company increased its issued and paid-up ordinary share capital from RM100,000,000 to RM135,000,000 by way of issuance of 35,000,000 ordinary shares. The new ordinary shares issued during the financial period ranked pari passu in all respects with the existing ordinary shares of the Company.

As at 30 June 2017, the Company's share capital of RM155,000,000 comprised of RM135,000,000 ordinary shares and RM20,000,000 redeemable preference shares.

7. DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial period.

8. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

There were no material events subsequent to the end of the interim reporting period that have not been reflected in the unaudited 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. AUDITORS' REPORT

The auditors' report on the audited financial statements of the preceding 31 December 2016 did not contain any qualification.

11. CONTINGENT LIABILITIES

There were no contingent liabilities as at the date of this report.

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GREAT EASTERN TAKAFUL BERHAD
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12. FINANCIAL ASSETS

	At 30.06.2017			At 31.12.2016		
	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
AFS financial assets:						
Quoted Shariah-approved equities	8,953	39,356	48,309	3,089	17,428	20,517
Unit trusts - REITS	149	795	944	511	418	929
Government investment issues	23,215	47,047	70,262	6,046	43,502	49,548
Islamic private debt securities	50,583	111,896	162,479	35,559	84,430	119,989
Units held in investment-linked fund	5,243	-	-	4,947	-	-
Financial assets at FVTPL:						
Quoted Shariah-approved equities	-	85,711	85,711	-	58,456	58,456
Financial instruments with embedded derivatives	-	-	-	-	28	28
Unit trusts - REITS	-	2,886	2,886	-	2,927	2,927
Government investment issues	-	17,366	17,366	-	19,099	19,099
Islamic private debt securities	-	36,548	36,548	-	33,615	33,615
Loans and receivables:						
Islamic investment accounts with licensed Islamic banks	17,800	63,250	81,050	12,150	107,150	119,300
	<u>105,943</u>	<u>404,855</u>	<u>505,555</u>	<u>62,302</u>	<u>367,053</u>	<u>424,408</u>

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12. FINANCIAL ASSETS (CONTINUED)

	At 30.06.2017			At 31.12.2016		
	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
The Company's financial assets are summarised by categories as follows:						
AFS financial assets	88,143	199,094	281,994	50,152	145,778	190,983
Financial assets at FVTPL	-	142,511	142,511	-	114,125	114,125
Loans and receivables	17,800	63,250	81,050	12,150	107,150	119,300
	<u>105,943</u>	<u>404,855</u>	<u>505,555</u>	<u>62,302</u>	<u>367,053</u>	<u>424,408</u>
The following investments mature after 12 months:						
AFS financial assets	66,816	151,961	218,777	41,605	127,932	169,537
Financial assets at FVTPL	-	52,917	52,917	-	52,714	52,714
	<u>66,816</u>	<u>204,878</u>	<u>271,694</u>	<u>41,605</u>	<u>180,646</u>	<u>222,251</u>

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12. FINANCIAL ASSETS (CONTINUED)

(a) AFS financial assets

	At 30.06.2017			At 31.12.2016		
	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
At amortised cost/cost						
Quoted Shariah-approved equities	9,078	38,347	47,425	3,140	17,380	20,520
Unit trusts - REITS	149	784	933	467	369	836
Government investment issues	23,065	46,907	69,972	5,986	43,975	49,961
Islamic private debt securities	50,213	110,965	161,178	35,242	83,856	119,098
Units held in investment-linked fund	3,639	-	-	3,639	-	-
	<u>86,144</u>	<u>197,003</u>	<u>279,508</u>	<u>48,474</u>	<u>145,580</u>	<u>190,415</u>
At fair value						
Quoted Shariah-approved equities	8,953	39,356	48,309	3,089	17,428	20,517
Unit trusts - REITS	149	795	944	511	418	929
Government investment issues	23,215	47,047	70,262	6,046	43,502	49,548
Islamic private debt securities	50,583	111,896	162,479	35,559	84,430	119,989
Units held in investment-linked fund	5,243	-	-	4,947	-	-
	<u>88,143</u>	<u>199,094</u>	<u>281,994</u>	<u>50,152</u>	<u>145,778</u>	<u>190,983</u>

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12. FINANCIAL ASSETS (CONTINUED)

(b) Financial assets at FVTPL

	At 30.06.2017			At 31.12.2016		
	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
At amortised cost/cost						
Quoted Shariah-approved equities	-	79,418	79,418	-	55,988	55,988
Financial instruments with embedded derivatives	-	-	-	-	-	-
Unit trusts - REITS	-	2,833	2,833	-	2,833	2,833
Government investment issues	-	17,383	17,383	-	19,315	19,315
Islamic private debt securities	-	36,256	36,256	-	33,271	33,271
	-	135,890	135,890	-	111,407	111,407
At fair value						
Quoted Shariah-approved equities	-	85,711	85,711	-	58,456	58,456
Financial instruments with embedded derivatives	-	-	-	-	28	28
Unit trusts - REITS	-	2,886	2,886	-	2,927	2,927
Government investment issues	-	17,366	17,366	-	19,099	19,099
Islamic private debt securities	-	36,548	36,548	-	33,615	33,615
	-	142,511	142,511	-	114,125	114,125

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12. FINANCIAL ASSETS (CONTINUED)

(c) Loans and receivables

	At 30.06.2017			At 31.12.2016		
	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
At cost and fair value						
Islamic investment accounts with licensed Islamic banks	17,800	63,250	81,050	12,150	107,150	119,300
	<u>17,800</u>	<u>63,250</u>	<u>81,050</u>	<u>12,150</u>	<u>107,150</u>	<u>119,300</u>

Included in Islamic investment accounts with licensed Islamic banks of the Company, are short term Islamic investment accounts with original maturity periods of less than 3 months amounting to RM76,050,000 (2016: RM114,300,000), which have been classified as cash and cash equivalents for the purpose of the statement of cash flows.

The carrying value of the Islamic investment accounts with licensed Islamic banks approximates fair value due to the relatively short term maturities.

(d) Fair values of financial instruments

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

	At 30.06.2017			At 31.12.2016		
	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
Valuation techniques:						
AFS financial assets						
Quoted prices	9,102	40,151	49,253	3,600	17,846	21,446
Market observable inputs	79,041	158,943	232,741	46,552	127,932	169,537
Financial assets at FVTPL						
Quoted prices	-	88,597	88,597	-	61,411	61,411
Market observable inputs	-	53,914	53,914	-	52,714	52,714
	<u>88,143</u>	<u>341,605</u>	<u>424,505</u>	<u>50,152</u>	<u>259,903</u>	<u>305,108</u>

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13. TAKAFUL RECEIVABLES

<u>Family takaful fund/Company</u>	At 30.06.2017 RM'000	At 31.12.2016 RM'000
Contributions due from agents, other intermediaries and a corporate shareholder	10,040	9,543
Amount due from retakaful operators	4,221	5,974
Amount due from cotakaful operator	1,988	1,989
	<u>16,249</u>	<u>17,506</u>

Description	<u>30.06.2017</u>		
	Gross carrying amount RM'000	Gross amounts offset in the statement of financial position RM'000	Net amounts in the statement of financial position RM'000
Retakaful contributions	(10,588)	-	(10,588)
Commission earned	-	199	199
Claims recoveries	-	14,610	14,610
	<u>(10,588)</u>	<u>14,809</u>	<u>4,221</u>

Description	<u>31.12.2016</u>		
	Gross carrying amount RM'000	Gross amounts offset in the statement of financial position RM'000	Net amounts in the statement of financial position RM'000
Retakaful contributions	(3,280)	-	(3,280)
Claims recoveries	-	9,254	9,254
	<u>(3,280)</u>	<u>9,254</u>	<u>5,974</u>

The carrying amounts disclosed above approximate fair values at the reporting date due to the relatively short-term maturity of these balances.

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14. TAKAFUL CERTIFICATE LIABILITIES

<u>Family takaful fund</u> 30.06.2017	Gross RM'000	Retakaful RM'000	Net RM'000
Provision for outstanding claims reported by certificate holders	16,501	(11,602)	4,899
Actuarial reserves	103,687	(87,850)	15,837
Participants' investment account ("PIA")	191,510	-	191,510
Net asset value attributable to certificate holders	147,611	-	147,611
Accumulated surplus	41,728	-	41,728
	<u>501,037</u>	<u>(99,452)</u>	<u>401,585</u>

The movement of the family takaful certificate liabilities is further analysed as follows:

	Gross RM'000	Retakaful RM'000	Net RM'000
At 1.1.2017	426,453	(96,609)	329,844
Benefits intimated during the year	37,371	(15,900)	21,471
Benefits paid during the year	(39,716)	18,915	(20,801)
Increase in liabilities due to:			
Portfolio movements	64,237	(8,420)	55,817
Change in assumptions and basis	(3,071)	2,562	(509)
Surplus arising during the year	15,763	-	15,763
At 30.06.2017	<u>501,037</u>	<u>(99,452)</u>	<u>401,585</u>

<u>Family takaful fund</u> 31.12.2016	Gross RM'000	Retakaful RM'000	Net RM'000
Provision for outstanding claims reported by certificate holders	18,846	(14,617)	4,229
Actuarial reserves	95,929	(81,992)	13,937
Participants' investment account ("PIA")	169,423	-	169,423
Net asset value attributable to certificate holders	116,290	-	116,290
Accumulated surplus	25,965	-	25,965
	<u>426,453</u>	<u>(96,609)</u>	<u>329,844</u>

GREAT EASTERN TAKAFUL BERHAD
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14. TAKAFUL CERTIFICATE LIABILITIES (CONTINUED)

The movement of the family takaful certificate liabilities is further analysed as follows:

<u>Family takaful fund</u>	Gross RM'000	Retakaful RM'000	Net RM'000
At 1.1.2016	294,935	(57,626)	237,309
Benefits intimated during the year	70,896	(33,983)	36,913
Benefits paid during the year	(64,276)	29,241	(35,035)
Increase in liabilities due to:			
Portfolio movements	97,418	(27,891)	69,527
Surplus allocated to participants during the year	15,382	-	15,382
Change in assumptions and basis	5,206	(6,350)	(1,144)
Deficit arising during the year	6,892	-	6,892
At 31.12.2016	<u>426,453</u>	<u>(96,609)</u>	<u>329,844</u>

<u>Company</u> 30.06.2017	Gross RM'000	Retakaful RM'000	Net RM'000
Provision for outstanding claims reported by certificate holders	16,501	(11,602)	4,899
Actuarial reserves	103,687	(87,850)	15,837
Participants' investment account ("PIA")	191,510	-	191,510
Net asset value attributable to certificate holders	143,971	-	143,971
Accumulated surplus	41,728	-	41,728
Unallocated surplus	3,578	-	3,578
AFS reserves	1,949	-	1,949
	<u>502,924</u>	<u>(99,452)</u>	<u>403,472</u>

The movement of the family takaful certificate liabilities is further analysed as follows:

	Gross RM'000	Retakaful RM'000	Net RM'000
At 1.1.2017	443,032	(96,609)	346,423
Benefits intimated during the year	37,371	(15,900)	21,471
Benefits paid during the year	(39,716)	18,915	(20,801)
Increase in liabilities due to:			
Portfolio movements	64,237	(8,420)	55,817
Change in assumptions and basis	(3,071)	2,562	(509)
Net surplus arising during the year	15,763	-	15,763
Surplus distributable to participants	(16,411)	-	(16,411)
AFS fair value loss for the year	1,892	-	1,892
Deferred tax relating to AFS fair value loss	(173)	-	(173)
At 30.06.2017	<u>502,924</u>	<u>(99,452)</u>	<u>403,472</u>

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14. TAKAFUL CERTIFICATE LIABILITIES (CONTINUED)

Company	Gross	Retakaful	Net
31.12.2016	RM'000	RM'000	RM'000
Provision for outstanding claims reported by certificate holders	18,846	(14,617)	4,229
Actuarial reserves	95,929	(81,992)	13,937
Participants' investment account ("PIA")	169,423	-	169,423
Net asset value attributable to certificate holders	112,651	-	112,651
Accumulated surplus	25,965	-	25,965
Unallocated surplus	19,989	-	19,989
AFS reserves	229	-	229
	443,032	(96,609)	346,423

The movement of the family takaful certificate liabilities is further analysed as follows:

	Gross	Retakaful	Net
	RM'000	RM'000	RM'000
At 1.1.2016	309,690	(57,626)	252,064
Benefits intimated during the year	70,896	(33,983)	36,913
Benefits paid during the year	(64,276)	29,241	(35,035)
Increase in liabilities due to:			
Portfolio movements	97,418	(27,891)	69,527
Change in assumptions and basis	5,206	(6,350)	(1,144)
Deficit arising during the year	6,892		6,892
Surplus distributable to participants	18,445	-	18,445
AFS fair value gain for the year	(1,322)	-	(1,322)
Deferred tax relating to AFS fair value loss	83	-	83
At 31.12.2016	443,032	(96,609)	346,423

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15. REGULATORY CAPITAL REQUIREMENT

The capital structure of the Company as at 30 June 2017, as prescribed under the Risk-Based Capital Framework for Takaful Operators ("RBCT") is provided below:

30.06.2017	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
Eligible Tier 1 Capital			
Share capital	135,000	-	135,000
Accumulated losses	(78,443)	-	(78,443)
Valuation surplus maintained in the takaful funds	-	32,625	32,625
	<u>56,557</u>	<u>32,625</u>	<u>89,182</u>
Eligible Tier 2 Capital			
Available-for-sale reserves	1,599	133	1,732
Redeemable preference shares	20,000	-	20,000
	<u>21,599</u>	<u>133</u>	<u>21,732</u>
Deductions			
Intangible assets	(8,722)	-	(8,722)
	<u>(8,722)</u>	<u>-</u>	<u>(8,722)</u>
Capital Available	<u>69,434</u>	<u>32,758</u>	<u>102,192</u>
Less: Adjustment for family takaful fund (limited to 130% of Total Capital Required)	-	(25,812)	(25,812)
Total Capital Available	<u>69,434</u>	<u>6,946</u>	<u>76,380</u>

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15. REGULATORY CAPITAL REQUIREMENT (CONTINUED)

31.12.2016	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
Eligible Tier 1 Capital			
Share capital	100,000	-	100,000
Accumulated losses	(67,114)	-	(67,114)
Valuation surplus maintained in the takaful funds	-	15,705	15,705
	<u>32,886</u>	<u>15,705</u>	<u>48,591</u>
Eligible Tier 2 Capital			
Available-for-sale reserves	1,276	(42)	1,234
Redeemable preference shares	20,000	-	20,000
	<u>21,276</u>	<u>(42)</u>	<u>21,234</u>
Deductions			
Intangible assets	(2,364)	-	(2,364)
Deferred tax assets	-	(15)	(15)
	<u>(2,364)</u>	<u>(15)</u>	<u>(2,379)</u>
Capital Available			
	<u>51,798</u>	<u>15,648</u>	<u>67,446</u>
Less: Adjustment for family takaful fund (limited to 130% of Total Capital Required)	-	(9,200)	(9,200)
Total Capital Available	<u>51,798</u>	<u>6,448</u>	<u>58,246</u>