

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

Unaudited Interim Condensed Financial Statements

For the six-month ended 30 June 2019

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

Unaudited interim condensed financial statements for the six-month ended 30 June 2019

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GREAT EASTERN TAKAFUL BERHAD
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019			2018		
		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							
Motor vehicles and equipment		14,502	-	14,502	11,624	-	11,624
Intangible assets		5,516	-	5,516	6,217	-	6,217
Investments	12	103,841	665,761	763,802	99,422	578,621	672,605
Takaful receivables	13	-	436,086	436,086	-	10,777	10,777
Retakaful assets	14	-	243,876	243,876	-	124,132	124,132
Other receivables		42,989	27,597	28,821	28,019	3,810	5,811
Deferred tax assets		-	-	-	-	485	481
Tax recoverable		3,693	-	2,731	784	-	383
Cash and bank balances		5,780	19,804	25,584	5,351	16,021	21,372
Total assets		176,321	1,393,124	1,520,918	151,417	733,846	853,402
Equity							
Share capital		155,000	-	155,000	155,000	-	155,000
Accumulated losses		(93,025)	-	(94,838)	(89,322)	-	(90,773)
Other comprehensive income fair value reserves		229	-	229	(455)	-	(455)
Total equity		62,204	-	60,391	65,223	-	63,772
Liabilities and participants' fund							
Provision for zakat		50	-	50	-	-	-
Provision for taxation		-	962	-	-	401	-
Expense liabilities		47,243	-	47,243	26,791	-	26,791
Takaful certificate liabilities	15	-	1,191,103	1,203,212	-	666,627	682,846
Participants' fund		-	15,748	-	-	19,858	-
Deferred tax liabilities		975	1,639	2,266	352	-	-
Amounts due to related companies		16,191	-	16,191	8,939	-	8,939
Takaful payables		5,052	105,021	110,073	10,534	11,448	21,982
Other payables		41,560	78,651	78,446	33,300	35,512	42,794
Provisions		3,046	-	3,046	6,278	-	6,278
Total liabilities and participants' fund		114,117	1,393,124	1,460,527	86,194	733,846	789,630
Total equity, liabilities and participants' fund		176,321	1,393,124	1,520,918	151,417	733,846	853,402

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

GREAT EASTERN TAKAFUL BERHAD
(Incorporated in Malaysia)

UNAUDITED INCOME STATEMENT
FOR THE SIX-MONTH ENDED 30 JUNE 2019

	2019			2018		
	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
Wakalah fee income	116,311	-	-	70,561	-	-
Gross earned contributions	-	650,309	650,309	-	189,381	189,381
Earned contributions ceded to retakaful operators	-	(123,962)	(123,962)	-	(25,537)	(25,537)
Net earned contributions	-	526,347	526,347	-	163,844	163,844
Investment income	2,119	11,303	13,422	1,734	9,540	11,274
Realised gains	352	3,395	3,747	59	184	243
Fair value gains/(losses)	1,690	13,177	14,504	(877)	(14,535)	(15,353)
Fee and commission income	-	895	145	-	639	129
Other operating revenue	21	73	94	29	44	73
Other revenue	4,182	28,843	31,912	945	(4,128)	(3,634)
Gross benefits and claims paid	-	(68,117)	(68,117)	-	(49,828)	(49,828)
Claims ceded to retakaful operators	-	25,105	25,105	-	19,151	19,151
Gross change in certificate liabilities	-	(243,160)	(510,455)	-	(65,383)	(63,645)
Change in certificate liabilities ceded to retakaful operators	-	119,743	119,743	-	7,651	7,651
Net benefits and claims	-	(166,429)	(433,724)	-	(88,409)	(86,671)
Wakalah fee expense	-	(116,311)	-	-	(70,561)	-
Commission expenses/administration fees	(46,389)	(1,634)	(47,273)	(37,107)	(1,493)	(38,090)
Management expenses	(56,117)	(1,823)	(57,940)	(39,659)	(1,919)	(41,578)
Change in expense liabilities	(20,452)	-	(20,452)	3,898	-	3,898
Impairment loss on FVOCI financial assets	-	14	14	-	3	3
Taxation of family takaful business	-	(1,711)	(1,711)	-	925	925
Other expenses	(122,958)	(121,465)	(127,362)	(72,868)	(73,045)	(74,842)

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GREAT EASTERN TAKAFUL BERHAD
(Incorporated in Malaysia)

UNAUDITED INCOME STATEMENT (CONTINUED)
FOR THE SIX-MONTH ENDED 30 JUNE 2019

	2019			2018		
	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
Operating (loss)/profit before surplus transfers	(2,465)	267,296	(2,827)	(1,362)	(1,738)	(1,303)
Surplus attributable to participants	-	(267,296)	-	-	1,738	-
Loss before zakat and taxation	(2,465)	-	(2,827)	(1,362)	-	(1,303)
Zakat	(50)	-	(50)	(50)	-	(50)
Taxation	(983)	-	(983)	(178)	-	(178)
Net loss for the year	(3,498)	-	(3,860)	(1,590)	-	(1,531)
Loss per share (sen)						
Basic and diluted	(2.6)	-	(2.6)	(1.2)	-	(1.2)

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

GREAT EASTERN TAKAFUL BERHAD
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UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH ENDED 30 JUNE 2019

	2019			2018		
	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	(3,498)	-	(3,860)	(1,590)	-	(1,531)
Other comprehensive (loss)/income:						
Other comprehensive loss that will not be reclassified to income statement in subsequent periods (net of tax):						
Equity instruments designated at Fair Value through Other Comprehensive Income ("FVOCI"):						
Net loss on fair value changes	631	6,201	6,832	(912)	(5,932)	(6,844)
Tax on realised loss	64	120	184	-	-	-
Deferred tax relating to components of other comprehensive income	(216)	(506)	(722)	183	407	590
	<u>479</u>	<u>5,815</u>	<u>6,294</u>	<u>(729)</u>	<u>(5,525)</u>	<u>(6,254)</u>
Islamic debt instruments at FVOCI:						
Net loss/(gain) on fair value changes	-	7,789	7,789	-	(2,161)	(2,161)
Net realised (gain)/loss transferred to income statement	-	(449)	(449)	-	102	102
Changes in allowance for Expected Credit Loss ("ECL")	-	918	918	-	879	879
Deferred tax relating to components of other comprehensive income	-	(587)	(587)	-	108	108
Other comprehensive (loss)/income attributable to participants	-	(13,486)	(13,486)	-	6,598	6,598
Other comprehensive (loss)/income for the year, net of tax	<u>-</u>	<u>(5,815)</u>	<u>(5,815)</u>	<u>-</u>	<u>5,525</u>	<u>5,525</u>
Total comprehensive loss for the year	<u>(3,019)</u>	<u>-</u>	<u>(3,381)</u>	<u>(2,319)</u>	<u>-</u>	<u>(2,260)</u>

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

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GREAT EASTERN TAKAFUL BERHAD
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UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH ENDED 30 JUNE 2019

	<u>Attributable to Equity Holders of the Company</u>			
	Share capital RM'000	Non- distributable Fair value reserves RM'000	Accumulated losses RM'000	Total RM'000
At 1 January 2018	155,000	408	(81,200)	74,208
Effects of adoption of MFRS 9	-	(381)	506	125
At 1 January 2018, restated	<u>155,000</u>	<u>27</u>	<u>(80,694)</u>	<u>74,333</u>
Net loss for the year	-	-	(1,531)	(1,531)
Other comprehensive income	-	(729)	-	(729)
Total comprehensive loss	-	(729)	(1,531)	(2,260)
Transfer of fair value reserve of equity instruments designated at FVOCI	-	24	(24)	-
At 30 June 2018	<u>155,000</u>	<u>(678)</u>	<u>(82,249)</u>	<u>72,073</u>
At 1 January 2019	155,000	(455)	(90,773)	63,772
Net loss for the year	-	-	(3,860)	(3,860)
Other comprehensive loss	-	479	-	479
Total comprehensive loss	-	479	(3,860)	(3,381)
Transfer of fair value reserve of equity instruments designated at FVOCI	-	205	(205)	-
At 30 June 2019	<u>155,000</u>	<u>229</u>	<u>(94,838)</u>	<u>60,391</u>

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

GREAT EASTERN TAKAFUL BERHAD
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UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH ENDED 30 JUNE 2019

	2019	2018
	RM'000	RM'000
OPERATING ACTIVITIES		
Loss before zakat and taxation	(2,828)	(1,362)
Adjustments for:		
Depreciation for motor vehicles and equipment	2,894	1,853
Amortisation of intangible assets	1,074	1,061
Investment income	(13,422)	(11,274)
Realised gains	(3,746)	(243)
Fair value (gains)/losses in income statement	(14,504)	15,412
Impairment loss on FVOCI financial assets	(14)	-
Taxation of family takaful business	1,711	(925)
Operating (loss)/gain before working capital changes	<u>(28,835)</u>	<u>4,522</u>
Purchase of FVOCI investments	(81,074)	(136,612)
Proceeds from sales of FVOCI investments	60,435	142,346
Purchase of FVTPL investments	(270,869)	(214,282)
Proceeds from sales of FVTPL investments	230,993	157,879
Increase in takaful and other receivables	(448,134)	(10,022)
Increase in retakaful assets	(119,743)	(7,651)
Increase in takaful and other payables	140,778	6,297
Increase in takaful certificate liabilities	507,813	60,842
Net change in balance with related companies	7,253	785
Cash generated (used in)/from operating activities	<u>(1,383)</u>	<u>4,104</u>
Income tax paid	(3,421)	(2,695)
Investment income received	13,230	11,752
Net cash generated from operating activities	<u>8,426</u>	<u>13,161</u>
INVESTING ACTIVITIES		
Purchase of motor vehicles and equipment	(5,772)	(3,387)
Purchase of intangible assets	(372)	(44)
Net cash used in investing activities	<u>(6,144)</u>	<u>(3,431)</u>
Net increase in cash and cash equivalents	2,282	9,730
Cash and cash equivalents at beginning of year	<u>141,752</u>	<u>116,247</u>
Cash and cash equivalents at end of year	<u>144,034</u>	<u>125,977</u>
Cash and cash equivalents comprise of:		
Cash and bank balances	25,584	16,977
Short term Islamic investment accounts with original maturity period of less than 3 months	118,450	109,000
	<u>144,034</u>	<u>125,977</u>

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 2019

1. BASIS OF PREPARATION

The unaudited interim condensed financial statements of Great Eastern Takaful Berhad ("the Company") 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 2018.

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 2018.

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

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

Effective for financial periods beginning on or after 1 January 2019

- MFRS 16 *Leases*
- IC Interpretation 23 *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 128 *Investments in Associates and Joint Ventures - Long-term Interest in Associates and Joint Ventures*
- Amendments to MFRS 3 *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 cycle)*

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) New and amended standards and interpretations (Continued)

Effective for financial periods beginning on or after 1 January 2019 (Continued)

- Amendments to MFRS 9 *Financial Instruments - Prepayment Features with Negative Compensation*
- Amendments to MFRS 11 *Joint Arrangement (Annual Improvements to MFRS Standards 2015-2017 cycle)*
- Amendments to MFRS 112 *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 cycle)*
- Amendments to MFRS 119 *Employee Benefits - Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123 *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 cycle)*

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

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

MFRS 16 Leases

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

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

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) New and amended standards and interpretations (Continued)

MFRS 16 Leases (Continued)

Table A	RM'000
Right-of-use assets	
Operating lease commitments disclosed as at 31 December 2018	2,333
Discounted using the lessor's incremental borrowing rate at the date of initial application	
(Less:): short-term leases recognised on a straight-line basis as expense	36
(Less:): low-value leases recognised on a straight-line basis as expense	92
Lease liability recognised as at 1 January 2019	<u>2,205</u>
Of which are:	
Non-current lease liabilities	<u>2,205</u>
	<u>2,205</u>

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

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

	30.06.2019	01.01.2019
Right-of-use assets	<u>1,477</u>	<u>2,205</u>

Practical expedients applied

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

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

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) New and amended standards and interpretations (Continued)

MFRS 16 *Leases* (Continued)

Practical expedients applied (Continued)

- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(b) Standards issued but not yet effective

The following are standards, amendments to standards and interpretation to standards issued by Malaysian Accounting Standards Board (“MASB”) that will be effective for the Company in future years. The Company intends to adopt these standards, amendment to standards and interpretation to standards, if applicable, when they become effective.

Effective for financial periods beginning on or after 1 January 2020

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

Effective for financial periods beginning on or after 1 January 2021

- MFRS 17 *Insurance Contracts*

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 interpretations to standards issued by MASB, but not yet effective, will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 17 *Insurance Contracts*

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

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

MFRS 17 Insurance Contracts (Continued)

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

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 2019.

5. METHODS OF COMPUTATION AND CHANGES IN ESTIMATES

There were no changes in the methods of computation and basis used for accounting estimates for the interim financial period compared to the most recent financial statement.

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

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

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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 2018 did not contain any qualification.

11. CONTINGENT LIABILITIES

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

GREAT EASTERN TAKAFUL BERHAD
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12. FINANCIAL ASSETS

	At 30.06.2019			At 31.12.2018		
	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
FVOCI financial assets:						
Quoted Shariah-approved equities	9,175	85,314	94,489	9,183	67,348	76,531
Government investment issues	-	108,176	108,176	-	92,656	92,656
Islamic private debt securities	-	136,974	136,974	-	135,010	135,010
Financial assets at FVTPL:						
Quoted Shariah-approved equities	-	154,718	154,718	-	121,683	121,683
Financial instruments with embedded derivatives	-	7	7	-	6	6
Unit trusts - REITS	-	6,005	6,005	-	5,297	5,297
Government investment issues	28,615	30,373	58,988	29,213	1,022	30,235
Islamic private debt securities	53,001	32,994	85,995	52,088	38,719	90,807
Units held in investment-linked fund	5,800	-	-	5,438	-	-
Loans and receivables:						
Islamic investment accounts with licensed Islamic banks	7,250	111,200	118,450	3,500	116,880	120,380
	<u>103,841</u>	<u>665,761</u>	<u>763,802</u>	<u>99,422</u>	<u>578,621</u>	<u>672,605</u>

The funds' and Company's financial assets are summarised by categories as follows:

	At 30.06.2019			At 31.12.2018		
	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
FVOCI financial assets	9,175	330,464	339,639	9,183	295,014	304,197
Financial assets at FVTPL	87,416	224,097	305,713	86,739	166,727	248,028
Loans and receivables	7,250	111,200	118,450	3,500	116,880	120,380
	<u>103,841</u>	<u>665,761</u>	<u>763,802</u>	<u>99,422</u>	<u>578,621</u>	<u>672,605</u>

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12. FINANCIAL ASSETS (CONTINUED)

(a) FVOCI financial assets

	At 30.06.2019			At 31.12.2018		
	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	8,875	82,936	91,811	9,781	71,290	81,071
Government investment issues	-	104,503	104,503	-	92,332	92,332
Islamic private debt securities	-	132,492	132,492	-	134,519	134,519
	<u>8,875</u>	<u>319,931</u>	<u>328,806</u>	<u>9,781</u>	<u>298,141</u>	<u>307,922</u>
At fair value						
Quoted Shariah-approved equities	9,175	85,314	94,489	9,183	67,348	76,531
Government investment issues	-	108,176	108,176	-	92,656	92,656
Islamic private debt securities	-	136,974	136,974	-	135,010	135,010
	<u>9,175</u>	<u>330,464</u>	<u>339,639</u>	<u>9,183</u>	<u>295,014</u>	<u>304,197</u>

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12. FINANCIAL ASSETS (CONTINUED)

(b) Financial assets at FVTPL

	At 30.06.2019			At 31.12.2018		
	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 fair value:						
Mandatorily measured:						
Quoted Shariah-approved equities	-	154,718	154,718	-	121,683	121,683
Financial instruments with embedded derivatives	-	7	7	-	6	6
Unit trusts - REITS	-	6,005	6,005	-	5,297	5,297
Units held in investment-linked fund	5,800	-	-	5,438	-	-
Government investment issues	-	30,373	30,373	-	1,022	1,022
Unquoted Islamic private debt securities	-	32,994	32,994	-	38,719	38,719
Designated upon initial recognition:						
Government investment issues	28,615	-	28,615	29,213	-	29,213
Unquoted Islamic private debt securities	53,001	-	53,001	52,088	-	52,088
	<u>87,416</u>	<u>224,097</u>	<u>305,713</u>	<u>86,739</u>	<u>166,727</u>	<u>248,028</u>

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12. FINANCIAL ASSETS (CONTINUED)

(c) Loans and receivables

	At 30.06.2019			At 31.12.2018		
	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	7,250	111,200	118,450	3,500	116,880	120,380
	<u>7,250</u>	<u>111,200</u>	<u>118,450</u>	<u>3,500</u>	<u>116,880</u>	<u>120,380</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 RM118,450,000 (2018: RM120,380,000), 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 30.06.2019			At 31.12.2018		
	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:						
FVOCI financial assets						
Quoted prices	9,175	85,314	94,489	9,183	67,348	76,531
Market observable inputs	-	245,150	245,150	-	227,666	227,666
Financial assets at FVTPL						
Quoted prices	-	160,730	160,730	-	126,986	126,986
Market observable inputs	87,416	63,367	144,983	86,739	39,741	121,042
	<u>96,591</u>	<u>554,561</u>	<u>645,352</u>	<u>95,922</u>	<u>461,741</u>	<u>552,225</u>

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13. TAKAFUL RECEIVABLES

<u>Family takaful fund/Company</u>	At 30.06.2019 RM'000	At 31.12.2018 RM'000
Contributions due from agents, other intermediaries and a corporate shareholder	436,058	10,445
Amount due from retakaful operators	2,192	984
	<u>438,250</u>	<u>11,429</u>
Allowance for impairment	(2,164)	(652)
	<u>436,086</u>	<u>10,777</u>
Movement in impairment allowance account:		
Individual impairment:		
At 1 January	(652)	-
Effect of adoption of MFRS 9	-	(3)
At 1 January (restated)	(652)	(3)
Impairment for the year	(1,512)	(649)
	<u>(2,164)</u>	<u>(652)</u>

Description	<u>At 30.06.2019</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	(11,857)	-	(11,857)
Commission earned	61	-	61
Claims recoveries	13,988	-	13,988
	<u>2,192</u>	<u>-</u>	<u>2,192</u>

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13. TAKAFUL RECEIVABLES (CONTINUED)

Description	At 31.12.2018		
	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	(12,230)	-	(12,230)
Commission earned	-	28	28
Claims recoveries	-	13,186	13,186
	<u>(12,230)</u>	<u>13,214</u>	<u>984</u>

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

14. RETAKAFUL ASSETS

<u>Family takaful fund/Company</u>	At 30.06.2019 RM'000	At 31.12.2018 RM'000
Retakaful of takaful contracts	<u>243,876</u>	<u>124,132</u>

15. TAKAFUL CERTIFICATE LIABILITIES

<u>Family takaful fund</u> 30.06.2019	Gross RM'000	Retakaful RM'000	Net RM'000
Provision for outstanding claims reported by certificate holders	43,172	(26,463)	16,709
Actuarial reserves	278,769	(217,413)	61,356
Participants' investment account ("PIA")	284,413	-	284,413
Net asset value attributable to certificate holders	273,904	-	273,904
Accumulated surplus	310,845	-	310,845
	<u>1,191,103</u>	<u>(243,876)</u>	<u>947,227</u>

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15. TAKAFUL CERTIFICATE LIABILITIES (CONTINUED)

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

	Gross RM'000	Retakaful RM'000	Net RM'000
At 1.1.2019	666,627	(124,132)	542,495
Benefits intimated during the period	78,347	(28,404)	49,943
Benefits paid during the period	(68,117)	25,105	(43,012)
Increase in liabilities due to:			
Portfolio movements	229,331	(114,990)	114,341
Change in assumptions and basis	2,235	(1,455)	780
Surplus arising during the period	281,412	-	281,412
At 30.06.2019	<u>1,191,103</u>	<u>(243,876)</u>	<u>947,227</u>

<u>Family takaful fund</u>	Gross RM'000	Retakaful RM'000	Net RM'000
31.12.2018			
Provision for outstanding claims reported by certificate holders	32,942	(23,163)	9,779
Actuarial reserves	128,885	(100,969)	27,916
Participants' investment account ("PIA")	253,540	-	253,540
Net asset value attributable to certificate holders	221,827	-	221,827
Accumulated surplus	29,433	-	29,433
	<u>666,627</u>	<u>(124,132)</u>	<u>542,495</u>

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 1.1.2018	520,598	(98,529)	422,069
Benefits intimated during the year	120,680	(45,006)	75,674
Benefits paid during the year	(110,599)	38,980	(71,619)
Increase in liabilities due to:			
Portfolio movements	109,310	(12,313)	96,997
Surplus allocated to participants during the year	17,314	-	17,314
Change in assumptions and basis	8,126	(7,264)	862
Surplus arising during the period	1,198	-	1,198
At 31.12.2018	<u>666,627</u>	<u>(124,132)</u>	<u>542,495</u>

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15. TAKAFUL CERTIFICATE LIABILITIES (CONTINUED)

Company 30.06.2019	Gross RM'000	Retakaful RM'000	Net RM'000
Provision for outstanding claims reported by certificate holders	43,172	(26,463)	16,709
Actuarial reserves	278,769	(217,413)	61,356
Participants' investment account ("PIA")	284,413	-	284,413
Net asset value attributable to certificate holders	270,265	-	270,265
Accumulated surplus	310,845	-	310,845
Unallocated surplus	5,139	-	5,139
FVOCI reserves	10,609	-	10,609
	<u>1,203,212</u>	<u>(243,876)</u>	<u>959,336</u>

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

	Gross RM'000	Retakaful RM'000	Net RM'000
At 1.1.2019	682,846	(124,132)	558,714
Benefits intimated during the period	78,347	(28,404)	49,943
Benefits paid during the period	(68,117)	25,105	(43,012)
Increase in liabilities due to:			
Portfolio movements	229,331	(114,990)	114,341
Change in assumptions and basis	2,235	(1,455)	780
Net surplus arising during the period	281,412	-	281,412
Surplus distributable to participants	(15,395)	-	(15,395)
FVOCI fair value loss for the period	13,647	-	13,647
Deferred tax relating to FVOCI fair value loss	(1,094)	-	(1,094)
At 30.06.2019	<u>1,203,212</u>	<u>(243,876)</u>	<u>959,336</u>

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15. TAKAFUL CERTIFICATE LIABILITIES (CONTINUED)

Company	Gross	Retakaful	Net
31.12.2018	RM'000	RM'000	RM'000
Provision for outstanding claims reported by certificate holders	32,942	(23,163)	9,779
Actuarial reserves	128,885	(100,969)	27,916
Participants' investment account ("PIA")	253,540	-	253,540
Net asset value attributable to certificate holders	218,188	-	218,188
Accumulated surplus	29,433	-	29,433
Unallocated surplus	21,802	-	21,802
FVOCI reserves	(1,944)	-	(1,944)
	682,846	(124,132)	558,714

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

	Gross	Retakaful	Net
	RM'000	RM'000	RM'000
At 1.1.2018	568,759	(98,529)	440,230
Benefits intimated during the year	120,680	(45,006)	75,674
Benefits paid during the year	(110,599)	38,980	(71,619)
Increase in liabilities due to:			
Portfolio movements	109,310	(12,313)	96,997
Change in assumptions and basis	8,126	(7,264)	862
Deficit arising during the year	1,198	-	1,198
Surplus distributable to participants	17,990	-	17,990
FVOCI fair value gain for the year	(2,894)	-	(2,894)
Deferred tax relating to FVOCI fair value gain	276	-	276
At 31.12.2018	682,846	(124,132)	558,714

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16. REGULATORY CAPITAL REQUIREMENT

The capital structure of the Company as at 30 June 2019, as prescribed under the Risk-Based Capital Framework for Takaful Operators ("RBCT") is provided below:

30.06.2019	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
Eligible Tier 1 Capital			
Share capital	135,000	-	135,000
Accumulated losses	(93,025)	-	(93,025)
Valuation surplus maintained in the takaful funds	-	32,323	32,323
	<u>41,975</u>	<u>32,323</u>	<u>74,298</u>
Eligible Tier 2 Capital			
Available-for-sale reserves	229	(1,426)	(1,197)
Redeemable preference shares	20,000	-	20,000
	<u>20,229</u>	<u>(1,426)</u>	<u>18,803</u>
Deductions			
Intangible assets	(5,516)	-	(5,516)
Deferred tax assets	-	-	-
	<u>(5,516)</u>	<u>-</u>	<u>(5,516)</u>
Capital Available	<u>56,688</u>	<u>30,897</u>	<u>87,585</u>
Less: Adjustment for family takaful fund (limited to 130% of Total Capital Required)	-	(22,132)	(22,132)
Total Capital Available	<u>56,688</u>	<u>8,765</u>	<u>65,453</u>

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16. REGULATORY CAPITAL REQUIREMENT (CONTINUED)

31.12.2018	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
Eligible Tier 1 Capital			
Share capital	135,000	-	135,000
Accumulated losses	(89,322)	-	(89,322)
Valuation surplus maintained in the takaful funds	-	14,803	14,803
	<u>45,678</u>	<u>14,803</u>	<u>60,481</u>
Eligible Tier 2 Capital			
Available-for-sale reserves	(455)	(288)	(743)
Redeemable preference shares	20,000	-	20,000
	<u>19,545</u>	<u>(288)</u>	<u>19,257</u>
Deductions			
Intangible assets	(6,217)	-	(6,217)
	<u>(6,217)</u>	<u>-</u>	<u>(6,217)</u>
Capital Available	<u>59,006</u>	<u>14,515</u>	<u>73,521</u>
Less: Adjustment for family takaful fund (limited to 130% of Total Capital Required)	-	(6,997)	(6,997)
Total Capital Available	<u>59,006</u>	<u>7,517</u>	<u>66,524</u>