

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

Unaudited Interim Condensed Financial Statements

For the six-month ended 30 June 2016

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

Unaudited interim condensed financial statements for the six-month ended 30 June 2016

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GREAT EASTERN TAKAFUL BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	2016			2015		
		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		7,840	-	7,840	7,988	7,988	
Intangible assets		2,870	-	2,870	3,247	3,247	
Financial assets:							
AFS financial assets	12(a)	64,291	154,338	213,815	67,829	198,397	
Financial assets at FVTPL	12(b)	16	100,238	100,254	-	81,948	
Loans and receivables, excluding takaful receivables	12(c)	6,050	69,880	75,930	750	69,830	
Takaful receivables	13	-	13,761	13,761	-	13,260	
Retakaful assets	14	-	73,999	73,999	-	57,626	
Other receivables		18,162	1,936	3,208	31,404	2,378	
Deferred tax assets		2,295	-	2,320	3,073	2,867	
Tax recoverable		-	37	37	-	364	
Cash and bank balances		1,626	7,639	9,265	2,116	6,247	
Total assets		103,150	421,828	503,299	116,407	446,268	
Equity							
Share capital		120,000	-	120,000	120,000	120,000	
Accumulated losses		(57,469)	-	(57,469)	(48,357)	(48,357)	
Available-for-sale reserves		1,839	-	946	1,150	313	
Total equity		64,370	-	63,477	72,793	71,956	
Liabilities and participants' fund							
Provision for zakat		107	-	107	57	57	
Expense liabilities		12,382	-	12,382	12,567	12,567	
Takaful certificate liabilities		-	323,341	373,263	-	259,462	
Participants' fund	14	-	53,561	-	-	53,867	
Deferred tax liability		-	257	-	-	471	
Amounts due to related companies		6,375	-	6,375	6,899	6,899	
Takaful payables		1,727	12,837	14,564	1,754	7,889	
Other payables		15,897	31,832	30,839	18,960	43,718	
Provisions		2,292	-	2,292	3,377	3,377	
Total liabilities and participants' fund		38,780	421,828	439,822	43,614	374,312	
Total equity, liabilities and participants' fund		103,150	421,828	503,299	116,407	446,268	

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

GREAT EASTERN TAKAFUL BERHAD
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UNAUDITED CONDENSED INCOME STATEMENT
FOR THE SIX-MONTH ENDED 30 JUNE 2016

	2016			2015		
	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	53,573	-	-	43,564	-	-
Gross earned contributions	-	131,920	131,920	-	106,081	106,081
Contributions ceded to retakaful operators	-	(20,065)	(20,065)	-	(14,609)	(14,609)
Net earned contributions	-	111,855	111,855	-	91,472	91,472
Investment income	1,493	5,472	6,965	1,559	3,808	5,367
Realised gains and losses	782	3,470	4,252	1,302	(57)	195
Fair value gains and losses	11	(3,621)	(3,610)	-	713	713
Fee and commission income	-	91	192	-	718	706
Other operating revenue	23	30	53	14	22	36
Other revenue	2,309	5,442	7,852	2,875	5,204	7,017
Gross benefits and claims paid	-	(29,774)	(29,774)	-	(30,580)	(26,154)
Claims ceded to retakaful operators	-	14,414	14,414	-	16,900	16,900
Gross change in certificate liabilities	-	(63,879)	(62,091)	-	(30,415)	(37,880)
Change in certificate liabilities ceded to retakaful operators	-	16,373	16,373	-	(3,607)	(3,607)
Net benefits and claims	-	(62,866)	(61,078)	-	(47,702)	(50,741)
Wakalah fee expense	-	(53,573)	-	-	(43,564)	-
Commission expenses/administration fee	(27,764)	(634)	(28,499)	(21,568)	(630)	(22,186)
Management expenses	(36,564)	(1,183)	(37,747)	(30,390)	(478)	(30,868)
Change in expense liabilities	185	-	185	650	-	650
Impairment of financial assets	(240)	(613)	(853)	-	-	-
Taxation of family takaful business	-	(216)	(216)	-	(213)	(213)
Other expenses	(64,383)	(56,219)	(67,130)	(51,308)	(44,885)	(52,617)
Operating (loss)/profit before surplus transfers	(8,501)	(1,788)	(8,501)	(4,869)	4,089	(4,869)
Surplus attributable to participants	-	1,788	-	-	(4,089)	-
Loss before taxation	(8,501)	-	(8,501)	(4,869)	-	(4,869)
Zakat	(50)	-	(50)	-	-	-
Taxation	(561)	-	(561)	(1,331)	-	(1,331)
Net loss for the year	(9,112)	-	(9,112)	(6,200)	-	(6,200)
Loss per share (sen)						
Basic and diluted	9.1	-	9.1	6.2	-	6.2

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

GREAT EASTERN TAKAFUL BERHAD
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**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH ENDED 30 JUNE 2016**

	2016			2015		
	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	(9,112)	-	(9,112)	(6,200)	-	(6,200)
Other comprehensive income:						
Other comprehensive (loss)/income to be reclassified to income statement in subsequent periods:						
Net (loss)/gain on Available-for-sale ("AFS") financial assets: (Loss)/gain on fair value changes	(116)	108	(188)	(1,293)	(874)	(298)
Realised gain transferred to the income statement	782	864	1,646	1,302	807	1,059
Cumulative loss transferred to the income statement	240	613	853	-	-	-
Deferred tax relating to components of other comprehensive income	(217)	(103)	(196)	(1)	-	(207)
Other comprehensive (loss)/income attributable to participants	-	(1,482)	(1,482)	-	67	67
Other comprehensive (loss)/income for the year, net of tax	689	-	633	8	-	621
Total comprehensive loss for the year	(8,423)	-	(8,479)	(6,192)	-	(5,579)

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 2016

Attributable to Equity Holder of the Company

	Share capital RM'000	Non- distributable Available-for sale reserves RM'000	Accumulated losses RM'000	Total RM'000
At 1 January 2015	120,000	(570)	(36,049)	83,381
Net loss for the year	-	-	(6,200)	(6,200)
Other comprehensive income	-	621	-	621
Total comprehensive income/ (loss)	-	621	(6,200)	(5,579)
At 30 June 2015	<u>120,000</u>	<u>51</u>	<u>(42,249)</u>	<u>77,802</u>
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>

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 2016

	01.01.2016 to 30.06.2016 RM'000	01.01.2015 to 30.06.2015 RM'000
OPERATING ACTIVITIES		
Loss before zakat and taxation	(8,501)	(4,869)
Adjustments for:		
Depreciation for motor vehicle and equipment	1,361	662
Amortisation of intangible assets	663	749
Investment income	(6,965)	(5,367)
Realised gains	(4,252)	(195)
Fair value losses/(gains)	3,610	(713)
Operating loss before working capital changes	(14,084)	(9,733)
Purchase of investment assets	(34,914)	(33,964)
Increase in takaful certificate liabilities	62,307	41,299
Increase in retakaful assets	(16,373)	(2,974)
Increase in other receivables	(1,012)	(4,592)
Increase/(decrease) in other payables	2,410	(4,436)
Net change in balance with related companies	(524)	(1,487)
Cash used in operating activities	(2,190)	(15,887)
Income tax paid	(206)	(314)
Investment income received	10,897	4,977
Net cash generated from/(used in) operating activities	8,501	(11,224)
INVESTING ACTIVITIES		
Purchase of motor vehicle and equipment	(1,099)	(1,429)
Purchase of intangible assets	(400)	(62)
Net cash used in investing activities	(1,499)	(1,491)
Net increase/(decrease) in cash and cash equivalents	7,002	(12,715)
Cash and cash equivalents at beginning of period	73,193	88,282
Cash and cash equivalents at end of period	80,195	75,567
Cash and cash equivalents comprise of:		
Cash and bank balances	9,265	10,317
Short term Islamic investment accounts with maturity period of less than 3 months	70,930	65,250
	80,195	75,567

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

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NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2016

1. BASIS OF PREPARATION

These unaudited interim condensed financial statements of the Company for the period 1 January 2016 to 30 June 2016, have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

The unaudited interim condensed financial statements should be read in conjunction with the Company's audited financial statements for the financial year ended 31 December 2015.

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 2015.

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 2015, except for the adoption of the following MFRSs, Amendments to MFRSs and Issues Committee ("IC") Interpretations:

Standards effective for financial periods beginning on or after 1 January 2016

- Annual Improvements to MFRSs 2012-2014 Cycle: Amendments to MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
- Annual Improvements to MFRSs 2012-2014 Cycle: Amendments to MFRS 7 *Financial Instruments: Disclosures*
- Annual Improvements to MFRSs 2012-2014 Cycle: Amendments to MFRS 119 *Employee Benefits*
- Annual Improvements to MFRSs 2012-2014 Cycle: Amendments to MFRS 134 *Interim Financial Reporting*
- Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*
- Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 127 *Equity Method in Separate Financial Statements*
- Amendments to MFRS 101 *Disclosure Initiatives*

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

- Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*
- MFRS 14 *Regulatory Deferral Accounts*

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

(b) Standards issued but not yet effective

The following are MFRSs and Amendments to MFRSs issued by MASB that will be effective for the Company in future years. The Company intends to adopt the following relevant standards when they become effective.

Effective for financial periods beginning on or after 1 January 2017

- Amendments to MFRS 107 *Disclosure Initiatives*
- Amendments to MFRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*

Effective for financial periods beginning on or after 1 January 2018

- MFRS 9 *Financial Instruments*
- MFRS 15 *Revenue from Contracts with Customers*

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 and annual improvements 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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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

MFRS 9 Financial Instruments ("MFRS 9")

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but restatement of comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015.

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 classification and measurement of financial assets is determined on the basis of the contractual cash flow characteristics and the objective of the business model associated with holding the asset. Key changes include:

- The held-to-maturity ("HTM") and available-for-sale ("AFS") asset categories will be removed;
- A new asset category measured at fair value through other comprehensive income ("FVOCI") is introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principle and interest and held in a model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- A new asset category for non-traded equity investments measured at FVOCI is introduced; and
- Classification of financial liabilities will remain largely unchanged, other than the fair value gains and losses attributable to changes in 'own credit risk' for financial liabilities designated and measured at fair value through profit or loss to be presented in other comprehensive income.

The adoption of MFRS 9 will have an effect on the classification and measurement of the Company's financial assets, and may have no impact on the classification and measurement of the Company's financial liabilities.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(b) Impairment

The MFRS 9 impairment requirements are based on an expected credit loss model ("ECL") that replaces the incurred loss model under the current accounting standard. The Company will be generally 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, irrevocable loan commitments and financial guarantee contracts, which will include loans, advances and financing and debt instruments held by the Company. MFRS 9 will change the Company's current methodology for calculating allowances for impairment, in particular for individual and collective assessment and provisioning.

(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.

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 2016.

5. CHANGES IN ESTIMATES

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

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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.

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 2015 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 30.06.2016			At 31.12.2015		
	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	5,179	25,553	30,732	5,992	23,098	29,090
Unit trusts - REITS	555	1,600	2,155	438	877	1,315
Government investment issues	9,671	39,154	48,825	22,016	49,043	71,059
Islamic private debt securities	44,072	88,031	132,103	34,642	62,291	96,933
Units held in investment-linked fund	4,814	-	-	4,741	-	-
Financial assets at FVTPL:						
Quoted Shariah-approved equities	-	53,054	53,054	-	45,247	45,247
Financial instruments with embedded derivatives	16	81	97	-	24	24
Unit trusts - REITS	-	3,000	3,000	-	353	353
Government investment issues	-	14,505	14,505	-	14,745	14,745
Islamic private debt securities	-	29,598	29,598	-	21,579	21,579
Loans and receivables:						
Islamic investment accounts with licensed Islamic banks	6,050	69,880	75,930	750	69,080	69,830
	<u>70,357</u>	<u>324,456</u>	<u>389,999</u>	<u>68,579</u>	<u>286,337</u>	<u>350,175</u>

GREAT EASTERN TAKAFUL BERHAD
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12. FINANCIAL ASSETS (CONTINUED)

	At 30.06.2016			At 31.12.2015		
	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	64,291	154,338	213,815	67,829	135,309	198,397
Financial assets at FVTPL	16	100,238	100,254	-	81,948	81,948
Loans and receivables	6,050	69,880	75,930	750	69,080	69,830
	<u>70,357</u>	<u>324,456</u>	<u>389,999</u>	<u>68,579</u>	<u>286,337</u>	<u>350,175</u>
The following investments mature after 12 months:						
AFS financial assets	50,747	120,194	180,928	56,658	111,334	167,992
Financial assets at FVTPL	-	44,103	44,103	-	36,324	36,324
	<u>50,747</u>	<u>164,297</u>	<u>225,031</u>	<u>56,658</u>	<u>147,657</u>	<u>204,316</u>

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12. FINANCIAL ASSETS (CONTINUED)

(a) AFS financial assets

	At 30.06.2016			At 31.12.2015		
	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	5,052	25,031	30,083	5,558	22,110	27,668
Unit trusts - REITS	500	1,469	1,969	442	886	1,328
Government investment issues	9,466	38,392	47,858	22,255	49,042	71,297
Islamic private debt securities	43,214	86,341	129,555	34,421	61,751	96,172
Units held in investment-linked fund	3,639	-	-	3,639	-	-
	<u>61,871</u>	<u>151,233</u>	<u>209,465</u>	<u>66,315</u>	<u>133,789</u>	<u>196,465</u>
At fair value						
Quoted Shariah-approved equities	5,179	25,553	30,732	5,992	23,098	29,090
Unit trusts - REITS	555	1,600	2,155	438	877	1,315
Government investment issues	9,671	39,154	48,825	22,016	49,043	71,059
Islamic private debt securities	44,072	88,031	132,103	34,642	62,291	96,933
Units held in investment-linked fund	4,814	-	-	4,741	-	-
	<u>64,291</u>	<u>154,338</u>	<u>213,815</u>	<u>67,829</u>	<u>135,309</u>	<u>198,397</u>

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12. FINANCIAL ASSETS (CONTINUED)

(b) Financial assets at FVTPL

	At 30.06.2016			At 31.12.2015		
	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	-	52,198	52,198	-	40,137	40,137
Financial instruments with embedded derivatives	4	14	18	-	-	-
Unit trusts - REITS	-	2,945	2,945	-	349	349
Government investment issues	-	14,288	14,288	-	14,810	14,810
Islamic private debt securities	-	29,234	29,234	-	21,471	21,471
	4	98,679	98,683	-	76,767	76,767
At fair value						
Quoted Shariah-approved equities	-	53,054	53,054	-	45,247	45,247
Financial instruments with embedded derivatives	16	81	97	-	24	24
Unit trusts - REITS	-	3,000	3,000	-	353	353
Government investment issues	-	14,505	14,505	-	14,745	14,745
Islamic private debt securities	-	29,598	29,598	-	21,579	21,579
	16	100,238	100,254	-	81,948	81,948

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12. FINANCIAL ASSETS (CONTINUED)

(c) Loans and receivables

	At 30.06.2016		At 31.12.2015	
	Shareholders' fund RM'000	Family takaful fund RM'000	Shareholders' fund RM'000	Family takaful fund RM'000
At cost and fair value				
Islamic investment accounts with licensed Islamic banks	6,050	69,880	750	69,080
	<u>6,050</u>	<u>69,880</u>	<u>750</u>	<u>69,080</u>
				<u>69,830</u>
				<u>69,830</u>

(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 30.06.2016		At 31.12.2015	
	Shareholders' fund RM'000	Family takaful fund RM'000	Shareholders' fund RM'000	Family takaful fund RM'000
Valuation techniques:				
AFS financial assets				
Quoted prices	5,734	27,153	6,430	23,975
Market observable inputs	58,557	127,185	61,399	111,334
Financial assets at FVTPL				
Quoted prices	16	56,135	-	45,624
Market observable inputs	-	44,103	-	36,324
	<u>64,307</u>	<u>254,576</u>	<u>67,829</u>	<u>217,257</u>
				<u>280,345</u>

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13. TAKAFUL RECEIVABLES

<u>Family takaful fund</u>	At 30.06.2016 RM'000	At 31.12.2015 RM'000
Contributions due from agents, other intermediaries and a corporate shareholder	6,194	8,340
Amount due from retakaful operators	5,378	3,521
Amount due from cotakaful operators	2,189	1,399
	<u>13,761</u>	<u>13,260</u>

Description	<u>30.06.2016</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	(2,036)	-	(2,036)
Claims recoveries	-	7,414	7,414
	<u>(2,036)</u>	<u>7,414</u>	<u>5,378</u>

Description	<u>31.12.2015</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	(20)	-	(20)
Claims recoveries	-	2,678	2,678
Surplus sharing	-	863	863
	<u>(20)</u>	<u>3,541</u>	<u>3,521</u>

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14. TAKAFUL CERTIFICATE LIABILITIES

<u>Family takaful fund</u> 30.06.2016	Gross RM'000	Retakaful RM'000	Net RM'000
Provision for outstanding claims reported by certificate holders	15,335	(12,215)	3,120
Participants' risk fund ("PRF")	77,796	(61,784)	16,012
Participants' investment account ("PIA")	133,105	-	133,105
Net asset value attributable to certificate holders	97,105	-	97,105
	<u>323,341</u>	<u>(73,999)</u>	<u>249,342</u>

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

	Gross RM'000	Retakaful RM'000	Net RM'000
At 1.1.2016	259,462	(57,626)	201,836
Benefits intimated during the period	32,882	(16,754)	16,128
Benefits paid during the period	(29,774)	14,414	(15,360)
Increase in actuarial liabilities due to:			
Portfolio movement	50,812	(4,765)	46,046
Change in assumptions and basis	9,959	(9,268)	692
At 30.06.2016	<u>323,341</u>	<u>(73,999)</u>	<u>249,342</u>

<u>Family takaful fund</u> 31.12.2015	Gross RM'000	Retakaful RM'000	Net RM'000
Provision for outstanding claims reported by certificate holders	12,226	(9,875)	2,351
Participants' risk fund ("PRF")	62,502	(47,751)	14,751
Participants' investment account ("PIA")	107,142	-	107,142
Net asset value attributable to certificate holders	77,592	-	77,592
	<u>259,462</u>	<u>(57,626)</u>	<u>201,836</u>

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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 1.1.2015	185,861	(33,250)	152,611
Benefits intimated during the period	66,541	(25,196)	41,345
Benefits paid during the period	(66,611)	26,036	(40,575)
Increase in actuarial liabilities due to:			
Portfolio movement	55,960	(8,439)	47,521
Change in assumptions and basis	17,711	(16,777)	934
At 31.12.2015	<u>259,462</u>	<u>(57,626)</u>	<u>201,836</u>

<u>Company</u> 30.06.2016	Gross RM'000	Retakaful RM'000	Net RM'000
Provision for outstanding claims reported by certificate holders	15,335	(12,215)	3,120
Participants' risk fund ("PRF")	77,796	(61,784)	16,012
Participants' investment account ("PIA")	133,105	-	133,105
Net asset value attributable to certificate holders	93,466	-	93,466
Unallocated surplus	50,611	-	50,611
Available-for-sale fair value reserves	2,950	-	2,950
	<u>373,263</u>	<u>(73,999)</u>	<u>299,264</u>

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

	Gross RM'000	Retakaful RM'000	Net RM'000
At 1.1.2016	309,690	(57,626)	252,064
Benefits intimated during the period	32,882	(16,754)	16,128
Benefits paid during the period	(29,774)	14,414	(15,360)
Increase in actuarial liabilities due to:			
Portfolio movement	50,812	(4,765)	46,046
Change in assumptions and basis	9,959	(9,268)	692
Surplus arising for the year	(1,788)	-	(1,788)
AFS fair value gain for the year	1,585	-	1,585
Deferred tax relating to AFS fair value gain	(103)	-	(103)
At 31.12.2016	<u>373,263</u>	<u>(73,999)</u>	<u>299,264</u>

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14. TAKAFUL CERTIFICATE LIABILITIES (CONTINUED)

<u>Company</u> 31.12.2015	Gross RM'000	Retakaful RM'000	Net RM'000
Provision for outstanding claims reported by certificate holders	12,226	(9,875)	2,351
Participants' risk fund ("PRF")	62,502	(47,751)	14,751
Participants' investment account ("PIA")	107,142	-	107,142
Net asset value attributable to certificate holders	75,003	-	75,003
Unallocated surplus	51,349	-	51,349
Available-for-sale fair value reserves	1,468	-	1,468
	<u>309,690</u>	<u>(57,626)</u>	<u>252,064</u>

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

	Gross RM'000	Retakaful RM'000	Net RM'000
At 1.1.2015	214,468	(33,250)	181,218
Benefits intimated during the period	66,541	(25,196)	41,345
Benefits paid during the period	(62,185)	26,036	(36,149)
Increase in actuarial liabilities due to:			
Portfolio movement	55,960	(8,439)	47,521
Change in assumptions and basis	17,711	(16,777)	934
Surplus arising for the year	15,187	-	15,187
AFS fair value gain for the year	2,060	-	2,060
Deferred tax relating to AFS fair value gain	(52)	-	(52)
At 31.12.2015	<u>309,690</u>	<u>(57,626)</u>	<u>252,064</u>

15. CAPITAL COMMITMENTS

There were no capital commitments as at the date of this report.

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16. REGULATORY CAPITAL REQUIREMENT

The capital structure of the Company as at 30 June 2016, as prescribed under the Risk-Based Capital Framework for Takaful Operators ("RBCF") is provided below:

30.06.2016	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
Eligible Tier 1 Capital			
Share capital	100,000	-	100,000
Accumulated losses	(57,469)	-	(57,469)
Valuation surplus maintained in the takaful funds	-	25,735	25,735
	<u>42,531</u>	<u>25,735</u>	<u>68,266</u>
Eligible Tier 2 Capital			
Available-for-sale reserves	1,839	312	2,151
Redeemable preference shares	6,000	-	6,000
	<u>7,839</u>	<u>312</u>	<u>8,151</u>
Deductions			
Intangible assets	(2,870)	-	(2,870)
Deferred tax assets	(2,295)	-	(2,295)
	<u>(5,165)</u>	<u>-</u>	<u>(5,165)</u>
Capital Available	<u>45,205</u>	<u>26,047</u>	<u>71,252</u>
Less: Adjustment for family takaful fund (limited to 130% of Total Capital Required)	-	(20,036)	(20,036)
Total Capital Available	<u>45,205</u>	<u>3,237</u>	<u>51,216</u>

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16. REGULATORY CAPITAL REQUIREMENT (CONTINUED)

31.12.2015	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
Eligible Tier 1 Capital			
Share capital	100,000	-	100,000
Accumulated losses	(48,357)	-	(48,357)
Valuation surplus maintained in the takaful funds	-	11,391	11,391
	<u>51,643</u>	<u>11,391</u>	<u>63,034</u>
Eligible Tier 2 Capital			
Available-for-sale reserves	1,150	29	1,179
Redeemable preference shares	8,000	-	8,000
	<u>9,150</u>	<u>29</u>	<u>9,179</u>
Deductions			
Intangible assets	(3,247)	-	(3,247)
Deferred tax assets	(3,073)	(4)	(3,077)
	<u>(6,320)</u>	<u>(4)</u>	<u>(6,324)</u>
Capital Available	<u>54,473</u>	<u>11,416</u>	<u>65,889</u>
Less: Adjustment for family takaful fund (limited to 130% of Total Capital Required)	-	(8,179)	(8,179)
Total Capital Available	<u>54,473</u>	<u>3,237</u>	<u>57,710</u>