

GREAT EASTERN GENERAL INSURANCE (MALAYSIA) BERHAD
198301007025 (102249-P)
(A Member of Great Eastern Holdings Limited)

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020

GREAT EASTERN GENERAL INSURANCE (MALAYSIA) BERHAD
(Incorporated in Malaysia)

Interim Condensed Financial Statements for Six Months Period Ended 30 June 2020

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GREAT EASTERN GENERAL INSURANCE (MALAYSIA) BERHAD
(Incorporated in Malaysia)

CONDENSED BALANCE SHEET
AS AT 30 JUNE 2020

	Note	30.06.2020 RM	31.12.2019 RM
Assets			
Intangible assets		22,162,694	23,362,329
Property and equipment			
- Owned		26,318,912	23,587,630
- Right-of-use assets		14,642,554	15,215,382
Investments	9	736,329,447	749,247,708
Reinsurance assets	10	237,803,890	224,369,723
Insurance receivables		93,191,236	64,192,063
Other receivables		66,601,454	66,504,076
Deferred tax assets		-	737,617
Tax recoverable		-	424,141
Cash and bank balances		27,563,982	16,502,878
Total assets		<u>1,224,614,169</u>	<u>1,184,143,547</u>
Equity			
Share capital		100,000,000	100,000,000
Retained earnings		345,132,166	351,337,684
Fair value reserves		11,674,749	8,998,128
Total equity		<u>456,806,915</u>	<u>460,335,812</u>
Liabilities			
Insurance contract liabilities	11	626,189,456	601,598,848
Lease liabilities		14,475,614	14,922,400
Deferred tax liabilities		755,372	-
Deposits from reinsurers		1,154,330	945,602
Insurance payables		56,543,833	43,952,458
Provision for taxation		1,214,614	-
Other payables		67,474,035	62,388,427
Total liabilities		<u>767,807,254</u>	<u>723,807,735</u>
Total equity and liabilities		<u>1,224,614,169</u>	<u>1,184,143,547</u>

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

GREAT EASTERN GENERAL INSURANCE (MALAYSIA) BERHAD
(Incorporated in Malaysia)

CONDENSED INCOME STATEMENT
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020

	Note	6 months period ended 30.06.2020 RM	6 months period ended 30.06.2019 RM
Gross earned premiums		265,603,149	257,834,367
Premiums ceded to reinsurers		(81,503,685)	(74,451,602)
Net earned premiums		<u>184,099,464</u>	<u>183,382,765</u>
Investment income		17,154,463	15,468,660
Realised gains		1,283,868	1,059,147
Fair value gains		1,479,477	3,493,366
Changes in allowance for ECL on investment assets		(81,099)	103,807
Fee and commission income		21,739,360	17,376,916
Other operating revenue		572,408	1,870,183
Other revenue		<u>42,148,477</u>	<u>39,372,079</u>
Gross claims paid		(122,626,497)	(116,338,561)
Claims ceded to reinsurers		37,934,620	26,450,497
Gross change in contract liabilities		(19,471,547)	(15,134,911)
Change in contract liabilities ceded to reinsurers		9,707,903	12,888,787
Net claims		<u>(94,455,521)</u>	<u>(92,134,188)</u>
Fee and commission expense		(37,829,226)	(38,411,213)
Management expenses		(49,043,216)	(49,070,453)
Finance cost		(396,596)	(68,566)
Other expenses		<u>(87,269,038)</u>	<u>(87,550,232)</u>
Profit before taxation		44,523,382	43,070,424
Taxation	12	(10,487,672)	(7,452,227)
Net profit for the period		<u>34,035,710</u>	<u>35,618,197</u>
Earnings per share (sen)			
Basic and diluted	13	<u>34.04</u>	<u>35.62</u>

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

GREAT EASTERN GENERAL INSURANCE (MALAYSIA) BERHAD
(Incorporated in Malaysia)

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020

	6 months period ended 30.06.2020 RM	6 months period ended 30.06.2019 RM
Net profit for the period	34,035,710	35,618,197
Other comprehensive income:		
<u>Items that may be reclassified to income statement in subsequent periods:</u>		
Fair value through other comprehensive income reserves:		
Net gains on fair value changes	3,975,212	10,294,412
Realised gains transferred to income statement	(857,752)	(1,059,147)
Reclassification from FVOCI reserves to retained earnings arising from realised losses on disposal of FVOCI equities	317,405	275,606
Changes in allowance for ECL	87,004	(117,796)
	3,521,869	9,393,075
Tax effect	(845,248)	(2,254,337)
	<u>2,676,621</u>	<u>7,138,738</u>
Total comprehensive income for the period	<u>36,712,331</u>	<u>42,756,935</u>

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

GREAT EASTERN GENERAL INSURANCE (MALAYSIA) BERHAD
(Incorporated in Malaysia)

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020

	Non-Distributable Share capital RM	FVOCI reserves RM	Distributable Retained earnings RM	Total equity RM
At 1 January 2019	100,000,000	965,601	325,336,414	426,302,015
Total comprehensive income for the period	-	6,929,279	35,618,197	42,547,476
Reclassification from FVOCI reserves to retained earnings arising from realised losses on disposal of FVOCI equities	-	209,459	(209,459)	-
Dividend paid during the period	-	-	(33,000,000)	(33,000,000)
At 30 June 2019	100,000,000	8,104,339	327,745,152	435,849,491
At 1 January 2020	100,000,000	8,998,128	351,337,684	460,335,812
Total comprehensive income for the period	-	2,435,393	34,035,710	36,471,103
Reclassification from FVOCI reserves to retained earnings arising from realised losses on disposal of FVOCI equities	-	241,228	(241,228)	-
Dividend paid during the period	-	-	(40,000,000)	(40,000,000)
At 30 June 2020	100,000,000	11,674,749	345,132,166	456,806,915

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

GREAT EASTERN GENERAL INSURANCE (MALAYSIA) BERHAD
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CONDENSED CASH FLOW STATEMENT
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2020

		6 months ended 30.06.2020	6 months ended 30.06.2019
	Note	RM	RM
Operating activities			
Cash generated from operating activities	14	59,221,661	11,403,313
Dividend income received		5,900,834	2,751,631
Interest income received		13,000,218	13,696,008
Interest paid		(4,236)	-
Income tax paid		(8,124,996)	(6,578,200)
Net cash flows generated from operating activities		<u>69,993,481</u>	<u>21,272,752</u>
Investing activities			
Proceeds from disposal of equipment		630	-
Purchase of equipment		(4,598,064)	(1,611,119)
Net cash flows used in investing activities		<u>(4,597,434)</u>	<u>(1,611,119)</u>
Financing activity			
Payment of lease liabilities		(1,784,943)	(931,065)
Dividend paid		(40,000,000)	(33,000,000)
Net cash flows used in financing activity		<u>(41,784,943)</u>	<u>(33,931,065)</u>
Net increase/(decrease) in cash and cash equivalents		23,611,104	(14,269,432)
Cash and cash equivalents at beginning of period		<u>28,952,878</u>	<u>40,730,200</u>
Cash and cash equivalents at end of period		<u>52,563,982</u>	<u>26,460,768</u>
Cash and cash equivalents comprise:			
Cash and bank balances		27,563,982	18,360,768
Deposits with licensed financial institutions	9(a)	25,000,000	8,100,000
		<u>52,563,982</u>	<u>26,460,768</u>

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

GREAT EASTERN GENERAL INSURANCE (MALAYSIA) BERHAD
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2020

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

The interim condensed financial statements of the Company are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134 - Interim Financial Reporting, and International Accounting Standards (“IAS”) 34 - Interim Financial Reporting. The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited financial statements for the financial year ended 31 December 2019.

The notes attached to the interim condensed financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial statements of the company since the financial year ended 31 December 2019.

1.2 CHANGES IN ACCOUNTING POLICIES

New and amended standards and interpretations

The significant accounting policies in these interim condensed financial statements are consistent with those adopted in the financial statements for the financial year ended 31 December 2019, except for the adoption of the following MFRS, Amendments and Improvements to MFRSs:

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

- Amendments to MFRS 3 *Business Combinatios*
- Amendments to MFRS 101 *Presentation of Financial Statements*
- Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
- Interest Rate Benchmark Reform (Amendments to MFRS 9 *Financial Instruments*, MFRS 139 *Financial Instruments: Recognition and Measurement* and MFRS 7 *Financial Instruments: Disclosures*)

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

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2. 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.

3. UNUSUAL ITEMS

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

4. CHANGE IN ESTIMATES

There were no changes in the basis used for accounting estimates for the interim financial period.

5. DEBT AND EQUITY SECURITIES

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

6. DIVIDENDS

During the interim period ended 30 June 2020, the Company paid a final single-tier dividend of RM0.40 per ordinary shares on 100,000,000 ordinary shares, amounting to RM40,000,000 in respect of the financial year ended 31 December 2019 on 15 May 2020.

7. EVENT SUBSEQUENT TO THE END OF THE INTERIM PERIOD

There is no material event subsequent to the end of the interim reporting period that has not been reported in the interim condensed financial statements.

8. CHANGES IN THE COMPOSITION OF THE COMPANY

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

GREAT EASTERN GENERAL INSURANCE (MALAYSIA) BERHAD
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9. INVESTMENTS

	30.06.2020	31.12.2019
	RM	RM
Malaysian government securities	65,320,270	35,432,020
Debt securities	452,634,508	488,097,487
Equity securities	29,433,244	29,377,893
Collective investment schemes		
- Investment in subsidiary	110,526,723	105,859,762
- Investment in others	52,850,797	57,250,219
Loans	563,905	20,780,327
Deposits with financial institutions	25,000,000	12,450,000
	<u>736,329,447</u>	<u>749,247,708</u>

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

	30.06.2020	31.12.2019
	RM	RM
Financial assets at amortised cost	25,563,905	33,230,327
Financial assets at FVOCI	499,427,411	470,814,159
Financial assets at FVTPL	211,338,131	245,203,222
	<u>736,329,447</u>	<u>749,247,708</u>

The following investments mature after 12 months:

	30.06.2020	31.12.2019
	RM	RM
Financial assets at amortised cost	483,486	760,079
Financial assets at FVOCI	499,427,412	467,781,579
Financial assets at FVTPL	209,602,719	234,124,022
	<u>709,513,617</u>	<u>702,665,680</u>

Included in financial assets are quoted equity securities (FVOCI) and collective investment schemes (FVTPL) of RM29,406,998 (2019: RM29,336,138) and RM163,377,520 (2019: RM163,109,981) respectively with no maturity date.

GREAT EASTERN GENERAL INSURANCE (MALAYSIA) BERHAD
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9. INVESTMENTS (CONT'D.)

(a) Financial assets measured at amortised cost

	30.06.2020	31.12.2019
	RM	RM
Deposits with licensed financial institutions	25,000,000	12,450,000
Mortgage loans	50,673	74,002
Secured loans	-	20,003,281
Vehicle loans	509,789	703,778
Computer loans	3,443	5,171
	<u>25,563,905</u>	<u>33,236,232</u>
Allowance for ECL	-	(5,905)
	<u>25,563,905</u>	<u>33,230,327</u>

The carrying value of fixed and call deposits approximate their fair values due to the relatively short term maturities.

The carrying value of financial assets measured at amortised cost, other than fixed and call deposits, are reasonable approximations of fair values due to the insignificant impact of discounting.

(b) Financial assets measured at FVOCI

	30.06.2020	31.12.2019
	RM	RM
Malaysian government securities	65,320,270	35,432,020
Unquoted debt securities in Malaysia	404,700,143	406,046,001
Quoted equity securities in Malaysia	29,406,998	29,336,138
	<u>499,427,411</u>	<u>470,814,159</u>

Allowance for ECL has been provided for Malaysian government securities and unquoted debt securities measured at FVOCI amount to RM1,948,342 (2019: RM1,861,341).

Quoted equities securities measured at FVOCI are not subject to impairment assessment.

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9. INVESTMENTS (CONT'D.)

(c) Financial assets measured at FVTPL

	30.06.2020	31.12.2019
	RM	RM
Unquoted debt securities in Malaysia	47,934,365	82,051,486
Quoted equity securities in Malaysia	26,246	41,755
Collective investment schemes		
- Investment in subsidiary	110,526,723	105,859,762
- Investment in others	52,850,797	57,250,219
	<u>211,338,131</u>	<u>245,203,222</u>

Financial assets measured at FVTPL primarily comprise perpetual debt securities, collective investment schemes, warrants and structured deposits. In accordance with MFRS 9, these have been designated as FVTPL upon initial recognition.

(d) Carrying values of investments

	Amortised Cost	FVOCI	FVTPL	Total
	RM	RM	RM	RM
At 1 January 2019	45,268,191	510,242,108	135,763,623	691,273,922
Purchases	2,281,172,899	312,713,512	149,608,753	2,743,495,164
Maturities/disposals	(2,293,200,538)	(362,623,679)	(45,008,801)	(2,700,833,018)
Fair value gains recorded in other comprehensive income	-	10,760,134	-	10,760,134
Fair value gains recorded in income statement	-	-	4,839,647	4,839,647
Provision for ECL	(398)	-	-	(398)
Amortisation	(9,827)	(277,916)	-	(287,743)
At 31 December 2019 / At 1 January 2020	<u>33,230,327</u>	<u>470,814,159</u>	<u>245,203,222</u>	<u>749,247,708</u>
Purchases	246,750,000	87,793,063	4,861,275	339,404,338
Maturities/disposals	(254,419,046)	(62,321,769)	(40,196,994)	(356,937,809)
Fair value gains recorded in other comprehensive income	-	3,443,713	-	3,443,713
Fair value gains recorded in income statement	-	-	1,470,628	1,470,628
Provision for ECL	5,905	-	-	5,905
Amortisation	(3,281)	(301,755)	-	(305,036)
At 30 June 2020	<u>25,563,905</u>	<u>499,427,411</u>	<u>211,338,131</u>	<u>736,329,447</u>

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9. INVESTMENTS (CONT'D.)

(e) Investment in subsidiary - collective investment scheme

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

Name of wholesale unit trust fund	Principal activities	% of ownership interest held by the Company	
		30.06.2020	31.12.2019
AmInstitutional Income Bond Fund	Investment in debt securities and money market	62.50%	62.50%

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

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

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

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

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10. REINSURANCE ASSETS

	30.06.2020	31.12.2019
	RM	RM
Reinsurers' share of claim liabilities	177,278,310	167,574,800
Accumulated impairment losses	(27,740)	(32,132)
Reinsurers' share of claim liabilities (Note 11)	<u>177,250,570</u>	<u>167,542,668</u>
Reinsurers' share of premium liabilities (Note 11)	<u>60,553,320</u>	<u>56,827,055</u>
	<u><u>237,803,890</u></u>	<u><u>224,369,723</u></u>

Movement of accumulated impairment losses account:

	Individually Impaired	
	30.06.2020	31.12.2019
	RM	RM
At beginning of year	32,132	170,929
Reversal of impairment losses	(4,392)	(137,258)
Transfer of impairment losses to insurance receivables	-	(1,539)
At end of period/year	<u><u>27,740</u></u>	<u><u>32,132</u></u>

The Company have provided for impairment losses for reinsurance assets of reinsurers who are fully impaired as a result of deteriorating financial performance and credit ratings of the reinsurers. During the year, the Company has recognised reversal of impairment losses of RM4,392 (2019: RM137,258) provided earlier due to the closure of time-barred losses.

GREAT EASTERN GENERAL INSURANCE (MALAYSIA) BERHAD
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11. INSURANCE CONTRACT LIABILITIES

	30.06.2020			31.12.2019		
	Gross RM	Reinsurance RM	Net RM	Gross RM	Reinsurance RM	Net RM
Provision for claims reported by policyholders	345,546,056	(152,320,322)	193,225,734	332,409,086	(144,192,175)	188,216,911
Provision for incurred but not reported claims (“IBNR”) and provision for risk margin for adverse deviations (“PRAD”)	59,544,788	(24,930,248)	34,614,540	53,210,211	(23,350,493)	29,859,718
Claim liabilities (i)	405,090,844	(177,250,570)	227,840,274	385,619,297	(167,542,668)	218,076,629
Premium liabilities (ii)	221,098,612	(60,553,320)	160,545,292	215,979,551	(56,827,055)	159,152,496
	<u>626,189,456</u>	<u>(237,803,890)</u>	<u>388,385,566</u>	<u>601,598,848</u>	<u>(224,369,723)</u>	<u>377,229,125</u>
(i) Claim liabilities						
At beginning of period/year	385,619,297	(167,542,668)	218,076,629	344,268,268	(142,135,182)	202,133,086
Claims incurred in the current accident period (direct and facultative)	149,926,096	(49,243,406)	100,682,690	274,881,552	(61,030,210)	213,851,342
Movement in PRAD of claim liabilities	1,117,115	(210,631)	906,484	1,353,083	(195,653)	1,157,430
Movement in unallocated loss adjustment expenses (“ULAE”)	638,658	-	638,658	299,103	-	299,103
Other movement in claims incurred in prior accident years (direct and facultative)	(9,083,205)	1,811,514	(7,271,691)	17,506,845	(19,000,508)	(1,493,663)
Movement in claims incurred (treaty inwards claims)	(500,621)	-	(500,621)	(2,795,641)	-	(2,795,641)
Claims paid during the period	(122,626,496)	37,934,621	(84,691,875)	(249,893,913)	54,818,885	(195,075,028)
At end of period/year	<u>405,090,844</u>	<u>(177,250,570)</u>	<u>227,840,274</u>	<u>385,619,297</u>	<u>(167,542,668)</u>	<u>218,076,629</u>
(ii) Premium liabilities						
At beginning of period/year	215,979,551	(56,827,055)	159,152,496	209,736,875	(49,751,523)	159,985,352
Premiums written in the period	270,722,210	(85,229,950)	185,492,260	523,364,995	(139,125,006)	384,239,989
Premiums earned during the period	(265,603,149)	81,503,685	(184,099,464)	(517,122,319)	132,049,474	(385,072,845)
At end of period/year	<u>221,098,612</u>	<u>(60,553,320)</u>	<u>160,545,292</u>	<u>215,979,551</u>	<u>(56,827,055)</u>	<u>159,152,496</u>

As at 30 June 2020, the insurance contract liabilities above includes the Company’s share of MMIP’s claim and premium liabilities amounting to RM26,793,462 (2019: RM28,688,871) and RM1,702,037 (2019: RM2,237,442).

GREAT EASTERN GENERAL INSURANCE (MALAYSIA) BERHAD
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12. TAXATION

	30.06.2020	30.06.2019
	RM	RM
Current income tax:		
Malaysian income tax	9,839,932	8,774,848
	<u>9,839,932</u>	<u>8,774,848</u>
Deferred tax:		
Relating to origination and reversal of temporary differences	647,740	(587,458)
Overprovision in prior year	-	(735,163)
	<u>647,740</u>	<u>(1,322,621)</u>
	<u>10,487,672</u>	<u>7,452,227</u>

Income tax is based on the statutory tax rate of 24% of the estimated assessable profit for the financial year.

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

	30.06.2020	30.06.2019
	RM	RM
Profit before taxation	<u>44,523,382</u>	<u>43,070,424</u>
Taxation at Malaysian statutory tax rate of 24%	10,685,612	10,336,902
Income not subject to tax	(1,292,210)	(763,601)
Expenses not deductible for tax purposes	1,094,270	(1,385,911)
Overprovision of deferred tax in prior year	-	(735,163)
Tax expense for the year	<u>10,487,672</u>	<u>7,452,227</u>

GREAT EASTERN GENERAL INSURANCE (MALAYSIA) BERHAD
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13. EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit for the financial period attributable to ordinary equity holders of the Company by the number of ordinary shares in issue during the financial period.

	30.06.2020	30.06.2019
	RM	RM
Profit attributable to ordinary equity holder	34,035,710	35,618,197
Number of ordinary shares in issue during the period	100,000,000	100,000,000
Basic earnings per share (sen)	<u>34.04</u>	<u>35.62</u>

There were no dilutive potential ordinary shares as at the reporting date. There have been no other transactions involving ordinary shares between the reporting date and the date of completion of the financial statements.

14. CASH GENERATED FROM OPERATING ACTIVITIES

	30.06.2020	30.06.2019
	RM	RM
Profit before taxation	44,523,382	43,070,424
Investment income	(17,951,445)	(16,044,728)
Finance cost	396,596	64,054
Realised gains on financial assets at FVOCI and FVTPL	(1,283,868)	(1,059,148)
Fair value gains recorded in income statement	(1,479,477)	(3,493,366)
Purchases of financial assets at FVTPL	(4,861,275)	(123,123,431)
Purchases of financial assets at FVOCI	(87,793,063)	(173,284,583)
Proceeds from maturities/disposals of financial assets at FVOCI	62,862,114	255,390,800
Proceeds from maturities/disposals of financial assets at FVTPL	40,623,109	32,000,000
Decrease in financial assets at amortised cost	20,219,045	88,993
Non-cash items:		
Depreciation of property and equipment and right-of-use assets	3,528,050	2,927,096
Amortisation on intangible assets	325,135	-
Changes in allowance for ECL on investment assets	81,099	(103,807)
Changes in allowance for ECL on insurance receivables	571,372	1,453,023

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14. CASH GENERATED FROM OPERATING ACTIVITIES (CONT'D.)

	30.06.2020	30.06.2019
	RM	RM
Non-cash items (cont'd.):		
Write back of impairment losses on reinsurance assets	(4,393)	(126,435)
Write off/(write back) of bad debts	5,721	(1,670,743)
Property and equipment written off	(624)	43
Net amortisation of discounts	305,036	99,713
Changes in working capital:		
Right-of-use assets	(1,088,447)	-
Reinsurance assets	(13,429,775)	(11,319,361)
Insurance receivables	(29,570,546)	(7,020,914)
Other receivables	(1,046,987)	(383,244)
Insurance contract liabilities	24,590,608	28,495,633
Deposits from reinsurers	208,728	(64,198)
Insurance payables	12,585,655	(9,666,231)
Lease liabilities	958,829	-
Other payables	5,947,082	(4,826,277)
Cash generated from operating activities	<u>59,221,661</u>	<u>11,403,313</u>

The Company classifies the cash flows from the acquisition and disposal of financial assets as operating cash flows, as the purchases are funded from cash flows associated with the origination of insurance contracts, net of the cash flows for payments of claims incurred for insurance contracts, which are classified under operating activities.

15. CAPITAL COMMITMENTS

The capital commitments of the Company as at the financial period are as follows:

	30.06.2020	30.06.2019
	RM	RM
Capital expenditure:		
Approved and contracted for:		
Property and equipment	5,371,698	2,850,761
Approved but not contracted for:		
Property and equipment	17,667,227	6,034,619
	<u>23,038,925</u>	<u>8,885,380</u>

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16. REGULATORY CAPITAL REQUIREMENTS

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

	30.06.2020	30.06.2019
	RM	RM
Eligible Tier 1 Capital:		
Share capital (paid up)	100,000,000	100,000,000
Reserves, including retained earnings	345,132,169	273,375,022
	<u>445,132,169</u>	<u>373,375,022</u>
Tier 2 Capital:		
Eligible Reserves	11,674,749	6,793,949
	<u>11,674,749</u>	<u>6,793,949</u>
Deductions	(22,162,694)	(18,182,598)
	<u>(22,162,694)</u>	<u>(18,182,598)</u>
Total Capital Available	<u>434,644,224</u>	<u>361,986,373</u>

17. UPDATE ON THE MALAYSIAN COMPETITION COMMISSION'S ("MYCC") CASE AGAINST 22 GENERAL INSURERS AND PIAM

On 22 February 2017, the Malaysian Competition Commission ("MyCC") issued its Proposed Decision on an alleged infringement by the General Insurance Association of Malaysia ("PIAM") and its 22 members under the Section 4(2)(a) of the Competition Act 2010 ("the Act"). MyCC's Proposed Decision is with respect to the agreement reached between PIAM and the Federation of Automobile Workshop Owners' Association of Malaysia ("FAWOAM") in respect to the trade discount rates for parts of certain vehicle makes and labour rates for workshops under the PIAM Approved Repairers Scheme.

As a result, MyCC has proposed various remedies on the general insurers, including financial penalties amounting to a total of RM213.45 million. The proposed financial penalty on the Company is RM2.95 million.

PIAM and 18 general insurers had made their oral representations to the MyCC on 13 May 2019, and on 17 June 2019 to 18 June 2019, respectively. The Company's session was conducted and completed on 18 June 2019. To date, MyCC has yet to fix a date for decision.