

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 2022

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

Interim Condensed Financial Statements for Six Months Period Ended 30 June 2022

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

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	30.06.2022 RM	31.12.2021 RM
Assets			
Intangible assets		56,548,783	54,297,014
Property and equipment			
- Owned		3,578,235	3,953,017
- Right-of-use assets		11,733,197	13,423,409
Investments	9	718,330,560	731,891,678
Reinsurance assets	10	745,714,079	724,539,305
Insurance receivables		91,148,202	60,648,631
Other receivables		60,632,499	61,919,187
Deferred tax assets		5,538,899	3,726,860
Tax recoverable		2,579,223	3,234,175
Cash and bank balances		29,436,117	46,630,299
Total assets		<u>1,725,239,794</u>	<u>1,704,263,575</u>
Equity			
Share capital		100,000,000	100,000,000
Retained earnings		331,249,228	354,078,735
Fair value reserves		(2,900,555)	2,601,574
Total equity		<u>428,348,673</u>	<u>456,680,309</u>
Liabilities			
Insurance contract liabilities	11	1,145,505,613	1,111,677,560
Lease liabilities		11,833,608	13,474,112
Deposits from reinsurers		2,952,891	3,291,066
Insurance payables		67,713,641	55,135,992
Other payables		68,885,368	64,004,536
Total liabilities		<u>1,296,891,121</u>	<u>1,247,583,266</u>
Total equity and liabilities		<u>1,725,239,794</u>	<u>1,704,263,575</u>

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

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

CONDENSED STATEMENT OF PROFIT OR LOSS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2022

	Note	6 months period ended 30.06.2022 RM	6 months period ended 30.06.2021 RM
Gross earned premiums		272,147,825	265,324,467
Premiums ceded to reinsurers		(84,592,582)	(95,434,565)
Net earned premiums		<u>187,555,243</u>	<u>169,889,902</u>
Investment income		12,510,220	14,005,699
Realised gains		582,334	1,996,212
Fair value losses		(4,587,143)	(4,269,698)
Changes in allowance for ECL on investment assets		(163,794)	(1,006,298)
Fee and commission income		20,125,288	21,138,073
Other revenue		<u>28,466,905</u>	<u>31,863,988</u>
Gross claims paid		(200,423,044)	(119,836,813)
Claims ceded to reinsurers		111,240,204	37,295,103
Gross change in contract liabilities		(25,800,775)	(353,349,150)
Change in contract liabilities ceded to reinsurers		21,777,456	363,536,913
Net claims		<u>(93,206,159)</u>	<u>(72,353,947)</u>
Fee and commission expense		(41,456,226)	(39,277,695)
Management expenses		(50,897,433)	(47,787,276)
Finance cost		(249,559)	(308,273)
Other operating expenses		(377,705)	(1,842,427)
Other expenses		<u>(92,980,923)</u>	<u>(89,215,671)</u>
Profit before taxation		29,835,066	40,184,272
Taxation	12	(7,503,916)	(9,232,489)
Net profit for the period		<u>22,331,150</u>	<u>30,951,783</u>
Earnings per share (sen)			
Basic and diluted	13	<u>22.33</u>	<u>30.95</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 2022

	6 months period ended 30.06.2022 RM	6 months period ended 30.06.2021 RM
Net profit for the period	22,331,150	30,951,783
Other comprehensive income:		
<u>Items that may be reclassified to income statement in subsequent periods:</u>		
Fair value through other comprehensive income reserves:		
Net losses on fair value changes	(7,203,772)	(9,503,870)
Realised gains transferred to statement of profit or loss	(411,056)	(2,028,002)
Reclassification from FVOCI reserves to retained earnings arising from realised losses on disposal of FVOCI equities	211,391	775,172
Changes in allowance for ECL	163,793	1,006,298
	(7,239,644)	(9,750,402)
Tax effect	1,737,513	2,340,096
	<u>(5,502,131)</u>	<u>(7,410,306)</u>
Total comprehensive income for the period	<u>16,829,019</u>	<u>23,541,477</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 2022

	Non-Distributable		Distributable	
	Share	FVOCI	Retained	Total equity
	capital	reserves	earnings	RM
	RM	RM	RM	RM
At 1 January 2021	100,000,000	15,729,939	364,721,355	480,451,294
Total comprehensive income for the period	-	(7,999,435)	30,951,783	22,952,348
Reclassification from FVOCI reserves to retained earnings arising from realised losses on disposal of FVOCI equities	-	589,129	(589,129)	-
Dividend paid during the period	-	-	(55,000,000)	(55,000,000)
At 30 June 2021	100,000,000	8,319,633	340,084,009	448,403,642
At 1 January 2022	100,000,000	2,601,576	354,078,733	456,680,309
Total comprehensive income for the period	-	(5,662,786)	22,331,150	16,668,364
Reclassification from FVOCI reserves to retained earnings arising from realised losses on disposal of FVOCI equities	-	160,655	(160,655)	-
Dividend paid during the period	-	-	(45,000,000)	(45,000,000)
At 30 June 2022	100,000,000	(2,900,555)	331,249,228	428,348,673

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

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

CONDENSED CASH FLOW STATEMENT
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2022

	Note	6 months ended 30.06.2022 RM	6 months ended 30.06.2021 RM
Operating activities			
Cash generated from operating activities	14	28,365,545	68,190,238
Dividend income received		3,979,186	4,367,595
Interest income received		9,881,283	11,621,214
Interest paid		(977)	(16,545)
Income tax paid		(6,872,757)	(8,249,999)
Net cash flows generated from operating activities		<u>35,352,280</u>	<u>75,912,503</u>
Investing activities			
Purchase of equipment		(607,686)	(818,750)
Purchase of intangible assets		(5,165,064)	(5,593,523)
Net cash flows used in investing activities		<u>(5,772,750)</u>	<u>(6,412,273)</u>
Financing activity			
Payment of lease liabilities		(1,773,712)	(1,779,382)
Dividend paid		(45,000,000)	(55,000,000)
Net cash flows used in financing activity		<u>(46,773,712)</u>	<u>(56,779,382)</u>
Net (decrease)/increase in cash and cash equivalents		(17,194,182)	12,720,848
Cash and cash equivalents at beginning of period		<u>46,630,299</u>	<u>24,622,188</u>
Cash and cash equivalents at end of period		<u>29,436,117</u>	<u>37,343,036</u>
Cash and cash equivalents comprise:			
Cash and bank balances		24,436,117	27,343,036
Deposits with licensed financial institutions		5,000,000	10,000,000
		<u>29,436,117</u>	<u>37,343,036</u>
Reconciliation of liabilities arising from financing activities.			
Lease liabilities			
As at 1 January		13,474,112	15,850,067
Additions		1,171,151	1,342,211
Lease expiration		(1,266,667)	(781,095)
Interest charge		228,724	275,261
Cash flows		(1,773,712)	(1,779,382)
As at 31 December		<u>11,833,608</u>	<u>14,907,062</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 2022

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 2021.

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 2021.

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 2021, except for the adoption of the following MFRS, Amendments and Improvements to MFRSs:

Effective for the financial periods beginning on or after 1 January 2022

- Amendment to MFRS 16 *Leases* - COVID-19-Related Rent Concessions beyond 30 June 2021
- Amendments to MFRS 116 *Property, Plant and Equipment* - Proceeds before Intended Use
- Amendments to MFRS 3 *Business Combinations* - Reference to the Conceptual Framework
- Annual Improvements to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* - Subsidiary as First-time Adopter
- Annual Improvements to Illustrative Example accompanying MFRS 16 *Leases* - Lease Incentives
- Annual Improvements to MFRS 9 *Financial Instruments* - Fees in the '10 per cent' test for Derecognition of Financial Liabilities
- Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets* - Onerous Contracts – Cost of Fulfilling a Contract

GREAT EASTERN GENERAL INSURANCE (MALAYSIA) BERHAD
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1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.2 CHANGES IN ACCOUNTING POLICIES (CONT'D.)

- Annual improvements to MFRS 141 *Taxation* in Fair Value Measurements

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

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 2022.

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 2022, the Company paid a final single-tier dividend of RM0.45 per ordinary shares on 100,000,000 ordinary shares, amounting to RM45,000,000 in respect of the financial year ended 31 December 2021 on 28 April 2022.

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.

GREAT EASTERN GENERAL INSURANCE (MALAYSIA) BERHAD
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8. CHANGES IN THE COMPOSITION OF THE COMPANY

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

9. INVESTMENTS

	30.06.2022	31.12.2021
	RM	RM
Malaysian government securities	154,980,797	131,487,510
Debt securities	378,413,434	367,096,445
Equity securities	39,783,816	48,475,468
Collective investment schemes	144,457,964	184,288,036
Loans	694,549	544,219
	<u>718,330,560</u>	<u>731,891,678</u>

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

	30.06.2022	31.12.2021
	RM	RM
Financial assets at amortised cost	694,549	544,219
Financial assets at FVOCI	528,198,742	504,216,269
Financial assets at FVTPL	189,437,269	227,131,190
	<u>718,330,560</u>	<u>731,891,678</u>

The following investments mature after 12 months:

	30.06.2022	31.12.2021
	RM	RM
Financial assets at amortised cost	665,004	544,219
Financial assets at FVOCI	369,820,928	410,939,439
Financial assets at FVTPL	189,437,269	227,131,190
	<u>559,923,201</u>	<u>638,614,848</u>

Included in financial assets at FVOCI are quoted equity securities of RM30,468,912 (2021: RM30,819,046) with no maturity date.

Included in financial assets at FVTPL are unquoted equity securities of RM9,305,360 (2021: RM17,639,720), perpetual debt securities RM15,094,050 (2021: RM15,233,700) and collective investment schemes of RM144,457,964 (2021: RM184,288,036) 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

	30.06.2022	31.12.2021
	RM	RM
Vehicle loans	<u>694,549</u>	<u>544,219</u>

The carrying value of financial assets measured at amortised cost are reasonable approximations of fair values due to the insignificant impact of discounting.

(b) Financial assets measured at FVOCI

	30.06.2022	31.12.2021
	RM	RM
Malaysian government securities	154,980,797	131,487,510
Unquoted debt securities in Malaysia	342,749,033	341,909,713
Quoted equity securities in Malaysia	<u>30,468,912</u>	<u>30,819,046</u>
	<u>528,198,742</u>	<u>504,216,269</u>

Allowance for ECL has been provided for Malaysian government securities and unquoted debt securities measured at FVOCI amount to RM3,326,225 (2021: RM3,162,431).

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

During the financial year ended 30 June 2022, the Company sold listed equity securities due to portfolio rebalancing activities. These investments had a fair value of RM848,441 (2021: RM2,660,881) at the date of disposal. The cumulative loss on disposal (net of tax) of RM160,657 (2021: cumulative loss on disposal (net of tax) of RM786,514) was reclassified from fair value reserve to retained earnings.

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9. INVESTMENTS (CONT'D.)

(c) Financial assets measured at FVTPL

	30.06.2022	31.12.2021
	RM	RM
Unquoted debt securities in Malaysia	35,664,401	25,186,732
Quoted equity securities in Malaysia	9,544	16,702
Unquoted equity securities in Malaysia	9,305,360	17,639,720
Collective investment schemes	144,457,964	184,288,036
	<u>189,437,269</u>	<u>227,131,190</u>

(d) Carrying values of investments

	Amortised Cost	FVOCI	FVTPL	Total
	RM	RM	RM	RM
At 1 January 2021	798,727	517,864,853	232,522,993	751,186,573
Purchases	368,538,000	309,903,448	7,797,207	686,238,655
Maturities/disposals	(368,792,508)	(303,411,496)	(6,931,790)	(679,135,794)
Fair value losses recorded in other comprehensive income	-	(18,496,557)	-	(18,496,557)
Fair value gains losses in statement of profit or loss	-	-	(6,257,220)	(6,257,220)
Amortisation	-	(1,643,979)	-	(1,643,979)
At 31 December 2021 / At 1 January 2022	<u>544,219</u>	<u>504,216,269</u>	<u>227,131,190</u>	<u>731,891,678</u>
Purchases	270,000	387,767,654	16,721,945	404,759,599
Maturities/disposals	(119,670)	(355,230,405)	(49,828,723)	(405,178,798)
Fair value loss recorded in other comprehensive income	-	(7,403,437)	-	(7,403,437)
Fair value loss recorded in statement of profit or loss	-	-	(4,587,143)	(4,587,143)
Amortisation	-	(1,151,339)	-	(1,151,339)
At 30 June 2022	<u>694,549</u>	<u>528,198,742</u>	<u>189,437,269</u>	<u>718,330,560</u>

GREAT EASTERN GENERAL INSURANCE (MALAYSIA) BERHAD
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10. REINSURANCE ASSETS

	30.06.2022	31.12.2021
	RM	RM
Reinsurers' share of claim liabilities	689,672,920	667,902,295
Accumulated impairment losses	(16,437)	(23,269)
Reinsurers' share of claim liabilities (Note 11)	<u>689,656,483</u>	<u>667,879,026</u>
Reinsurers' share of premium liabilities (Note 11)	56,057,596	56,660,279
	<u><u>745,714,079</u></u>	<u><u>724,539,305</u></u>

Movement of accumulated impairment losses account:

	Individually Impaired	
	30.06.2022	31.12.2021
	RM	RM
At beginning of year	23,269	25,395
Reversal of impairment losses	(6,832)	(2,126)
At end of period/year	<u><u>16,437</u></u>	<u><u>23,269</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 RM6,832 (2021: RM2,126) provided earlier due to the closure of time-barred losses.

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

	30.06.2022			31.12.2021		
	Gross RM	Reinsurance RM	Net RM	Gross RM	Reinsurance RM	Net RM
Provision for claims reported by policyholders	822,903,129	(639,846,477)	183,056,652	759,088,223	(577,849,467)	181,238,756
Provision for incurred but not reported claims (“IBNR”) and provision for risk margin for adverse deviations (“PRAD”)	96,372,637	(49,810,006)	46,562,631	134,386,767	(90,029,559)	44,357,208
Claim liabilities (i)	919,275,766	(689,656,483)	229,619,283	893,474,990	(667,879,026)	225,595,964
Premium liabilities (ii)	226,229,847	(56,057,596)	170,172,251	218,202,570	(56,660,279)	161,542,291
	1,145,505,613	(745,714,079)	399,791,534	1,111,677,560	(724,539,305)	387,138,255
(i) Claim liabilities						
At beginning of period/year	893,474,990	(667,879,026)	225,595,964	389,373,459	(168,900,376)	220,473,083
Claims incurred in the current accident period (direct and facultative)	191,012,374	(79,153,636)	111,858,738	459,687,223	(277,815,175)	181,872,048
Movement in PRAD of claim liabilities	1,852,269	(1,241,996)	610,273	22,522,889	(20,293,924)	2,228,965
Movement in unallocated loss adjustment expenses (“ULAE”)	(496,877)	-	(496,877)	1,900,733	-	1,900,733
Other movement in claims incurred in prior accident years (direct and facultative)	36,456,473	(52,622,029)	(16,165,556)	248,805,243	(268,158,322)	(19,353,079)
Movement in claims incurred (treaty inwards claims)	(2,600,419)	-	(2,600,419)	(3,508,412)	-	(3,508,412)
Claims paid during the period	(200,423,044)	111,240,204	(89,182,840)	(225,306,145)	67,288,771	(158,017,374)
At end of period/year	919,275,766	(689,656,483)	229,619,283	893,474,990	(667,879,026)	225,595,964
(ii) Premium liabilities						
At beginning of period/year	218,202,570	(56,660,279)	161,542,291	224,492,435	(67,685,651)	156,806,784
Premiums written in the period	280,175,102	(83,989,899)	196,185,203	521,864,404	(176,534,761)	345,329,643
Premiums earned during the period	(272,147,825)	84,592,582	(187,555,243)	(528,154,269)	187,560,133	(340,594,136)
At end of period/year	226,229,847	(56,057,596)	170,172,251	218,202,570	(56,660,279)	161,542,291

As at 30 June 2022, the insurance contract liabilities above includes the Company’s share of MMIP’s claim and premium liabilities amounting to RM16,026,021 (2021: RM20,373,731) and RM929,256 (2021: RM717,713).

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12. TAXATION

	30.06.2022	30.06.2021
	RM	RM
Current income tax:		
Malaysian income tax	7,578,442	8,905,467
	<u>7,578,442</u>	<u>8,905,467</u>
Deferred tax:		
Relating to origination and reversal of temporary differences	(74,526)	327,022
	<u>(74,526)</u>	<u>327,022</u>
	<u>7,503,916</u>	<u>9,232,489</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:

	30.06.2022	30.06.2021
	RM	RM
Profit before taxation	<u>29,835,066</u>	<u>40,184,272</u>
Taxation at Malaysian statutory tax rate of 24%	7,160,416	9,644,225
Income not subject to tax	(797,127)	(971,009)
Expenses not deductible for tax purposes	1,140,627	559,273
Tax expense for the year	<u>7,503,916</u>	<u>9,232,489</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.

	30.06.2022	30.06.2021
	RM	RM
Profit attributable to ordinary equity holder	22,331,150	30,951,783
Number of ordinary shares in issue during the period	100,000,000	100,000,000
Basic earnings per share (sen)	<u>22.33</u>	<u>30.95</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

	30.06.2022	30.06.2021
	RM	RM
Profit before taxation	29,835,066	40,184,272
Investment income	(14,206,431)	(15,314,018)
Finance cost	249,559	308,273
Realised gains on financial assets at FVOCI and FVTPL	(582,334)	(1,996,212)
Fair value losses recorded in statement of profit or loss	4,587,143	4,269,698
Purchases of financial assets at FVTPL	(16,721,945)	(4,988,768)
Purchases of financial assets at FVOCI	(387,767,654)	(150,904,948)
Proceeds from maturities/disposals of financial assets at FVOCI	355,430,071	179,829,091
Proceeds from maturities/disposals of financial assets at FVTPL	50,000,000	5,700,000
(Increase)/Decrease in financial assets at amortised cost	(150,330)	126,815
Non-cash items:		
Depreciation of property and equipment and right-of-use assets	2,629,076	2,345,554
Amortisation on intangible assets	2,913,295	1,723,907
Changes in allowance for ECL on investment assets	163,794	1,006,298

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

	30.06.2022	30.06.2021
	RM	RM
Non-cash items (cont'd.):		
Changes in allowance for ECL on insurance receivables	(246,627)	(968,911)
Write back of impairment losses on reinsurance assets	(6,832)	(1,250)
Write off/(Write back) of bad debts	37,217	(52,512)
Property and equipment written off	4,604	1
Net amortisation of discounts	1,151,339	735,534
Changes in working capital:		
Right-of-use assets	39,000	(630,855)
Reinsurance assets	(21,167,942)	(356,453,072)
Insurance receivables	(30,290,161)	10,913,073
Other receivables	1,632,650	3,450,825
Insurance contract liabilities	33,828,053	352,353,237
Deposits from reinsurers	(338,175)	1,184,924
Insurance payables	12,577,649	(1,468,759)
Lease liabilities	(104,914)	555,770
Other payables	4,870,374	(3,717,729)
Cash generated from operating activities	<u>28,365,545</u>	<u>68,190,238</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:

	30.06.2022	30.06.2021
	RM	RM
Capital expenditure:		
Approved and contracted for:		
Property and equipment	3,802,361	3,329,771
Approved but not contracted for:		
Property and equipment	4,938,531	7,566,480
	<u>8,740,892</u>	<u>10,896,251</u>

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16. REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 30 June 2022, as prescribed under the RBC Framework is provided below:

	30.06.2022	30.06.2021
	RM	RM
Eligible Tier 1 Capital:		
Share capital (paid up)	100,000,000	100,000,000
Reserves, including retained earnings	331,249,233	340,084,011
	<u>431,249,233</u>	<u>440,084,011</u>
Tier 2 Capital:		
Eligible Reserves	<u>(2,900,555)</u>	<u>8,319,633</u>
Deductions	<u>(62,087,683)</u>	<u>(53,193,605)</u>
Total Capital Available	<u>366,260,995</u>	<u>395,210,039</u>

17. CONTINGENT LIABILITY

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.

A final decision dated 14 September 2020 was issued by the MyCC with a finding of infringement and the general insurance industry was imposed a financial penalty of about RM130 million. For GEGM, specifically, the financial penalty imposed is in the sum of RM1.9mil. The Company has filed its appeal against the MyCC’s final decision on 13 October 2020 and a stay application (pending disposal of the appeal) on 6 November 2020. The Competition Appeal Tribunal (“Tribunal”) delivered its decision with regard to the stay application on 23 March 2021, unanimously deciding to allow the insurers’ respective stay applications and ordered that the Cease and Desist order and financial penalty imposed on all insurers be stayed pending disposal of the appeal before the Tribunal. Counsels for PIAM and the 22 insurers have completed their respective submissions before the Tribunal.

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17. CONTINGENT LIABILITY (CONT'D.)

Rebuttal submissions by counsels for the appellants started on 21.03.2022 and continued on 24.03.2022. PIAM and the 22 insurers have concluded their submissions on 22 April 2022. In respect of GEGM, GEGM had concluded its rebuttal submission on 21 April 2022, during which no questions were raised by the Tribunal. It is anticipated that the Tribunal will release their decision in late August 2022.

The Management of the Company believes that the criteria to disclose the above as a contingent liability is met. Except as disclosed above, the Company does not have any other contingent assets or liabilities.