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

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2023

198301007025 (102249-P)

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

Interim Condensed Financial Statements for Six Months Period Ended 30 June 2023

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

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	30.06.2023 RM	31.12.2022 RM
Assets			
Intangible assets		57,179,546	58,260,893
Property and equipment			
- Owned		3,107,346	3,336,107
- Right-of-use assets		13,023,103	14,141,800
Investments	9	757,422,065	731,234,396
Reinsurance contract assets	10	684,786,799	747,991,768
Insurance contract assets	10	6,602,183	23,957,000
Other receivables		62,812,137	59,902,297
Deferred tax assets		2,361,617	4,422,301
Tax recoverable		7,953,248	7,298,595
Cash and bank balances		31,924,870	18,463,356
Total assets		1,627,172,914	1,669,008,513
Equity			
Share capital		100,000,000	100,000,000
Retained earnings		329,316,523	340,716,454
Fair value reserves		1,371,024	(1,534,215)
Total equity		430,687,547	439,182,239
Liabilities			
Insurance contract liabilities	10	968,189,088	1,032,045,858
Reinsurance contract liabilities	10	124,173,537	75,565,288
Lease liabilities		13,004,328	14,012,242
Other payables		91,118,414	108,202,886
Total liabilities		1,196,485,367	1,229,826,274
Total equity and liabilities		1,627,172,914	1,669,008,513

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 2023

	Note	6 months period ended 30.06.2023 RM	6 months period ended 30.06.2022 RM
Insurance revenue	11	300,335,418	272,671,988
Insurance service expenses	12	(183,462,989)	(306,008,950)
Net (expenses)/income from reinsurance contracts held		(96,622,369)	59,776,979
Insurance service result		20,250,060	26,440,017
Investment income		15,092,397	12,510,220
Realised gains		417,585	582,334
Fair value gains/(losses)		1,991,639	(4,587,143)
Changes in allowance for ECL on investment assets		12,012	(163,793)
Net investment income	13	17,513,633	8,341,618
Finance expenses from insurance contracts issued		(18,749,575)	(3,094,030)
Finance income from reinsurance contracts held		11,839,063	1,118,390
Net insurance financial result	13	(6,910,512)	(1,975,640)
Net insurance and investment result		30,853,181	32,805,995
Other operating income/(expenses)		1,646,818	(1,160,875)
Profit before taxation		32,499,999	31,645,120
Taxation	14	(7,899,930)	(7,938,328)
Net profit for the period		24,600,069	23,706,792
Earnings per share (sen)			
Basic and diluted	15	24.60	23.71

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 2023

	6 months period ended 30.06.2023 RM	6 months period ended 30.06.2022 RM
Net profit for the period	24,600,069	23,706,792
Other comprehensive income:		
Items that may be reclassified to statement of profit or loss in subsequent periods:		
Fair value through other comprehensive income reserves:		
Net gains/(losses) on fair value changes	4,252,173	(7,203,772)
Realised gains transferred to statement of profit or loss	(417,478)	(411,056)
Reclassification from FVOCI reserves to retained earnings arising from realised losses on disposal of FVOCI equities	-	211,391
Changes in allowance for ECL	(12,012)	163,793
	3,822,683	(7,239,644)
Tax effect	(917,444)	1,737,513
	2,905,239	(5,502,131)
Total comprehensive income for the period	27,505,308	18,204,661

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 2023

	Non-Distributable		Distributable	
	Share capital RM	FVOCI reserves RM	Retained earnings RM	Total equity RM
At 1 January 2022	100,000,000	2,601,576	346,429,003	449,030,579
Total comprehensive income for the period	-	(5,662,788)	23,706,792	18,044,004
Reclassification from FVOCI reserves to retained earnings arising from realised losses on disposal of FVOCI equities	-	160,657	(160,657)	-
Dividend paid during the period	-	-	(45,000,000)	(45,000,000)
At 30 June 2022	100,000,000	(2,900,555)	324,975,138	422,074,583
At 1 January 2023	100,000,000	(1,534,215)	340,716,454	439,182,239
Total comprehensive income for the period	-	2,905,239	24,600,069	27,505,308
Dividend paid during the period	-	-	(36,000,000)	(36,000,000)
At 30 June 2023	100,000,000	1,371,024	329,316,523	430,687,547

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 2023

	Note	6 months period ended 30.06.2023 RM	6 months period ended 30.06.2022 RM
Operating activities			
Cash generated from operating activities	16	45,159,092	28,365,545
Dividend income received		3,557,397	3,979,186
Interest income received		13,053,278	9,881,283
Interest paid		(4,528)	(977)
Income tax paid		(7,411,340)	(6,872,757)
Net cash flows generated from operating activities		54,353,899	35,352,280
Investing activities			
Purchase of equipment		(710,383)	(607,686)
Proceeds from disposal of equipment		299	-
Purchase of intangible assets		(2,514,872)	(5,165,064)
Net cash flows used in investing activities		(3,224,956)	(5,772,750)
Financing activities			
Payment of lease liabilities		(1,667,429)	(1,773,712)
Dividend paid		(36,000,000)	(45,000,000)
Net cash flows used in financing activities		(37,667,429)	(46,773,712)
Net increase/(decrease) in cash and cash equivalents		13,461,514	(17,194,182)
Cash and cash equivalents at beginning of period		18,463,356	46,630,299
Cash and cash equivalents at end of period		31,924,870	29,436,117
Cash and cash equivalents comprise:			
Cash and bank balances		21,924,870	24,436,117
Deposits with licensed financial institutions		10,000,000	5,000,000
		31,924,870	29,436,117
Reconciliation of liabilities arising from financing activities:			
Lease liabilities			
As at 1 January		14,012,242	13,474,112
Additions		814,468	1,171,151
Lease expiration		(428,327)	(1,266,667)
Interest charge		273,374	228,724
Cash flows		(1,667,429)	(1,773,712)
As at 30 June		13,004,328	11,833,608

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2023

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 2022.

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 2022.

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 2022, except for the adoption of the following MFRS, Amendments and Improvements to MFRSs:

Effective for the financial periods beginning on or after 1 January 2023

- Amendments to MFRS 101 *Presentation of Financial Statements*, MFRS Practice Statement 2 and MFRS 108 on *Accounting Policies,Changes in Accounting Estimates and Errors* - Disclosure of Accounting Policies and Definition of Accounting Estimates
- Amendments to MFRS 112 *Income Taxes* - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- MFRS 17 *Insurance Contracts* - Insurance Contracts and its amendments
- Amendment to MFRS 17 *Insurance Contracts* - Initial Application of MFRS 17 *Insurance Contracts* and MFRS 9 *Financial Instruments* Comparative Information

The adoption of the above did not have any significant effects on the interim condensed financial statements upon their initial application except as discussed below:

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.2 CHANGES IN ACCOUNTING POLICIES (CONT'D.)

MFRS 17 *Insurance Contracts "MFRS 17"*

Transition

The Company has restated the comparative information based on the transition approaches taken on adoption of MFRS 17.

Changes in accounting policies resulting from the adoption of MFRS 17 were applied using the fully retrospective approach to the extent practicable.

On transition date, at 1 January 2022, the Company:

- Identified, recognised and measured each group of insurance and reinsurance contracts as if MFRS 17 had always been applied;
- Derecognised previously reported balances that would not have existed if MFRS 17 had always been applied;
- Elected the option introduced by MFRS 17 to redesignate certain financial assets to address possible accounting mismatches between financial assets and insurance contract liabilities, and applied the classifications retrospectively; and
- Recognised any resulting net difference in equity.

The Company has applied the transition provisions in MFRS 17 and has not disclosed the impact of the adoption of MFRS 17 on each financial statement line item and Earnings per share ("EPS"). The effects of adopting MFRS 17 on the financial statements at 1 January 2022 are presented in the statement of changes in equity.

Impact on Transition

The effects from applying MFRS 17 resulted in a reduction of total equity of RM 7,649,730, net of tax, as at 1 January 2022. The net transition impact to equity consisted of the following effects.

Other components of insurance contracts are remeasured under Premium Allocation Approach ("PAA"):

- The risk adjustment is now measured at the 85th percentile under MFRS 17 as compared to the provision for adverse deviation used under MFRS 4 which was measured at the 75th percentile.
- Under MFRS 17, the Company discounts the future cash flows when measuring liabilities for incurred claims. The Group previously did not discount such future cash flows.
- Under MFRS 17, the Company now recognises separately eligible insurance acquisition cash flows when they are incurred.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.2 CHANGES IN ACCOUNTING POLICIES (CONT'D.)

MFRS 17 *Insurance Contracts "MFRS 17" (cont'd.)*

Transition (cont'd.)

Besides the impact to equity upon transition, there are also other changes in the statement of financial position mainly resulting from insurance related receivables and payables now included within fulfilment cash flows instead of being presented separately.

Accounting Policies for MFRS 17 Insurance Contracts

Definition and Classification

Contracts under which the Company accepts significant insurance risk are classified as insurance contracts. Contracts held by the Company under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Insurance and reinsurance contracts also expose the Company to financial risk.

Insurance contracts may be issued and reinsurance contracts may be initiated by the Company, or they may be acquired in a business combination or in a transfer of contracts that do not form a business. All references in these accounting policies to ‘insurance contracts’ and ‘reinsurance contracts’ include contracts issued, initiated or acquired by the Company, unless otherwise stated.

Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Company to financial risk are classified as investment contracts, and they follow financial instruments accounting under MFRS 9. The Company does not have any contracts that fall under this category.

The PAA is an optional simplified measurement model in MFRS 17 that is available for insurance and reinsurance contracts have a coverage period of one year or less, or meets the eligibility criteria.

Separating Components from Insurance and Reinsurance Contracts

The Company assesses its insurance and reinsurance contracts to determine whether they contain components which must be accounted for under another MFRS rather than MFRS 17 (distinct non insurance components). After separating any distinct components, the Company applies MFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company’s contracts do not include distinct components that require separation.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.2 CHANGES IN ACCOUNTING POLICIES (CONT'D.)

MFRS 17 *Insurance Contracts "MFRS 17" (cont'd.)*

Accounting Policies for MFRS 17 Insurance Contracts (cont'd.)

Separating Components from Insurance and Reinsurance Contracts (cont'd.)

Some reinsurance contracts issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. For profit commission components which are not subject to any conditions in the contracts, these have been assessed to be highly interrelated with the insurance component of the reinsurance contracts and are, therefore, non-distinct investment components which are not accounted for separately. However, receipts and payments of these investment components are recognised outside of profit or loss.

Level of Aggregation

(a) Insurance contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into each annual cohort (by year of issuance), into three groups based on the expected profitability of the contracts:

(i) contracts that are onerous at initial recognition, if any;
(ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; or
(iii) remaining group of contracts, if any.

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. The profitability groupings are not reassessed under subsequent remeasurement.

Level of aggregation is also affected by law or regulation which specifically constrains the Company’s practical ability to set a different price or level of benefits for policyholders with different characteristics. Sets of insurance contracts usually correspond to the risk class or product type.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.2 CHANGES IN ACCOUNTING POLICIES (CONT'D.)

MFRS 17 *Insurance Contracts "MFRS 17" (cont'd.)*

Accounting Policies for MFRS 17 Insurance Contracts (cont'd.)

Level of Aggregation (cont'd.)

(a) Insurance contracts (cont'd.)

Insurance contracts are measured under the PAA model. An assessment is performed to distinguish onerous contracts from non-onerous ones. For non-onerous contacts, the Company assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous. This assessment is performed at the product type level.

(a) Reinsurance contracts

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Company aggregates reinsurance contracts into each annual cohort (by year of issuance) into groups of:

(i) contracts for which there is a net gain at initial recognition, if any;
(ii) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and
(iii) remaining contracts in the portfolio, if any.

Reinsurance contracts held are assessed for aggregation requirements on an individual reinsurance treaty basis.

Recognition

A group of insurance contracts issued by the Company is recognised from the earliest of:

- the beginning of its coverage period (i.e. the period during which the Company provides services in respect of any premiums within the boundary of the contract);
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate that the group of contracts is onerous.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.2 CHANGES IN ACCOUNTING POLICIES (CONT'D.)

MFRS 17 ***Insurance Contracts "MFRS 17" (cont'd.)***

Accounting Policies for MFRS 17 Insurance Contracts (cont'd.)

Recognition (cont'd.)

The Company recognises a group of reinsurance contracts held from the earliest of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date when any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held; and
- The date the Company recognises and onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract in the group of reinsurance contracts held at or before that date.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Composition of the groups is not reassessed in subsequent periods.

Contract Boundary

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- Both of the following criteria are satisfied:
  - (i) The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
  - (ii) The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.2 CHANGES IN ACCOUNTING POLICIES (CONT'D.)

MFRS 17 *Insurance Contracts "MFRS 17" (cont'd.)*

Accounting Policies for MFRS 17 Insurance Contracts (cont'd.)

Contract Boundary (cont'd.)

Fulfilment cash flows outside the boundary of the insurance contract are not recognised. Such amounts relate to future insurance contracts.

For renewable insurance contracts, the Company assesses whether premiums and related cash flows that arise from the renewed contract are within the contract boundary. The pricing of the renewals is established by the Company by considering all the risks covered for the policyholder by the Company, that the Company would consider when underwriting equivalent contracts on the renewal dates for the remaining service. Therefore, the cash flows related to renewals of insurance contracts will not be included in the contract boundary.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Company that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or in which the Company has a substantive right to receive insurance contract services from the reinsurer. A substantive right to receive services from the reinsurer ends either when the reinsurer can reprice the contract to fully reflect the reinsured risk, or when the reinsurer has a substantive right to terminate coverage.

The Company reassesses contract boundary of each group at the end of each reporting period.

Measurement - Contracts measured under the PAA

For insurance contracts issued, on initial recognition, the Company measures the liability for remaining coverage (“LRC”) at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the insurance acquisition cash flows asset and the derecognition of any other relevant prerecognition cash flows. The LRC is discounted to reflect the time value of money and the effect of financial risk.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.2 CHANGES IN ACCOUNTING POLICIES (CONT'D.)

MFRS 17 *Insurance Contracts "MFRS 17" (cont'd.)*

Accounting Policies for MFRS 17 Insurance Contracts (cont'd.)

Measurement - Contracts measured under the PAA (cont'd.)

The Company estimates the liability for incurred claims ("LIC") as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Comapny, and include an explicit adjustment for non-financial risk (the risk adjustment). The Company adjusts the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims.

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

For reinsurance contracts held, on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums paid net of commission, plus broker fees paid to a party other than the reinsurer.

The subsequent remeasurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance contracts held.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of the asset for remaining coverage and the asset for incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.2 CHANGES IN ACCOUNTING POLICIES (CONT'D.)

MFRS 17 ***Insurance Contracts "MFRS 17" (cont'd.)***

Accounting Policies for MFRS 17 Insurance Contracts (cont'd.)

Measurement - Contracts measured under the PAA (cont'd.)

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

(a) increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC;
(b) decreased for insurance acquisition cash flows paid in the period;
(c) decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period;
(d) increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses; and
(e) increased for net insurance finance expenses recognised during the period.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

(a) increased for ceding premiums, net of commission, paid in the period;
(b) increased for broker fees paid in the period;
(c) decreased for the expected amounts of ceding premiums and broker fees recognised as reinsurance expenses for the services received in the period; and
(d) increased for net reinsurance finance income recognised during the period.

Derecognition and Contract Modification

An insurance contract is derecognised when it is:

- extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified and certain additional criteria discussed below are met.

When an insurance contract is modified by the Company as a result of an agreement with the counterparties or due to a change in regulations, the Company treats changes in cash flows caused by the modification as changes in estimates of the FCF, unless the conditions for the derecognition of the original contract are met. The Company derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.2 CHANGES IN ACCOUNTING POLICIES (CONT'D.)

MFRS 17 *Insurance Contracts "MFRS 17" (cont'd.)*

Accounting Policies for MFRS 17 Insurance Contracts (cont'd.)

Derecognition and Contract Modification (cont'd.)

(a) if the modified terms had been included at contract inception and the Company would have concluded that the modified contract:
   (i) is not within the scope of MFRS 17;
   (ii) results in different separable components;
   (iii) results in a different contract boundary; or
   (iv) belongs to a different group of contracts;

(b) the original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

When a new contract is required to be recognised as a result of modification and it is within the scope of MFRS 17, the new contract is recognised from the date of modification and is assessed for, amongst other things, contract classification, including the separation requirements and contract aggregation requirements.

When an insurance contract accounted for under the PAA is derecognised, adjustments to remove related rights and obligations to account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

(a) if the contract is extinguished, any net difference between the derecognised part of the LRC of the original contract and any other cash flows arising from extinguishment;

(b) if the contract is transferred to a third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party; or

(c) if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium that the entity would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.2 CHANGES IN ACCOUNTING POLICIES (CONT'D.)

MFRS 17 *Insurance Contracts "MFRS 17" (cont'd.)*

Accounting Policies for MFRS 17 Insurance Contracts (cont'd.)

Presentation and Disclosure

The Company aggregates portfolios of insurance and reinsurance contracts held and present separately in the statement of financial position:

- Portfolios of insurance contracts that are assets;
- Portfolios of reinsurance contracts held that are assets;
- Portfolios of insurance contracts that are liabilities; and
- Portfolios of reinsurance contracts held that are liabilities.

The portfolios referred to above are those established at initial recognition in accordance with the MFRS 17 requirements.

In the consolidated profit or loss statement, the following are presented separately:

- Insurance revenue;
- Insurance service expense;
- Insurance finance income or expenses; and
- Income or expenses from reinsurance contracts held.

The Company will provide disaggregated qualitative and quantitative information in the notes to the financial statements about:

- The amounts recognised in its financial statements from insurance contracts and reinsurance contracts; and
- Significant judgments, and changes in those judgments made when applying the standard.

Insurance service result comprises insurance revenue and insurance service expenses. Income and expenses from reinsurance contracts held, other than insurance finance income or expenses, are presented on a net basis as ‘net expenses from reinsurance contracts held’ in the insurance service result.

Insurance revenue

As the Company provides insurance contract services under the insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Company expects to be entitled to in exchange for those services.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.2 CHANGES IN ACCOUNTING POLICIES (CONT'D.)

MFRS 17 *Insurance Contracts "MFRS 17" (cont'd.)*

Accounting Policies for MFRS 17 Insurance Contracts (cont'd.)

Presentation and Disclosure (cont'd.)

Insurance revenue (cont'd.)

For groups of insurance contracts measured under the PAA, the Company recognises insurance revenue based on the passage of time over the coverage of a group of contracts.

Insurance service expenses

Insurance service expenses include the following:

- Incurred claims and benefits, excluding investment components reduced by loss component allocations;
- Other incurred directly attributable expenses;
- Insurance acquisition cash flows amortisation;
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein;
- Losses on onerous contracts and reversals of such losses; and
- Insurance acquisition cash flows assets impairment.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time.

Other expenses that relate directly to the fulfilment of insurance contracts will be recognised in profit or loss as insurance service expenses, generally when they are incurred. Expenses that do not relate directly to the fulfilment contracts are included in other expenses in the profit or loss statement.

Net expenses from reinsurance contracts held

The Company presents financial performance of groups of reinsurance contracts held on a net basis in net expenses from reinsurance contracts held, comprising the allocation of reinsurance premiums paid less amounts recovered from reinsurers.

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Company expects to pay in exchange for those services.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.2 CHANGES IN ACCOUNTING POLICIES (CONT'D.)

MFRS 17 *Insurance Contracts "MFRS 17" (cont'd.)*

Accounting Policies for MFRS 17 Insurance Contracts (cont'd.)

Presentation and Disclosure (cont'd.)

<u>Net expenses from reinsurance contracts held (cont'd.)</u>

For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

<u>Insurance finance income or expenses</u>

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

(a) the effect of the time value of money and changes in the time value of money; and
(b) the effect of financial risk and changes in financial risk.

The entire change in the risk adjustment for non-financial risk is included in insurance service result.

The Company includes all insurance finance income or expenses for the period in profit or loss.

1.3 USE OF ESTIMATES AND JUDGMENTS

In preparing these unaudited interim condensed financial statements, management has made estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except as detailed below.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.3 USE OF ESTIMATES AND JUDGMENTS

Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the observable market yields of Government Securities in the currency of the insurance contract liabilities. The illiquidity premium is determined by reference to observable market rates.

The Company adopts a bottom-up approach in which discount rates are based on risk-free yield curve and an adjustment for illiquidity premium.

(a) For risk-free yield curves and Ultimate Forward Rate ("UFR"), references are made in particular to the Monetary Authority of Singapore Risk Based Capital Framework ("MAS RBC 2") which is also aligned with the approach taken by the International Associations of Insurance Supervisors ("IAIS") on the design of the global insurance capital standards ("ICS").

(b) For illiquidity premium, illiquidity buckets ("illiquidity application ratio") are assigned using an objective scoring system that is based on illiquidity characteristics of products on each portfolio. Non-life insurance liabilities are generally short-term, hence illiquidity premium is not required.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Company's degree of risk aversion. The Company estimates an adjustment for non-financial risk separately from all other estimates. The Company does not consider the effect of reinsurance in the risk adjustment for non-financial risk of the underlying insurance contracts.

The confidence level technique is used to derive the overall risk adjustment for non-financial risk. Applying a confidence level technique, the Company estimates the probability distribution of the expected present value of the future cash flows from the contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the target confidence level over the expected present value of the future cash flows allowing for the associate risks over all future years. The target confidence level will be at 85th percentile.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.3 USE OF ESTIMATES AND JUDGMENTS

Estimates of future cash flows

In estimating future cash flows, the Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience updated to reflect current expectations of future events.

The estimates of future cash flows will reflect the Company's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, the Company takes into account current expectations of future events that might affect cash flows. Cash flows within the boundary of a contract are those that relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows will be attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities will be allocated to groups of contracts using methods that are systematic and rational and will be consistently applied to all costs that have similar characteristics.

Coverage units

The number of coverage units in a group is the quantity of coverage provided by the contracts in the group, determined by considering for each contract the quantity of the benefits provided under a contract and its expected coverage duration. The coverage units are assessed at each reporting period-end prospectively by considering:

(a) the quantity of benefits provided by contracts in the group;
(b) the expected coverage period of contracts in the group; and
(c) the likelihood of insured events occurring, only to the extent that they affect the expected coverage period of contracts in the group.

The Company uses the amount that it expects the policyholder to be able to validly claim in each period if an insured event occurs as the basis for the quantity of benefits with respect to insurance coverage.

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 2023.

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 2023, the Company paid a final single-tier dividend of RM0.36 per ordinary shares on 100,000,000 ordinary shares, amounting to RM36,000,000 in respect of the financial year ended 31 December 2022 on 27 April 2023.

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.

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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

	30.06.2023 RM	31.12.2022 RM
Malaysian government securities	136,217,572	122,532,450
Debt securities	465,535,461	471,960,663
Equity securities	56,598,439	41,075,678
Collective investment schemes	98,584,068	95,036,933
Loans	486,525	628,672
	757,422,065	731,234,396

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

	30.06.2023 RM	31.12.2022 RM
Financial assets at amortised cost	486,525	628,672
Financial assets at FVOCI	618,170,446	605,660,019
Financial assets at FVTPL	138,765,094	124,945,705
	757,422,065	731,234,396

The following investments mature after 12 months:

	30.06.2023 RM	31.12.2022 RM
Financial assets at amortised cost	463,029	618,301
Financial assets at FVOCI	542,806,868	568,447,191
Financial assets at FVTPL	30,772,906	124,945,705
	574,042,803	694,011,197

Included in financial assets at FVOCI are quoted equity securities of RM47,181,968 (2022: RM31,765,377) with no maturity date.

Included in financial assets at FVTPL are collective investment schemes of RM98,584,068 (2022: RM95,036,933) with no maturity date.

9. INVESTMENTS (CONT'D.)

(a) Financial assets measured at amortised cost

	30.06.2023 RM	31.12.2022 RM
Vehicle loans	486,525	628,672

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

	30.06.2023 RM	31.12.2022 RM
Malaysian government securities	136,217,572	122,532,450
Unquoted debt securities in Malaysia	434,770,906	451,362,193
Quoted equity securities in Malaysia	47,181,968	31,765,376
	618,170,446	605,660,019

Allowance for ECL has been provided for Malaysian government securities and unquoted debt securities measured at FVOCI amount to RM1,719,188 (2022: RM1,731,203).

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

During the financial period ended 30 June 2023, the Company did not sell any listed equity securities. For the financial year ended 31 December 2022, the Company sold listed equity securities due to portfolio rebalancing activities. These investments had a fair value of RM981,451 at the date of disposal. The cumulative loss on disposal (net of tax) of RM151,990 was reclassified from fair value reserve to retained earnings.

9. INVESTMENTS (CONT'D.)

(c) Financial assets measured at FVTPL

	30.06.2023 RM	31.12.2022 RM
Unquoted debt securities in Malaysia	30,764,555	20,598,470
Quoted equity securities in Malaysia	8,351	4,772
Unquoted equity securities in Malaysia	9,408,120	9,305,530
Collective investment schemes	98,584,068	95,036,933
	138,765,094	124,945,705

(d) Carrying values of investments

	Amortised Cost RM	FVOCI RM	FVTPL RM	Total RM
At 1 January 2022	544,219	504,216,269	227,131,190	731,891,678
Purchases	315,000	732,123,180	20,193,955	752,632,135
Maturities/disposals	(230,547)	(625,005,901)	(118,608,188)	(743,844,636)
Fair value losses recorded in other comprehensive income	-	(4,010,597)	-	(4,010,597)
Fair value losses recorded in statement of profit or loss	-	-	(3,771,252)	(3,771,252)
Amortisation	-	(1,662,932)	-	(1,662,932)
At 31 December 2022 / At 1 January 2023	628,672	605,660,019	124,945,705	731,234,396
Purchases	-	96,454,985	13,827,750	110,282,735
Maturities/disposals	(142,147)	(87,366,913)	(2,000,000)	(89,509,060)
Fair value gains recorded in other comprehensive income	-	3,834,695	-	3,834,695
Fair value gains recorded in statement of profit or loss	-	-	1,991,639	1,991,639
Amortisation	-	(412,340)	-	(412,340)
At 30 June 2023	486,525	618,170,446	138,765,094	757,422,065

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10. INSURANCE AND REINSURANCE CONTRACTS

The breakdown of groups of insurance contracts issued and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

	30.06.2023 RM	31.12.2022 RM
Insurance contracts issued		
Insurance contract liabilities	968,189,088	1,032,045,858
Insurance contract assets	(6,602,183)	(23,957,000)
	961,586,905	1,008,088,858
Reinsurance contracts held		
Reinsurance contract assets	684,786,799	747,991,768
Reinsurance contract liabilities	(124,173,537)	(75,565,288)
Total reinsurance contracts held	560,613,262	672,426,480

As at 30 June 2023, the insurance contract liabilities above includes the Company’s share of MMIP's claim and premium liabilities amounting to RM11,878,374 (2022: RM14,327,571) and RM772,015 (2022: RM673,139).

10. INSURANCE AND REINSURANCE CONTRACTS (CONT'D.)

Reconciliation of the liability for remaining coverage and the liability for incurred claims

	30.06.2023					31.12.2022				
	Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
			Contracts under PAA					Contracts under PAA		
	Excluding loss component RM	Loss component RM	Estimates of the present value of future cash flows RM	Risk adjustment RM	Total RM	Excluding loss component RM	Loss component RM	Estimates of the present value of future cash flows RM	Risk adjustment RM	Total RM
Insurance contract liabilities as at 1 January	**117,556,426**	**37,843,580**	**797,496,899**	**79,148,953**	**1,032,045,858**	**146,159,336**	**37,708,285**	**827,661,967**	**72,495,585**	**1,084,025,173**
Insurance contract assets as at 1 January	(23,957,000)	-	-	-	(23,957,000)	(1,393,273)	-	-	-	(1,393,273)
Net insurance contract liabilities/(assets) as at 1 January	93,599,426	37,843,580	797,496,899	79,148,953	1,008,088,858	144,766,063	37,708,285	827,661,967	72,495,585	1,082,631,900
Insurance revenue	(300,335,418)	-	-	-	(300,335,418)	(566,631,387)	-	-	-	(566,631,387)
Insurance service expenses										
Incurred claims and other expenses	-	-	215,732,632	-	215,732,632	-	-	420,904,441	-	420,904,441
Amortisation of insurance acquisition cash flows	71,379,409	-	-	-	71,379,409	136,503,078	-	-	-	136,503,078
Losses on onerous contracts and reversals of those losses	-	(4,244,223)	-	-	(4,244,223)	-	(828,511)	-	-	(828,511)
Changes to liabilities for incurred claims	-	-	(85,591,310)	(13,813,519)	(99,404,829)	-	-	(39,983,595)	5,796,970	(34,186,625)
Investment components	-	-	-	-	-	-	-	-	-	-
Insurance service result	(228,956,009)	(4,244,223)	130,141,322	(13,813,519)	(116,872,429)	(430,128,309)	(828,511)	380,920,846	5,796,970	(44,239,004)
Insurance finance expenses	3,323,363	597,398	13,463,879	1,364,935	18,749,575	5,097,183	963,806	9,818,527	856,398	16,735,914
Total changes in the statement of profit or loss and OCI	(225,632,646)	(3,646,825)	143,605,201	(12,448,584)	(98,122,854)	(425,031,126)	135,295	390,739,373	6,653,368	(27,503,090)
Cash flows										
Premiums received	299,310,451	-	-	-	299,310,451	436,852,410	-	-	-	436,852,410
Claims and other expenses paid	-	-	(215,732,632)	-	(215,732,632)	-	-	(420,904,441)	-	(420,904,441)
Insurance acquisition cash flows	(31,956,918)	-	-	-	(31,956,918)	(62,987,921)	-	-	-	(62,987,921)
Total cash flows	267,353,533	-	(215,732,632)	-	51,620,901	373,864,489	-	(420,904,441)	-	(47,039,952)
Transfer other items in the statement of financial position	-	-	-	-	-	-	-	-	-	-
Net insurance contract liabilities/(assets) as at 30 June/31 December	135,320,313	34,196,755	725,369,468	66,700,369	961,586,905	93,599,426	37,843,580	797,496,899	79,148,953	1,008,088,858
Insurance contract liabilities as at 30 June/31 December	141,922,496	34,196,755	725,369,468	66,700,369	968,189,088	117,556,426	37,843,580	797,496,899	79,148,953	1,032,045,858
Insurance contract assets as at 30 June/31 December	(6,602,183)	-	-	-	(6,602,183)	(23,957,000)	-	-	-	(23,957,000)
Net insurance contract liabilities/ (assets) as at 30 June/31 December	135,320,313	34,196,755	725,369,468	66,700,369	961,586,905	93,599,426	37,843,580	797,496,899	79,148,953	1,008,088,858

10. INSURANCE AND REINSURANCE CONTRACTS (CONT'D.)

Reconciliation of the liability for remaining coverage and the liability for incurred claims (Cont'd.)

	30.06.2023					31.12.2022				
	Assets for remaining coverage		Assets for incurred claims			Assets for remaining coverage		Assets for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Reinsurance contract assets as at 1 January	**78,499,796**	**8,784,644**	**609,092,746**	**51,614,581**	**747,991,767**	**22,772,948**	**6,370,405**	**628,128,492**	**49,214,239**	**706,486,084**
Reinsurance contract liabilities as at 1 January	(75,565,288)	-	-	-	(75,565,288)	(13,069,250)	-	-	-	(13,069,250)
Net reinsurance contract assets/(liabilities) as at 1 January	2,934,508	8,784,644	609,092,746	51,614,581	672,426,479	9,703,698	6,370,405	628,128,492	49,214,239	693,416,834
Allocation of reinsurance premiums	(100,953,252)	(2,516,556)	-	-	(103,469,808)	(177,665,906)	2,236,592	-	-	(175,429,314)
Amounts recoverable from reinsurers	20,111,730	-	87,833,551	-	107,945,281	36,118,369	-	191,419,401	-	227,537,770
Recoveries of incurred claims and other insurance service expenses	-	-	(87,822,029)	(13,275,813)	(101,097,842)	-	-	(63,228,890)	1,825,541	(61,403,349)
Adjustments to assets for incurred claims	-	-	-	-	-	-	-	-	-	-
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-	-	-	-	-	-
Net income or expense from reinsurance contracts held	(80,841,522)	(2,516,556)	11,522	(13,275,813)	(96,622,369)	(141,547,537)	2,236,592	128,190,511	1,825,541	(9,294,893)
Reinsurance finance income	1,000,893	114,999	9,839,278	883,893	11,839,063	1,470,630	177,647	8,250,551	574,801	10,473,629
Total changes in the statement of profit or loss and OCI	(79,840,629)	(2,401,557)	9,850,800	(12,391,920)	(84,783,306)	(140,076,907)	2,414,239	136,441,062	2,400,342	1,178,736
Cash flows										
Premiums paid	69,842,449	-	-	-	69,842,449	133,307,717	-	-	-	133,307,717
Amounts received	-	-	(96,872,360)	-	(96,872,360)	-	-	(155,476,807)	-	(155,476,807)
Total cash flows	69,842,449	-	(96,872,360)	-	(27,029,911)	133,307,717	-	(155,476,807)	-	(22,169,090)
Other movements	-	-	-	-	-	-	-	-	-	-
Net reinsurance contract assets/(liabilities) as at 30 June/31 December	(7,063,672)	6,383,087	522,071,186	39,222,661	560,613,262	2,934,508	8,784,644	609,092,747	51,614,581	672,426,480
Reinsurance contract assets as at 30 June/31 December	117,109,865	6,383,087	522,071,186	39,222,661	684,786,799	78,499,796	8,784,644	609,092,747	51,614,581	747,991,768
Reinsurance contract liabilities as at 30 June/31 December	(124,173,537)	-	-	-	(124,173,537)	(75,565,288)	-	-	-	(75,565,288)
Net reinsurance contract assets/(liabilities) as at 30 June/31 December	(7,063,672)	6,383,087	522,071,186	39,222,661	560,613,262	2,934,508	8,784,644	609,092,747	51,614,581	672,426,480

11. INSURANCE REVENUE

The table below presents an analysis of the total insurance revenue recognised in the period:

	30.06.2023 RM	30.06.2022 RM
Insurance revenue from contracts measured under PAA	300,335,418	272,671,988

12. EXPENSES

An analysis of the expenses incurred by the Company in the reporting period is included below:

	30.06.2023 RM	30.06.2022 RM
Director's remuneration	648,349	647,538
Fees paid to auditors	477,875	209,708
Audit fees paid to Auditor of the Company	184,829	174,546
Non-audit fees paid to Auditor of the Company	293,046	35,162
Staff costs and related expenses	30,027,298	27,064,578
Salaries, wages, bonuses and other costs net of government grant	26,526,375	23,624,371
Central Provident Fund / Employee Provident Fund	3,717,522	3,304,914
Share-based payments	(216,599)	135,293
Depreciation and amortisation expenses	6,095,096	5,542,371
Depreciation	2,498,877	2,629,076
Amortisation	3,596,219	2,913,295
Claims and benefits	82,954,554	215,067,263
Commissions and distribution expenses	44,789,014	44,378,772
Professional and consultancy fees	(7,615)	264,251
Other expenses	16,871,478	13,328,529
Total	181,856,049	306,503,010
Amounts attributed to insurance acquisition cash flows incurred during the year	(31,956,918)	(29,096,359)
Amortisation of insurance acquisition cash flows	31,917,040	29,763,174
	181,816,171	307,169,825
Represented by:		
Insurance service expenses	183,462,989	306,008,950
Other operating (income)/expenses	(1,646,818)	1,160,875
	181,816,171	307,169,825

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13. NET INVESTMENT AND INSURANCE FINANCIAL RESULT

The table below presents an analysis of net investment income and net insurance financial result recognised in profit or loss and OCI in the period:

	30.06.2023 RM	30.06.2022 RM
Investment income		
Interest income	13,038,645	10,924,762
Other investment income/(expenses)	4,462,976	(2,419,351)
Changes in allowance for ECL on investment assets	12,012	(163,793)
Amounts recognised at OCI	3,822,683	(7,239,644)
Total investment income	21,336,316	1,101,974
Finance expenses from insurance contracts issued		
Interest accreted to insurance contracts using current financial assumptions	(3,920,762)	(2,632,857)
Effect of changes in interest rates and other financial assumptions	(14,828,813)	(461,173)
Total finance expenses from insurance contracts issued	(18,749,575)	(3,094,030)
Represented by:		
Amounts recognised in profit or loss	(18,749,575)	(3,094,030)
Amounts recognised in OCI	-	-
	(18,749,575)	(3,094,030)
Finance income/(expenses) from reinsurance contracts held		
Interest accreted to reinsurance contracts using locked-in rate	1,115,892	702,529
Effect of changes in interest rates and other financial assumptions	10,538,086	463,382
Changes in non-performance risk of reinsurer	185,085	(47,521)
Total finance income from reinsurance contracts held	11,839,063	1,118,390
Represented by:		
Amounts recognised in profit or loss	11,839,063	1,118,390
Amounts recognised in OCI	-	-
	11,839,063	1,118,390
Total net investment and insurance financial result		
Represented by:		
Amounts recognised in profit or loss	10,603,121	6,365,978
Amounts recognised in OCI	3,822,683	(7,239,644)
	14,425,804	(873,666)

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13. NET INVESTMENT AND INSURANCE FINANCIAL RESULT (CONT'D.)

	30.06.2023 RM	30.06.2022 RM
Interest income		
Financial assets measured at FVOCI	12,332,940	9,530,461
Financial assets measured at FVTPL	495,383	1,133,234
Financial assets measured at amortised cost	210,322	261,067
Total interest income	13,038,645	10,924,762
Other investment income/(expenses)		
Dividend income		
- Financial assets measured at FVOCI	1,530,787	778,382
- Financial assets measured at FVTPL	1,621,262	2,503,288
Realised gains		
- Net gain on sale of equity securities measured at FVOCI	-	211,391
- Net gain on sale of financial asset measured at FVTPL	-	171,277
- Net gain on sale of PPE	107	-
Fair value gains/(losses)		
- Financial assets measured at FVOCI	4,252,173	(7,203,772)
- Financial assets measured at FVTPL	1,991,639	(4,587,143)
Amortisation	(412,340)	(1,151,339)
Investment Expenses	(685,957)	(544,872)
Total Other investment income/(expenses)	8,297,671	(9,822,788)
Total amounts recognised in the profit or loss	4,474,988	(2,583,144)
Amounts recognised in OCI	3,822,683	(7,239,644)
Net investment income/(expenses)	8,297,671	(9,822,788)

14. TAXATION

	30.06.2023 RM	30.06.2022 RM
Current income tax:		
Malaysian income tax	6,756,686	7,578,442
	6,756,686	7,578,442
Deferred tax:		
Relating to origination and reversal of temporary differences	1,143,244	359,886
	1,143,244	359,886
	7,899,930	7,938,328

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:

	30.06.2023 RM	30.06.2022 RM
Profit before taxation	32,499,999	31,645,120
Taxation at Malaysian statutory tax rate of 24%	7,800,000	7,594,829
Income not subject to tax	(756,518)	(797,127)
Expenses not deductible for tax purposes	856,448	1,140,626
Tax expense for the year	7,899,930	7,938,328

15. 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.

	30.06.2023 RM	30.06.2022 RM
Profit attributable to ordinary equity holder	24,600,069	23,706,792
Number of ordinary shares in issue during the period	100,000,000	100,000,000
Basic earnings per share (sen)	24.60	23.71

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.

16. CASH GENERATED FROM OPERATING ACTIVITIES

	30.06.2023 RM	30.06.2022 RM
Profit before taxation	32,499,999	31,645,120
Investment income	(16,190,693)	(14,206,431)
Finance cost	301,614	249,559
Realised gains on financial assets at FVOCI and FVTPL	(417,478)	(582,334)
Fair value (gains)/losses recorded in statement of profit or loss	(1,991,639)	4,587,143
Purchases of financial assets at FVTPL	(13,827,750)	(16,721,945)
Purchases of financial assets at FVOCI	(96,454,985)	(387,767,654)
Proceeds from maturities/disposals of financial assets at FVOCI	87,784,391	355,430,071
Proceeds from maturities/disposals of financial assets at FVTPL	2,000,000	50,000,000
Decrease/(Increase) in financial assets at amortised cost	142,147	(150,330)
Non-cash items:		
Depreciation of property and equipment and right-of-use assets	2,498,877	2,629,076
Amortisation on intangible assets	3,596,219	2,913,295
Gain on disposal of property and equipment	(107)	-

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

	30.06.2023 RM	30.06.2022 RM
Non-cash items (cont'd.):		
Changes in allowance for ECL on investment assets	(12,012)	163,793
Property and equipment written off	301	4,604
Net amortisation of discounts	412,340	1,151,339
Changes in working capital:		
Right-of-use assets	(441,529)	39,000
Reinsurance assets	63,204,969	(39,857,997)
Insurance contract assets	17,354,817	-
Other receivables	(3,329,822)	10,018
Insurance contract liabilities	(63,856,770)	23,373,442
Reinsurance liabilities	48,608,249	-
Lease liabilities	371,978	(104,914)
Other payables	(17,094,024)	15,560,690
Cash generated from operating activities	45,159,092	28,365,545

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.

17. CAPITAL COMMITMENTS

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

	30.06.2023 RM	30.06.2022 RM
Capital expenditure:		
Approved and contracted for:		
Property and equipment	2,146,746	3,802,361
Approved but not contracted for:		
Property and equipment	9,827,523	4,938,531
	11,974,269	8,740,892

18. REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 30 June 2023, as prescribed under the RBC Framework is provided below:

	30.06.2023 RM	30.06.2022 RM
Eligible Tier 1 Capital:		
Share capital (paid up)	100,000,000	100,000,000
Reserves, including retained earnings	334,290,436	331,249,233
	434,290,436	431,249,233
Tier 2 Capital:		
Eligible Reserves	1,371,024	(2,900,555)
Deductions	(57,970,490)	(62,087,683)
Total Capital Available	377,690,970	366,260,995

19. 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.

19. 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.

On 2 September 2022, the Tribunal issued the decision and grounds of the decision on the case, which was to allow the appeals by PIAM & the general insurers and the Final Decision of MyCC dated 14.09.2020 to be set aside, while at the same time dismissing Bank Negara Malaysia ("BNM")'s appeal.

As the Tribunal had decided that there was no infringement of the Act by GEGM (as well as PIAM and the other 21 insurers), the MyCC's Final Decision was set aside. Similarly, the MyCC's direction to the insurers to cease and desist from implementing the agreed parts trade discount and the hourly labour rate for PIAM Approved Repairers Scheme ("PARS") workshops and the financial penalty against the insurers was also accordingly set aside. However, there is no award of costs as the Tribunal is not empowered by legislation to make such an order.

On 1 December 2022, MyCC filed an application for leave for judicial review of the Tribunal's decision dated 2 September 2022 ("Leave Application"). On 4 January 2023, PIAM's legal counsel was informed by the High Court that PIAM's request for leave to appear in MyCC's Leave Application has been allowed by the High Court Judge; and the hearing for the Leave Application, initially fixed on 10 January 2023, had been re-scheduled to 8 May 2023.

On 8 May 2023, the Court gave directions on the filing of cause papers, and fixed the matter for case management on 16 May 2023.

On 16 May 2023, the Court fixed the matter for hearing (by way of Zoom) on 30 November 2023.

On 12 June 2023, MyCC filed a Supplemental Affidavit to inform the Court that three (3) respondents have filed an application to intervene in the AirAsia/ MAS Federal Court Review Application, and that MyCC has accordingly submitted affidavits to object the application as the respondents have no direct interest in the said AirAsia/ MAS Federal Court Review Application.