

PRESS RELEASE BY LPI CAPITAL BHD

LPI CAPITAL BHD PRE-TAX PROFIT JUMPED 23% FOR 1ST HALF YEAR OF 2013

LPI Capital Bhd (Group) recorded an impressive growth in its pre-tax profit for the 1st half year of 2013. The Group's pre-tax profit registered a commendable 23.0% increase to RM113.6 million from RM92.4 million achieved in the corresponding period last year. The Group's revenue for the 1st half year registered an improvement of 5.8% from RM511.1 million to RM540.9 million. Earnings per share increased from 32.64 sen to 40.25 sen for the 6 months' period under review.

The Group has seen an enhanced performance for the second quarter of 2013 in which the pre-tax profit jumped by 14.7% to RM62.5 million from RM54.5 million recorded in the previous corresponding quarter. Revenue for the second quarter grew by 6.6% from RM265.0 million to RM282.4 million.

Commenting on the Group's 1st half year performance, Tan Sri Dato' Sri Dr Teh Hong Piow, the Founder and Chairman of the Group said, "Despite uncertainties in the global economic environment and a keenly competitive insurance industry, the Group is able to deliver yet another set of impressive results for the half year under review."

Tan Sri Teh continued, "The remarkable performance of the Group for the 1st half year was mainly attributable to the impressive result of its wholly-owned subsidiary, Lonpac Insurance Bhd (Lonpac). Lonpac recorded an increase of 24.1% in pre-tax profit to RM98.2 million for the 1st half year under review as compared to RM79.1 million achieved in the same corresponding period in 2012. The net claims incurred ratio reduced to 48.0% from 52.0%; consequently the combined ratio improved impressively to 73.0% from 79.0%. As a result, the underwriting profit of Lonpac increased sharply by 28.5% from RM61.3 million to RM78.8 million for the 1st half year under review.

Highlights of the Group's performance for the second quarter and six months under review:-

	2nd Quarter Ended		Half Year Ended	
	30/6/2013	30/6/2012	30/6/2013	30/6/2012
Revenue (RM'000)	282,398	265,029	540,865	511,090
Gross Premium Income (RM'000)	273,303	268,464	588,840	566,048
Earned Premium Income (RM'000)	158,448	148,485	293,226	285,190
Underwriting Profit (RM'000)	53,255	46,541	78,765	61,305
Profit Before Tax (RM'000)	62,507	54,531	113,598	92,352
Net Profit Attributable to Shareholders (RM'000)	46,579	40,431	88,691	71,908
Net Return on Equity (%)	3	3	6	6
Earnings Per Share (sen)	21.14	18.35	40.25	32.64
Claims Incurred Ratio (%)	44	45	48	52
Management Expense Ratio (%)	17	17	19	19
Commission Ratio (%)	6	7	6	8
Combined Ratio (%)	67	69	73	79

According to Tan Sri Teh, "Lonpac continued to perform well in the competitive insurance industry by focusing on strong underwriting discipline and practising good risk management. Despite the keen competition arising from the on-going consolidation and the entry of global insurers into the Malaysian insurance industry, we maintain our discipline in risk selection and sustain the quality of our business portfolio. This resulted in Lonpac registering a below industry combined ratio and a hefty increase in underwriting results."

Tan Sri Teh announced, “In view of the Group’s improved performance for the first half year of 2013, a first interim single tier dividend of 18 sen per share has been declared by the Board of Directors. The Group has consistently generated profits and declared good dividends to its shareholders.”

Tan Sri Teh further observed, “The slower demand from advanced economies continues to impact global trade performance. Concerns over global economic weaknesses are further amplified by the softer macro numbers in China in recent months. On domestic front, the Malaysian economy softened in the 1st quarter of 2013 with Gross Domestic Product (GDP) growth decelerating to 4.1% year-on-year. While external demand continues to be weak, domestic activities remained relatively strong with investments and private consumption continue to be the main drivers of the Malaysian economy. Supported by Economic Transformation Programme (ETP), investment momentum is expected to grow while private consumption will remain a strong pillar of the domestic economy.”

Tan Sri Teh advised, “Although economic environment remains uncertain and market conditions will be challenging, the Group will continue to build its market share while maintaining its policy of prudent underwriting. We will uphold strong corporate governance and generate long term shareholder value through sustainable growth and profitable results.”

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