

PRESS RELEASE BY LPI CAPITAL BHD

LPI CAPITAL BHD GOOD PERFORMANCE FOR SECOND QUARTER OF 2015

LPI Capital Bhd (“LPI”) extended its track record of good performance into the second quarter of 2015. LPI recorded a significant increase of 48.4% in its profit before tax amounting to RM101.8 million as compared to RM68.6 million in the previous corresponding period. Net profit attributable to shareholders registered a vast improvement of 67.5% from RM51.2 million to RM85.7 million for the same period. Earnings per share also saw an impressive improvement from 15.47 sen previously to 25.82 sen, an increase of 66.9%.

Commenting on the Group’s performance for the first half year of 2015, Tan Sri Dato Sri Dr Teh Hong Piow, Chairman and Founder of the Group said, “Despite facing global economic volatility and a slowdown in the Malaysian economy, the Group continued to report outstanding performance for the first half year of 2015. Profit before tax for the first 6 months of 2015 achieved an impressive increase of 31.6% to RM172.6 million from RM131.2 million reported in the previous corresponding period while net profit attributed to shareholders for the same period improved by 40.5%, increasing from RM101.8 million to RM142.9 million. The Group recorded a 8.6% net return on equity for the period under review, an increase from 6.4% reported in the previous corresponding period. Earnings per share for

the first half year of 2015 also registered vast improvement of 40.0% amounting to 43.05 sen from 30.75 sen previously.”

Tan Sri Chairman continued, “The good performance of the Group for the first 6 months of 2015 was attributed to the commendable performance of its wholly owned subsidiary, Lonpac Insurance Bhd (Lonpac) and also the realisation of gains of our investment in equities. Lonpac has contributed significantly to the overall performance of the Group despite the Malaysian general insurance industry having registered a 0.5% decline in gross premium income for the first quarter of 2015. Lonpac has, as a result of its robust and agile business plan coupled with determined efforts to further build market share, managed to register an impressive growth in gross premium income in the first half year of 2015 by 11.5% amounting to RM675.6 million from RM606.0 million.

The underwriting profit of Lonpac registered a marginal growth to RM92.4 million from RM92.2 million registered previously partly resulting from a substantial increase in the building up of technical reserves (Unexpired Premium Reserves) due to our strong growth in gross premium income for the period under review. Claims incurred ratio deteriorated slightly to 46.1% from 45.5% reported in the previous corresponding period and combined ratio increased marginally to 71.2% from 70.2% reported previously.”

Highlights of the Group's Performance:-

	2 nd Quarter Ended		Half Year Ended	
	30/6/2015	30/6/2014	30/6/2015	30/6/2014
Revenue (RM'000)	304,726	291,491	596,456	569,289
Gross Premium Income (RM'000)	303,225	251,407	675,598	606,011
Earned Premium Income (RM'000)	177,042	173,244	320,898	309,143
Underwriting Profit (RM'000)	50,319	59,367	92,419	92,230
Profit Before Tax (RM'000)	101,829	68,551	172,575	131,225
Net Profit Attributable to Shareholders (RM'000)	85,739	51,181	142,936	101,762
Net Return on Equity (%)	5.1	3.2	8.6	6.4
Earnings Per Share (sen)	25.82	15.47	43.05	30.75
Claims Incurred Ratio (%)	43.7	41.3	46.1	45.5
Management Expense Ratio (%)	22.1	18.0	22.4	19.9
Commission Ratio (%)	5.8	6.4	2.7	4.8
Combined Ratio (%)	71.6	65.7	71.2	70.2

Tan Sri Teh announced, "In view of the strong performance of the Group, the Board has declared a first interim dividend of 20.0 sen. The first interim dividend payment which amounted to RM66.4 million is part of the Group's effort to reward its shareholders for their continued support in the Group. This first interim dividend payment of RM66.4 million represents a 50.6%

increase of the RM44.1 million first interim dividend payment made in financial year 2014.”

Tan Sri Chairman observed, “The recovery of the US and other developed economies has been disappointing so far as it has not generated as strong as expected a recovery in the export of manufactured goods from Asia. Data in China in the recent weeks showed that China’s economy is beginning to stabilise. However, the concern is whether this stabilisation is sustainable. Greece and the Eurozone are urgently trying to contain a full blown financial crisis of mounting debt woes and capital outflows, potentially threatening Greece’s exit from the Eurozone. Malaysia is not shielded from the impact of such external headwinds. As a major trading nation, we are exposed to the volatility of the world economy and its resultant effects may create a heavy drag on our economy.

Operating in such turbulent economic environment and with the anticipated slower growth in the general insurance industry, the Group will continue to exercise prudent underwriting and sound claims management in our quest to further expand our market share profitably and establishing Lonpac as a major insurance force in the region. With our trusted and sound risk management practices together with our robust business strategies, we are confident that the Group will continue to improve on its performance for the challenging second half year of 2015.”

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