

**LPI CAPITAL BHD**
**Condensed Consolidated Statement of Profit or Loss For The Quarter Ended 30 September 2016 - Unaudited**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30.09.2016 RM'000	Preceding Year Corresponding Quarter Ended 30.09.2015 RM'000	Current Year To Date Ended 30.09.2016 RM'000	Preceding Year Corresponding Period Ended 30.09.2015 RM'000
<b>Operating revenue</b>	363,529	349,507	1,023,340	945,963
Gross written premiums	309,556	309,978	1,012,446	985,576
Change in unearned premiums provision	26,721	13,854	(61,814)	(105,833)
Gross earned premiums	336,277	323,832	950,632	879,743
Gross written premiums ceded to reinsurers	(117,767)	(130,258)	(423,673)	(423,173)
Change in unearned premiums provision	(19,383)	(6,417)	29,990	51,485
Premiums ceded to reinsurers	(137,150)	(136,675)	(393,683)	(371,688)
<b>Net earned premiums</b>	199,127	187,157	556,949	508,055
Investment income	27,252	25,675	72,708	66,220
Realised gains and losses	-	-	150,356	39,236
Fair value gains and losses	-	-	(806)	-
Commission income	23,607	24,137	83,027	76,999
Other operating income	1,811	2,090	5,948	4,936
<b>Other income</b>	52,670	51,902	311,233	187,391
Gross claims paid	(158,884)	(144,780)	(396,615)	(470,533)
Claims ceded to reinsurers	85,871	80,419	185,275	291,075
Gross change in contract liabilities	17,756	20,632	(5,643)	(54,418)
Change in contract liabilities ceded to reinsurers	(22,213)	(28,164)	(8,318)	13,983
<b>Net claims incurred</b>	(77,470)	(71,893)	(225,301)	(219,893)
Commission expense	(37,325)	(36,383)	(106,871)	(97,930)
Management expenses	(39,898)	(36,629)	(125,687)	(111,892)
<b>Other expenses</b>	(77,223)	(73,012)	(232,558)	(209,822)
<b>Operating profit</b>	97,104	94,154	410,323	265,731
Finance costs	-	-	-	(375)
Share of profit after tax of equity accounted associated company	300	721	1,736	2,094
<b>Profit before tax</b>	97,404	94,875	412,059	267,450
Tax expense	(19,636)	(19,033)	(56,286)	(48,672)
<b>Profit for the period</b>	77,768	75,842	355,773	218,778
<b>Profit attributable to:</b>				
Owners of the Company	77,768	75,842	355,773	218,778
Earnings per ordinary share (sen)				
- Basic	23.43	22.85	107.17	65.90
- Diluted	N/A	N/A	N/A	N/A

N/A - *Not Applicable.*

**Note : The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015.**

**LPI CAPITAL BHD**

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income For The Quarter Ended 30 September 2016 - Unaudited**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30.09.2016 RM'000	Preceding Year Corresponding Quarter Ended 30.09.2015 RM'000	Current Year To Date Ended 30.09.2016 RM'000	Preceding Year Corresponding Period Ended 30.09.2015 RM'000
<b>Profit for the period</b>	<b>77,768</b>	<b>75,842</b>	<b>355,773</b>	<b>218,778</b>
<b>Other comprehensive income</b>				
<b>Items that are or may be reclassified subsequently to profit or loss</b>				
Foreign currency translation differences for foreign operation	503	9,550	(1,618)	14,838
Fair value of available-for-sale financial assets				
- Gains / (losses) arising during the period	17,890	(68,046)	61,427	(42,418)
- Reclassification adjustments for gains included in profit or loss	-	-	(149,550)	(39,235)
	17,890	(68,046)	(88,123)	(81,653)
	18,393	(58,496)	(89,741)	(66,815)
Tax effect on net gain / (loss) on fair value of available-for-sale financial assets	1	(187)	(68)	(148)
<b>Total other comprehensive income/(loss) for the period, net of tax</b>	<b>18,394</b>	<b>(58,683)</b>	<b>(89,809)</b>	<b>(66,963)</b>
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<b>96,162</b>	<b>17,159</b>	<b>265,964</b>	<b>151,815</b>

**Note : The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015.**

## LPI CAPITAL BHD

### Condensed Consolidated Statement Of Financial Position As At 30 September 2016 - Unaudited

	As At 30.09.2016	As At 31.12.2015
	RM'000	RM'000
<b>Assets</b>		
Plant and equipment	13,257	13,752
Investment properties	28,698	28,886
Investment in associated company	24,145	23,452
Other investments	1,140,118	1,301,394
Available-for-sale financial assets	892,083	1,007,594
Held-to-maturity financial assets	248,035	293,800
Reinsurance assets	754,539	733,311
Loans and receivables, excluding insurance receivables	1,167,937	403,707
Insurance receivables	167,944	135,053
Deferred acquisition costs	29,141	33,540
Cash and cash equivalents	416,455	952,253
<b>Total assets</b>	<b>3,742,234</b>	<b>3,625,348</b>
<b>Equity</b>		
Share capital	331,986	331,986
Reserves	1,423,590	1,406,615
<b>Total equity</b>	<b>1,755,576</b>	<b>1,738,601</b>
<b>Liabilities</b>		
Insurance contract liabilities	1,720,312	1,654,018
Deferred tax liabilities	844	780
Insurance payables	112,819	95,678
Other payables	128,513	116,077
Tax payables	24,170	20,194
<b>Total liabilities</b>	<b>1,986,658</b>	<b>1,886,747</b>
<b>Total equity and liabilities</b>	<b>3,742,234</b>	<b>3,625,348</b>

**Note : The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015.**

## LPI CAPITAL BHD

### Condensed Consolidated Statement Of Changes In Equity For The Period Ended 30 September 2016 - Unaudited

	←	Non-distributable		→	Distributable	
	Share capital RM'000	Share premium RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000
<b><u>9 Months Period Ended 30 September 2016</u></b>						
Balance as at 1 January 2016	331,986	6,258	24,816	805,377	570,164	1,738,601
Foreign currency translation differences for foreign operation	-	-	(1,618)	-	-	(1,618)
Fair value of available-for-sale financial assets						
- Gains arising during the period	-	-	-	61,492	-	61,492
- Reclassification adjustments for gains included in profit or loss	-	-	-	(149,683)	-	(149,683)
Total other comprehensive loss for the period	-	-	(1,618)	(88,191)	-	(89,809)
Profit for the period	-	-	-	-	355,773	355,773
Total comprehensive (loss) / income for the period	-	-	(1,618)	(88,191)	355,773	265,964
Distribution to owners of the Company						
- Dividends to owners of the Company	-	-	-	-	(248,989)	(248,989)
Total transaction with owners of the Company	-	-	-	-	(248,989)	(248,989)
Balance as at 30 September 2016	331,986	6,258	23,198	717,186	676,948	1,755,576

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## Condensed Consolidated Statement Of Changes In Equity For The Period Ended 30 September 2016 - Unaudited (cont'd)

	← Non-distributable →			Distributable		
	Share capital	Share premium	Foreign currency translation reserve	Fair value reserve	Retained earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>9 Months Period Ended 30 September 2015</u></b>						
Balance as at 1 January 2015	221,324	117,052	8,876	868,318	437,300	1,652,870
Foreign currency translation differences for foreign operation	-	-	14,838	-	-	14,838
Fair value of available-for-sale financial assets						
- Losses arising during the period	-	-	-	(42,566)	-	(42,566)
- Reclassification adjustments for gains included in profit or loss	-	-	-	(39,235)	-	(39,235)
Total other comprehensive income / (loss) for the period	-	-	14,838	(81,801)	-	(66,963)
Profit for the period	-	-	-	-	218,778	218,778
Total comprehensive income / (loss) for the period	-	-	14,838	(81,801)	218,778	151,815
Contribution from / (Distribution to) owners of the Company						
Issue of Ordinary Shares:						
- Pursuant to Bonus Issue	110,662	(110,662)	-	-	-	-
Expenses for issuance of equity securities	-	(132)	-	-	-	(132)
Dividends to owners of the Company	-	-	-	-	(188,125)	(188,125)
Total transactions with owners of the Company	110,662	(110,794)	-	-	(188,125)	(188,257)
Balance as at 30 September 2015	<u>331,986</u>	<u>6,258</u>	<u>23,714</u>	<u>786,517</u>	<u>467,953</u>	<u>1,616,428</u>

**Note : The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015.**

## LPI CAPITAL BHD

### Condensed Consolidated Statement of Cash Flow For The Period Ended 30 September 2016 - Unaudited

	Current Year To Date Ended 30.09.2016 RM'000	Preceding Year Corresponding Period Ended 30.09.2015 RM'000
<b>Operating activities</b>		
Profit before tax	412,059	267,450
Investment income	(72,708)	(66,220)
Realised gains recorded in profit or loss	(150,356)	(39,236)
Fair value losses recorded in profit or loss	806	-
Share of profit of equity accounted associated company	(1,736)	(2,094)
Purchase of available-for-sale financial assets	(8,171)	(82)
Proceeds from disposal of available-for-sale financial assets	185,059	48,157
Purchase of held-to-maturity financial assets	(13,076)	(52,497)
Maturity of held-to-maturity financial assets	58,800	60,000
<b>Non-cash items:</b>		
Depreciation of plant and equipment	2,691	2,977
Unrealised foreign exchange gain	(51)	(1,344)
<b>Changes in working capital:</b>		
Increase in loans and receivables	(764,726)	(102,858)
Increase in reinsurance assets	(21,673)	(65,468)
Increase in insurance receivables	(32,979)	(94,901)
Decrease in deferred acquisition costs	4,396	923
Increase in insurance contract liabilities	67,457	160,251
Increase in insurance payables	17,153	72,473
Increase in other payables	12,593	17,328
Cash (used in) / generated from operating activities	(304,462)	204,859
Dividend income received	32,764	32,926
Interest income received	39,221	32,271
Rental income on investment property received	705	656
Income tax paid	(52,308)	(44,029)
<b>Net cash flows (used in) / generated from operating activities</b>	<b>(284,080)</b>	<b>226,683</b>

## LPI CAPITAL BHD

### Condensed Consolidated Statement of Cash Flow For The Period Ended 30 September 2016 - Unaudited (cont'd)

	Current Year To Date Ended 30.09.2016 RM'000	Preceding Year Corresponding Period Ended 30.09.2015 RM'000
<b>Investing activities</b>		
Proceeds from disposal of plant and equipment	-	1
Purchase of plant and equipment	(2,205)	(7,902)
<b>Net cash flows used in investing activities</b>	<u>(2,205)</u>	<u>(7,901)</u>
<b>Financing activities</b>		
Expenses for issuance of equity securities	-	(132)
Dividends paid to owners of the Company	(248,989)	(188,125)
Repayment of borrowing	-	(35,000)
<b>Net cash flows used in financing activities</b>	<u>(248,989)</u>	<u>(223,257)</u>
Net decrease in cash and cash equivalents	(535,274)	(4,475)
Cash and cash equivalents at beginning of year	952,253	819,161
Effect of movement in exchange rates	(524)	10,950
<b>Cash and cash equivalents at end of period</b>	<u>416,455</u>	<u>825,636</u>

**Note : The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015.**

**PART A – NOTES TO THE QUARTERLY FINANCIAL STATEMENTS  
PURSUANT TO MALAYSIAN FINANCIAL REPORTING  
STANDARD (“MFRS”) 134**

**A1. BASIS OF PREPARATION**

The condensed consolidated interim financial statements have been prepared in accordance with MFRS 134, Interim Financial Reporting in Malaysia and with IAS 34, Interim Financial Reporting, and Paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2015.

The accounting policies and presentation adopted by the Group for the quarterly financial statements are consistent with those adopted in the Group’s consolidated audited financial statements for the financial year ended 31 December 2015, except for the adoption of the following:

<b>MFRSs/ Amendments/Interpretations</b>	<b>Effective date</b>
Amendments to MFRS 7, <i>Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)</i>	1 January 2016
Amendments to MFRS 10, <i>Consolidated Financial Statements</i> , MFRS 12, <i>Disclosure of Interests in Other Entities</i> and MFRS 128, <i>Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to MFRS 101, <i>Presentation of Financial Statements – Disclosure Initiative</i>	1 January 2016
Amendments to MFRS 116, <i>Property, Plant and Equipment</i> and MFRS 138, <i>Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 119, <i>Employee Benefits (Annual Improvements 2012-2014 Cycle)</i>	1 January 2016
Amendments to MFRS 127, <i>Separate Financial Statements – Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to MFRS 134, <i>Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)</i>	1 January 2016

The initial application of the abovementioned standards, amendments and interpretations did not have any material impacts to the current and prior periods financial statements upon their first adoption.



**A2. COMMENTS ON SEASONALITY OR CYCLICALITY**

The Group's insurance business operations were not significantly affected by seasonality or cyclical factors for the period under review.

However, for the investment holding segment, the dividend income generated from the dividend stocks are subject to timing of the payment of dividend which may fluctuate when comparing quarter to quarter. The Group's investment income is seasonally stronger in 1<sup>st</sup> Quarter and 3<sup>rd</sup> Quarter.

**A3. UNUSUAL ITEM AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS**

During the interim period ended 30 September 2016, the Malaysia Motor Insurance Pool had a reduction in its insurance claim liabilities by RM13.0 million. The amount was included in net claims incurred in the Condensed Consolidated Statement of Profit or Loss.

There were no other items affecting assets, liabilities, equity, net income or cash flows which are unusual because of their nature, size or incidence in the current interim period ended 30 September 2016.

**A4. CHANGES IN ESTIMATES**

There were no material changes in the basis used for accounting estimates for the current interim period ended 30 September 2016.

**A5. ISSUES, CANCELLATIONS, REPURCHASES, RESALE AND REPAYMENTS OF DEBT AND EQUITY SECURITIES**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities by LPI Capital Bhd ("LPI") in the current interim period ended 30 September 2016.

**A6. DIVIDEND PAID**

- a) A second interim single tier dividend of 50.00 sen per ordinary share amounting to RM165,992,904 in respect of the financial year ended 31 December 2015 was paid on 24 February 2016; and
- b) A first interim single tier dividend of 25.00 sen per ordinary share amounting to RM82,996,452 in respect of the financial year ending 31 December 2016 was paid on 3 August 2016.

## A7. OPERATING SEGMENT

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units are managed separately based on the Group's management and internal reporting structure. For each of the strategic business units, the Group's Chief Executive Officer (the chief operating decision maker) reviews internal management reports on a monthly basis. Inter-segment pricing, if any, is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment assets and liabilities are measured based on all assets and liabilities of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

### Business segments

The Group comprises the following main business segments:

General insurance - Underwriting of all classes of general insurance business, mainly carried out by Lonpac Insurance Bhd

Investment holding - Investment holding operations, mainly carried out by LPI Capital Bhd

#### a) Segment reporting:

RM'000	← 9 Months Ended →					
	General insurance		Investment holding		Total	
	2016	2015	2016	2015	2016	2015
External revenue	989,788	912,564	33,552	33,399	1,023,340	945,963
Inter-segment revenue	-	-	160,000	140,000	160,000	140,000
Segment profit before tax	233,500	199,864	338,559	207,586	572,059	407,450
Segment assets	2,648,558	2,542,375	1,293,952	1,241,806	3,942,510	3,784,181
Segment liabilities	1,983,451	1,965,377	3,483	2,376	1,986,934	1,967,753

A7. OPERATING SEGMENT (CONT'D)

i) Reconciliation of reportable segment profit:

RM'000	← 9 Months Ended →	
	2016	2015
Total profit for reportable segments	572,059	407,450
Elimination of inter-segment profit	(160,000)	(140,000)
Consolidated profit before tax	<u>412,059</u>	<u>267,450</u>

ii) Reconciliation of reportable segment assets:

RM'000	← 9 Months Ended →	
	2016	2015
Total assets for reportable segments	3,942,510	3,784,181
Elimination of inter-segment assets	(200,276)	(200,243)
Consolidated assets	<u>3,742,234</u>	<u>3,583,938</u>

iii) Reconciliation of reportable segment liabilities:

RM'000	← 9 Months Ended →	
	2016	2015
Total liabilities for reportable segments	1,986,934	1,967,753
Elimination of inter-segment liabilities	(276)	(243)
Consolidated liabilities	<u>1,986,658</u>	<u>1,967,510</u>

## A7. OPERATING SEGMENTS (CONT'D)

### b) Underwriting results of insurance fund

#### i) For the financial period ended 30 September:

RM'000	Fire		Motor		Marine, Aviation & Transit		Miscellaneous		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Gross written premiums	405,345	384,922	225,610	232,916	86,185	90,349	295,306	277,389	1,012,446	985,576
Change in unearned premiums provision	(36,149)	(53,190)	2,932	(21,986)	(7,279)	(10,727)	(21,318)	(19,930)	(61,814)	(105,833)
Gross earned premiums	369,196	331,732	228,542	210,930	78,906	79,622	273,988	257,459	950,632	879,743
Gross written premiums ceded to reinsurers	(150,458)	(145,538)	(41,022)	(47,024)	(72,500)	(79,245)	(159,693)	(151,366)	(423,673)	(423,173)
Change in unearned premiums provision	17,642	18,910	(4,623)	8,893	6,875	9,726	10,096	13,956	29,990	51,485
Premiums ceded to Reinsurers	(132,816)	(126,628)	(45,645)	(38,131)	(65,625)	(69,519)	(149,597)	(137,410)	(393,683)	(371,688)
Net earned premiums	236,380	205,104	182,897	172,799	13,281	10,103	124,391	120,049	556,949	508,055
Net claims incurred	(50,781)	(32,217)	(125,493)	(134,313)	(4,955)	(1,942)	(44,072)	(51,421)	(225,301)	(219,893)
Commission income	34,410	32,777	8,334	7,231	4,496	4,764	35,787	32,227	83,027	76,999
Commission expense	(44,444)	(40,107)	(22,706)	(21,465)	(3,562)	(3,052)	(36,159)	(33,306)	(106,871)	(97,930)
Net commission	(10,034)	(7,330)	(14,372)	(14,234)	934	1,712	(372)	(1,079)	(23,844)	(20,931)
Total out-go	(60,815)	(39,547)	(139,865)	(148,547)	(4,021)	(230)	(44,444)	(52,500)	(249,145)	(240,824)
Underwriting surplus before management expenses	175,565	165,557	43,032	24,252	9,260	9,873	79,947	67,549	307,804	267,231
Management expenses									(120,370)	(106,968)
Underwriting surplus after management expenses									187,434	160,263
Net claims incurred ratio (%)	21.5	15.7	68.6	77.7	37.3	19.2	35.4	42.8	40.5	43.3

A7. OPERATING SEGMENTS (CONT'D)

b) Underwriting results of insurance fund (cont'd)

ii) For the 3 months period ended 30 September:

RM'000	Fire		Motor		Marine, Aviation & Transit		Miscellaneous		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Gross written premiums	120,304	121,870	75,869	76,714	19,175	20,341	94,208	91,053	309,556	309,978
Change in unearned premiums provision	16,733	4,839	(863)	(1,120)	9,253	6,627	1,598	3,508	26,721	13,854
Gross earned premiums	137,037	126,709	75,006	75,594	28,428	26,968	95,806	94,561	336,277	323,832
Gross written premiums ceded to reinsurers	(36,644)	(40,703)	(13,290)	(15,583)	(14,966)	(16,395)	(52,867)	(57,577)	(117,767)	(130,258)
Change in unearned premiums provision	(8,701)	(6,592)	(1,272)	1,170	(8,582)	(7,183)	(828)	6,188	(19,383)	(6,417)
Premiums ceded to Reinsurers	(45,345)	(47,295)	(14,562)	(14,413)	(23,548)	(23,578)	(53,695)	(51,389)	(137,150)	(136,675)
Net earned premiums	91,692	79,414	60,444	61,181	4,880	3,390	42,111	43,172	199,127	187,157
Net claims incurred	(16,509)	(10,469)	(46,807)	(44,788)	(2,748)	(450)	(11,406)	(16,186)	(77,470)	(71,893)
Commission income	9,770	9,502	2,652	2,721	1,195	1,418	9,990	10,496	23,607	24,137
Commission expense	(15,895)	(15,854)	(7,557)	(7,671)	(1,191)	(1,071)	(12,682)	(11,787)	(37,325)	(36,383)
Net commission	(6,125)	(6,352)	(4,905)	(4,950)	4	347	(2,692)	(1,291)	(13,718)	(12,246)
Total out-go	(22,634)	(16,821)	(51,712)	(49,738)	(2,744)	(103)	(14,098)	(17,477)	(91,188)	(84,139)
Underwriting surplus before management expenses	69,058	62,593	8,732	11,443	2,136	3,287	28,013	25,695	107,939	103,018
Management expenses									(38,221)	(35,174)
Underwriting surplus after management expenses									69,718	67,844
Net claims incurred ratio (%)	18.0	13.2	77.4	73.2	56.3	13.3	27.1	37.5	38.9	38.4

**A8. EVENTS AFTER THE INTERIM PERIOD**

There were no material events after the interim period that have not been reflected in the financial statements for the interim period.

**A9. EFFECT OF CHANGES IN THE COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group during the quarterly period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinued operations.

**A10. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

The Group does not have any contingent assets and there were no material changes in the Group's contingent liabilities since the last annual balance sheet date.

**A11. FINANCIAL INSTRUMENTS**

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

## A11. FINANCIAL INSTRUMENTS (CONT'D)

### Fair value information

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the condensed consolidated statement of financial position.

30.09.2016 RM'000	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying Amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
<b>Financial assets</b>										
Available-for-sale financial assets										
- Unit trust	5,877	-	-	5,877	-	-	-	-	5,877	5,877
- Quoted shares	885,971	-	-	885,971	-	-	-	-	885,971	885,971
Held-to-maturity financial assets										
- Malaysian Government Securities	-	-	-	-	-	19,579	-	19,579	19,579	19,483
- Malaysian Government Guaranteed Loans	-	-	-	-	-	30,554	-	30,554	30,554	30,081
- Corporate Bonds and Sukuk	-	-	-	-	-	203,112	-	203,112	203,112	198,471
	891,848	-	-	891,848	-	253,245	-	253,245	1,145,093	1,139,883

A11. FINANCIAL INSTRUMENTS (CONT'D)

Fair value information (cont'd)

31.12.2015 RM'000	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying Amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
<b>Financial assets</b>										
Available-for-sale financial assets										
- Unit trust	5,925	-	-	5,925	-	-	-	-	5,925	5,925
- Quoted shares	1,001,434	-	-	1,001,434	-	-	-	-	1,001,434	1,001,434
Held-to-maturity financial assets										
- Malaysian Government Securities	-	-	-	-	-	39,915	-	39,915	39,915	39,549
- Malaysian Government Guaranteed Loans	-	-	-	-	-	30,088	-	30,088	30,088	30,096
- Singapore Government Securities	-	-	-	-	-	1,562	-	1,562	1,562	1,533
- Corporate Bonds and Sukuk	-	-	-	-	-	226,125	-	226,125	226,125	222,622
	<u>1,007,359</u>	<u>-</u>	<u>-</u>	<u>1,007,359</u>	<u>-</u>	<u>297,690</u>	<u>-</u>	<u>297,690</u>	<u>1,305,049</u>	<u>1,301,159</u>



## A11. FINANCIAL INSTRUMENTS (CONT'D)

Fair value information (cont'd)

### **Policy on transfer between levels**

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

### **Level 1 fair value**

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

### **Level 2 fair value**

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

### ***Transfers between Level 1 and Level 2 fair values***

There has been no transfer between Level 1 and 2 fair values during the current interim period ended 30 September 2016. (30.09.2015: no transfer in either directions)

## A12. CAPITAL AND OTHER COMMITMENTS

RM'000	30.09.2016	31.12.2015
<b>Capital expenditure commitments</b>		
<b>Plant and equipment</b>		
Contracted but not provided for	7,251	7,489

### A13. SIGNIFICANT RELATED PARTY TRANSACTIONS

The significant related party transactions of the Group are as follows:-

RM'000	Companies in which a Director has substantial financial interest	
	Current Year To Date Ended 30.09.2016	Preceding Year Corresponding Period Ended 30.09.2015
<b>Income earned:</b>		
Premium income	29,466	28,067
Dividend income	29,599	32,702
Fixed deposits income	4,629	2,571
Corporate Bonds and Sukuk income	2,771	2,632
	<u>66,465</u>	<u>65,972</u>
<b>Expenditure incurred:</b>		
Rental paid	(2,161)	(2,138)
Insurance commission	(32,262)	(31,233)
Stock broking commission	(581)	(145)
Corporate advisory fees	-	(73)
	<u>(35,004)</u>	<u>(33,589)</u>
<b>Other Transactions:</b>		
Purchase of Corporate Bonds and Sukuk	(5,000)	-

## **PART B – ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**

### **B1. REVIEW OF GROUP PERFORMANCE**

The Group reported a satisfactory performance in the third quarter of 2016. Revenue of the Group grew by 4.0% to RM363.5 million from RM349.5 million in the corresponding quarter in 2015. The growth was largely contributed by revenue from the general insurance segment, which increased by 4.3% to RM349.9 million from the third quarter of 2015. This in turn was attributed mainly to higher gross earned premium for the quarter which came in at RM336.3 million, a RM12.5 million or 3.9% growth from RM323.8 million in the quarter ended 30 September 2015. The investment holding segment recorded lower revenue of RM13.6 million as compared with RM14.1 million in the corresponding quarter in 2015, due to lower dividend income received during the quarter.

Profit before tax of the Group grew by 2.6% to RM97.4 million from RM94.9 million in the corresponding quarter in 2015. The growth was largely contributed by profit from the general insurance segment, which increased by 3.9% to RM85.4 million from RM82.2 million in the third quarter of 2015. Underwriting profit for the quarter rose by 2.8% to RM69.7 million from RM67.8 million previously, primarily driven by 6.4% growth in earned premium income. The investment holding segment recorded slightly lower profit of RM12.0 million as compared with RM12.7 million in the corresponding quarter in 2015.

For the nine months ended 30 September 2016, the Group's revenue gained 8.2% or RM77.3 million to RM1,023.3 million from RM946.0 million in the corresponding period in 2015. The increase was largely contributed by the general insurance segment, which registered an increase of 8.5% to RM989.8 million from the nine months ended 30 September 2015. Revenue from the investment holding segment increased marginally to RM33.5 million from RM33.4 million in the corresponding period in 2015.

The Group recorded a remarkable growth in profit before tax of RM412.1 million for the period under review, having increased by RM144.6 million or 54.1% from RM267.5 million in the corresponding period in 2015. The increase came mostly from the investment holding segment, which recorded a higher profit before tax of RM178.6 million from RM67.6 million in the nine months ended 30 September 2015, mainly due to higher realised gain on disposal of investment in quoted equities. The general insurance segment also performed well, growing its profit by RM33.6 million or 16.8% to RM233.5 million from RM199.9 million in the corresponding period in 2015. This was attributed to its better claims experience, as reflected in the lowering of its net claims incurred ratio from 43.3% to 40.5%.

## B2. MATERIAL CHANGES IN THE PROFIT BEFORE TAX FOR THE QUARTER REPORTED ON WITH THE IMMEDIATE PRECEDING QUARTER

For the third quarter ended 30 September 2016, the Group recorded lower profit before tax of RM97.4 million as compared with RM232.5 million in the quarter ended 30 June 2016. This was mainly due to the realised gain on disposal of investment in quoted equities that contributed to the higher profit for the second quarter 2016.

## B3. CURRENT YEAR PROSPECTS

- a) The general insurance industry has been affected by the slowdown in economic activities, in particular in the property and automotive markets. This is reflected in the subdued 3.0% growth in gross written premium of the industry for the first 6 months of 2016.

While the Brexit and the coming US Presidential election may add uncertainties to the global economic outlook, the strong economic performance of US in recent months augurs well for a more stable global economy. However, domestically, weak consumer demand coupled with the implementation of the Framework on Phased Liberalisation of Motor and Fire Tariffs by Bank Negara Malaysia will present a very challenging environment for the Malaysian general insurance industry. Nonetheless, we remain confident that the Group will be able to leverage on its strong balance sheet and sound capital position to further strengthen its market position in targeted portfolios. We will also continue to implement our business plan with prudence and exercise caution to ensure that our underwriting performance will not be compromised during this period.

- b) Commentary on the Company's progress to achieve the financial estimate, forecast, projection or internal targets in the remaining period to the end of the financial year and the forecast period which was previously announced or disclosed in a public document and steps taken or proposed to be taken to achieve the financial estimate, forecast, projection or internal targets. – Not Applicable.

**B4. STATEMENT ON FINANCIAL ESTIMATE, FORECAST, PROJECTION OR INTERNAL TARGETS PREVIOUSLY ANNOUNCED OR DISCLOSED IN A PUBLIC DOCUMENT**

A statement of the Board of Directors' opinion as to whether the financial estimate, forecast, projection or internal targets in the remaining period to the end of the financial year and the forecast period which was previously announced or disclosed in a public document are likely to be achieved. – Not Applicable.

**B5. EXPLANATORY NOTE FOR VARIANCE FROM A FINANCIAL ESTIMATE, FORECAST OR PROJECTION OR PROFIT GUARANTEE PREVIOUSLY ANNOUNCED OR DISCLOSED IN A PUBLIC DOCUMENT**

a) Any variance of actual profit after tax and minority interest and the profit after tax and minority interest stated in the financial estimate, forecast or projection (where the variance exceeds 10%). – Not Applicable.

b) Any shortfall in the profit guarantee received by the Company and steps to recover the shortfall. – Not Applicable.

**B6. TAXATION**

RM'000	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30.09.2016	Preceding Year Corresponding Quarter Ended 30.09.2015	Current Year To Date Ended 30.09.2016	Preceding Year Corresponding Period Ended 30.09.2015
Profit before tax	97,404	94,875	412,059	267,450
Income tax:				
Current tax charge	21,233	20,036	57,883	49,669
Over provision in prior year	(1,597)	(1,003)	(1,597)	(997)
	19,636	19,033	56,286	48,672
Effective tax rate on current tax charge	22%	21%	14%	19%

The effective tax rate on the current tax charge of the Group for the current quarter and financial period ended 30 September 2016 is lower than the statutory tax rate mainly due to certain dividends received and the realised gains on disposal of investment in quoted equities are tax exempted.

#### B7. STATUS OF CORPORATE PROPOSALS

- a) There was no corporate proposal announced but not completed as at 29 September 2016, the latest practicable date which is not earlier than 7 days from the date of the issue of this quarterly report.
- b) Brief explanation of the status of utilisation of proceeds raised from any corporate proposal, including an initial public offering. – Not Applicable.

#### B8. GROUP BORROWINGS AND DEBT SECURITIES

The Group has no outstanding borrowings and debt securities for the current interim period ended 30 September 2016.

#### B9. DISCLOSURE OF DERIVATIVES

A disclosure on outstanding derivatives (including financial instruments designated as hedging instruments) as at 30 September 2016. – Not Applicable.

#### B10. GAINS/ LOSSES ARISING FROM FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

There were no gains/ losses arising from fair value changes of the financial liabilities for the current quarter and financial period ended 30 September 2016.

#### B11. CHANGES IN MATERIAL LITIGATION

There were no pending material litigations since the last annual balance sheet date up to 29 September 2016, which is not earlier than 7 days from date of issue of this quarterly report.

#### B12. DIVIDEND

The total dividend for the nine (9) months ended 30 September 2016 was 25.00 sen single tier per share.

### B13. EARNINGS PER SHARE

#### a) Basic earnings per share

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year To Date Ended	Preceding Year Corresponding Period Ended
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Profit after tax (RM'000)	77,768	75,842	355,773	218,778
Weighted average no. of ordinary shares in issue ('000)	331,986	331,986	331,986	331,986
Basic earnings per share (sen)	23.43	22.85	107.17	65.90

#### b) Diluted earnings per share. – Not Applicable.

## B14. PROFIT FOR THE PERIOD

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30.09.2016 RM'000	Preceding Year Corresponding Quarter Ended 30.09.2015 RM'000	Current Year To Date Ended 30.09.2016 RM'000	Preceding Year Corresponding Period Ended 30.09.2015 RM'000
<b>Profit for the period is arrived at after charging:</b>				
Finance costs	-	-	-	375
Depreciation of plant and equipment (N1)	907	942	2,691	2,977
Allowance for impairment loss on insurance receivables (N1)	1,160	273	3,535	1,218
Impairment loss on quoted investment (N4)	-	-	806	-
<b>and after crediting:</b>				
Net foreign exchange gain / (loss) (N1)	168	286	151	(76)
Write back of impairment loss on other receivables (N1)	-	-	1	-
Interest income (N2)	14,247	11,607	39,239	32,638
Dividend income (N2)	12,794	13,825	32,764	32,926
Rental income (N2)	211	243	705	656
Gain on disposal of quoted and unquoted investments (N3)	-	-	150,356	39,235

Other than the items above which have been included in the Condensed Consolidated Statement of Profit or Loss, there were no gain or loss on derivatives and exceptional items for the current financial period ended 30 September 2016.

(N1) Depreciation of plant and equipment, net foreign exchange gain / (loss), allowance for impairment loss on insurance receivables and write back of impairment loss on other receivables are reported under item management expenses in the Condensed Consolidated Statement of Profit or Loss.



#### B14. PROFIT FOR THE PERIOD (CONT'D)

(N2) Interest income, dividend income and rental income are reported under item investment income in the Condensed Consolidated Statement of Profit or Loss.

(N3) Gain on disposal of quoted and unquoted investments are reported under item realised gains and losses in the Condensed Consolidated Statement of Profit or Loss.

(N4) Impairment loss on quoted investments are reported under item fair value gains and losses in the Condensed Consolidated Statement of Profit or Loss.

#### B15. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group as at 30 September 2016, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, are as follows:

	As at 30.09.2016 RM'000	As at 31.12.2015 RM'000
Total retained profits of the Group:		
- Realised	750,886	668,645
- Unrealised	16,723	16,627
	<u>767,609</u>	<u>685,272</u>
Total share of retained profits from associated company		
- Realised	9,786	8,050
	<u>777,395</u>	<u>693,322</u>
Less: Consolidation adjustments	(100,447)	(123,158)
Total retained profits as per statement of financial position	<u>676,948</u>	<u>570,164</u>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

**B16. DISCLOSURE ON QUALIFICATION OF AUDIT REPORT**

The audit report of the Group's preceding annual financial statements was not qualified.