

LPI CAPITAL BHD
Condensed Consolidated Statement of Profit or Loss for the Quarter Ended 30 September 2020 - Unaudited

	Individual Period		Cumulative Period	
	Current Year Quarter Ended <u>30.09.2020</u> RM'000	Preceding Year Corresponding Quarter Ended <u>30.09.2019</u> RM'000	Current Year To Date Ended <u>30.09.2020</u> RM'000	Preceding Year Corresponding Period Ended <u>30.09.2019</u> RM'000
Operating revenue	395,755	423,841	1,199,208	1,203,445
Gross written premiums	380,628	380,045	1,207,530	1,207,559
Change in unearned premiums provision	(3,719)	10,363	(81,476)	(90,953)
Gross earned premiums	376,909	390,408	1,126,054	1,116,606
Gross written premiums ceded to reinsurers	(110,737)	(128,824)	(418,544)	(426,300)
Change in unearned premiums provision	(11,950)	(3,262)	35,259	55,656
Premiums ceded to reinsurers	(122,687)	(132,086)	(383,285)	(370,644)
Net earned premiums	254,222	258,322	742,769	745,962
Investment income	18,846	33,433	73,154	86,839
Realised gains	-	1	1	3
Fair value gains	5,985	1,392	10,651	3,145
Commission income	23,061	24,512	86,591	78,107
Net reversal of impairment loss on insurance receivables	495	728	-	-
Net reversal of impairment loss on investments carried at amortised cost	1	3	-	9
Other operating income	2,181	1,908	4,368	5,312
Other income	50,569	61,977	174,765	173,415
Gross claims paid	(141,745)	(163,493)	(377,894)	(438,266)
Claims ceded to reinsurers	43,577	59,780	115,669	144,019
Gross change in claims liabilities	(163,885)	11,861	(217,081)	35,694
Change in claims liabilities ceded to reinsurers	161,571	(20,670)	154,506	(78,987)
Net claims incurred	(100,482)	(112,522)	(324,800)	(337,540)
Fair value losses	(276)	-	(1,414)	(16)
Commission expense	(43,464)	(44,339)	(129,457)	(128,197)
Management expenses	(48,589)	(52,164)	(151,805)	(153,191)
Net impairment loss on insurance receivables	-	-	(969)	(1,869)
Other expenses	(92,329)	(96,503)	(283,645)	(283,273)
Operating profit	111,980	111,274	309,089	298,564
Finance cost	(451)	(536)	(1,387)	(970)
Share of profit after tax of equity accounted associated company	556	621	2,596	1,834
Profit before tax	112,085	111,359	310,298	299,428
Tax expense	(25,907)	(23,541)	(68,802)	(63,670)
Profit for the period	86,178	87,818	241,496	235,758
Profit attributable to:				
Owners of the Company	86,178	87,818	241,496	235,758
Earnings per ordinary share (sen)				
- Basic	21.63	22.04	60.62	59.18
- 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 2019.

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Quarter Ended 30 September 2020 - Unaudited

	Individual Period		Cumulative Period	
	Current Year Quarter Ended <u>30.09.2020</u> RM'000	Preceding Year Corresponding Quarter Ended <u>30.09.2019</u> RM'000	Current Year To Date Ended <u>30.09.2020</u> RM'000	Preceding Year Corresponding Period Ended <u>30.09.2019</u> RM'000
Profit for the period	86,178	87,818	241,496	235,758
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operation	(2,192)	(93)	(752)	2
Items that will not be reclassified to profit or loss				
Net losses on investments in equity instruments designated at fair value through other comprehensive income	(35,209)	(128,638)	(164,755)	(206,195)
Income tax relating to these items	196	798	1,017	1,293
Total other comprehensive loss for the period, net of tax	<u>(37,205)</u>	<u>(127,933)</u>	<u>(164,490)</u>	<u>(204,900)</u>
Total comprehensive income/(loss) for the period attributable to owners of the Company	<u>48,973</u>	<u>(40,115)</u>	<u>77,006</u>	<u>30,858</u>

Note : The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019.

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Condensed Consolidated Statement of Financial Position As At 30 September 2020 - Unaudited

	As At <u>30.09.2020</u>	As At <u>31.12.2019</u>
	RM'000	RM'000
Assets		
Plant and equipment	6,248	7,033
Right-of-use assets	43,492	46,732
Investment properties	27,360	27,540
Intangible assets	9,071	10,514
Investment in an associated company	35,649	33,064
Other investments	1,555,223	1,265,567
Fair value through other comprehensive income	691,725	856,505
Fair value through profit or loss	805,596	326,062
Amortised cost	57,902	83,000
Reinsurance assets	921,341	731,806
Loans and receivables, excluding insurance receivables	1,260,938	1,539,910
Insurance receivables	173,733	149,778
Deferred acquisition costs	41,392	43,877
Current tax assets	3,881	3,881
Cash and cash equivalents	102,200	186,188
Total assets	<u>4,180,528</u>	<u>4,045,890</u>
Equity		
Share capital	398,383	398,383
Reserves	1,367,670	1,573,516
Total equity	<u>1,766,053</u>	<u>1,971,899</u>
Liabilities		
Insurance contract liabilities	2,104,924	1,807,222
Deferred tax liabilities	4,400	3,375
Lease liabilities	44,681	47,375
Insurance payables	110,604	93,289
Other payables	115,476	100,491
Current tax payables	34,390	22,239
Total liabilities	<u>2,414,475</u>	<u>2,073,991</u>
Total equity and liabilities	<u>4,180,528</u>	<u>4,045,890</u>

Note : The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019.

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Condensed Consolidated Statement of Changes in Equity for the Period Ended 30 September 2020 - Unaudited

	← Non-distributable	→	Distributable		
	Share capital RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000
<u>9 Months Period Ended 30 September 2020</u>					
At 1 January 2020	398,383	23,852	697,450	852,214	1,971,899
Foreign currency translation differences for foreign operation	-	(752)	-	-	(752)
Net losses on investments in equity instruments designated at fair value through other comprehensive income	-	-	(163,738)	-	(163,738)
Total other comprehensive loss for the period	-	(752)	(163,738)	-	(164,490)
Profit for the period	-	-	-	241,496	241,496
Total comprehensive (loss)/income for the period	-	(752)	(163,738)	241,496	77,006
Distributions to owners of the Company					
Dividends to owners of the Company	-	-	-	(282,852)	(282,852)
Total transaction with owners of the Company	-	-	-	(282,852)	(282,852)
At 30 September 2020	398,383	23,100	533,712	810,858	1,766,053

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Condensed Consolidated Statement of Changes in Equity for the Period Ended 30 September 2020 - Unaudited (continued)

	← Non-distributable →			Distributable	
	Share capital	Foreign currency translation reserve	Fair value reserve	Retained earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
9 Months Period Ended 30 September 2019					
At 1 January 2019	398,383	23,283	930,382	804,737	2,156,785
Foreign currency translation differences for foreign operation	-	2	-	-	2
Net losses on investments in equity instruments designated at fair value through other comprehensive income	-	-	(204,902)	-	(204,902)
Total other comprehensive income/(loss) for the period	-	2	(204,902)	-	(204,900)
Profit for the period	-	-	-	235,758	235,758
Total comprehensive income/(loss) for the period	-	2	(204,902)	235,758	30,858
Distributions to owners of the Company					
Dividends to owners of the Company	-	-	-	(274,884)	(274,884)
Total transaction with owners of the Company	-	-	-	(274,884)	(274,884)
At 30 September 2019	398,383	23,285	725,480	765,611	1,912,759

Notes : The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019.

LPI CAPITAL BHD**Condensed Consolidated Statement of Cash Flow
for the Period Ended 30 September 2020 - Unaudited**

	Current Year To Date Ended <u>30.09.2020</u> RM'000	Preceding Year Corresponding Period Ended <u>30.09.2019</u> RM'000
Operating activities		
Profit before tax	310,298	299,428
Investment income	(73,154)	(86,839)
Net realised gains recorded in profit or loss	(1)	(3)
Net fair value gains recorded in profit or loss	(9,237)	(3,139)
Share of profit of equity accounted associated company	(2,596)	(1,834)
Purchase of financial assets carried at fair value through profit or loss	(483,501)	(131,800)
Maturity of financial assets carried at amortised cost	25,000	10,000
Maturity of financial assets carried at fair value through profit or loss	13,040	55,000
Interest on lease liabilities	1,387	970
Non-cash items:		
Depreciation of plant and equipment	2,295	3,551
Depreciation of right-of-use assets	4,951	5,274
Amortisation of intangible assets	2,252	-
Unrealised foreign exchange gain	(415)	(218)
Net impairment loss on insurance receivables	969	1,869
Net reversal of impairment loss on investments carried at amortised cost	-	(9)
Changes in working capital:		
Decrease/(Increase) in loans and receivables	278,725	(165,716)
(Increase)/Decrease in reinsurance assets	(189,764)	23,332
Increase in insurance receivables	(25,022)	(57,476)
Decrease in deferred acquisition costs	2,471	3,613
Increase in insurance contract liabilities	298,556	55,258
Increase in insurance payables	17,326	28,360
Increase in other payables	15,095	12,848
Cash generated from operating activities	188,675	52,469
Dividend income received	35,362	37,588
Interest income received	37,411	48,694
Rental income on investment property received	465	630
Interest paid	(1,387)	(970)
Income tax paid	(54,601)	(65,979)
Net cash flows generated from operating activities	205,925	72,432

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Condensed Consolidated Statement of Cash Flow for the Period Ended 30 september 2020 - Unaudited (continued)

	Current Year To Date Ended 30.09.2020 RM'000	Preceding Year Corresponding Period Ended 30.09.2019 RM'000
Investing activities		
Proceeds from disposal of plant and equipment	1	3
Purchase of plant and equipment	(1,519)	(2,144)
Purchase of intangible assets	(812)	-
Net cash flows used in investing activities	(2,330)	(2,141)
Financing activities		
Dividends paid to owners of the Company	(282,852)	(274,884)
Payment of lease liabilities	(4,405)	(4,794)
Net cash flows used in financing activities	(287,257)	(279,678)
Net decrease in cash and cash equivalents	(83,662)	(209,387)
Cash and cash equivalents at 1 January	186,188	418,509
Effect of movement in exchange rates	(326)	224
Cash and cash equivalents at 30 September	102,200	209,346

Note : The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019.

**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 a complete set of MFRS/IFRS financial statements, and should be read in conjunction with the Group’s last annual consolidated audited financial statements as at and for the year ended 31 December 2019 (“last annual consolidated audited financial statements”). Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual consolidated audited financial statements.

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

MFRSs/Amendments/Interpretations	Effective date
Amendments to MFRS 3, <i>Business Combination – Definition of a Business</i>	1 January 2020
Amendments to MFRS 101, <i>Presentation of Financial Statements</i> and MFRS 108, <i>Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material</i>	1 January 2020
Amendments to MFRS 9, <i>Financial Instruments</i> , MFRS 139, <i>Financial Instruments: Recognition and Measurement</i> and MFRS 7, <i>Financial Instruments: Disclosures – Interest Rate Benchmark Reform</i>	1 January 2020

The initial application of the abovementioned standards, amendments and interpretations did not have any material impact 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 1st Quarter and 3rd Quarter.

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

There were no 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 2020.

A4. CHANGES IN ESTIMATES

The preparation of these condensed consolidated interim financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated audited financial statements.

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 2020.

A6. DIVIDEND PAID

a) A second interim single tier dividend of 43.00 sen per ordinary share amounting to RM171,304,584 in respect of the financial year ended 31 December 2019 was paid on 26 February 2020.

b) A first interim single tier dividend of 28.00 sen per ordinary share amounting to RM111,547,171 in respect of the financial year ending 31 December 2020 was paid on 11 September 2020.

A7. OPERATING SEGMENTS

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

Segment reporting:

RM'000	← 9 Months Ended →					
	General insurance		Investment holding		Total	
	2020	2019	2020	2019	2020	2019
External revenue	1,179,391	1,169,466	19,817	33,979	1,199,208	1,203,445
Inter-segment revenue	-	-	230,000	230,000	230,000	230,000
Segment profit before tax	296,129	271,864	244,169	257,564	540,298	529,428
Segment assets	3,411,101	3,142,061	969,427	1,195,711	4,380,528	4,337,772
Segment liabilities	2,411,740	2,221,999	2,735	3,014	2,414,475	2,225,013

A7. OPERATING SEGMENTS (CONTINUED)

Business segments (continued)

i) Reconciliation of reportable segment profit:

RM'000	← 9 Months Ended →	
	<u>2020</u>	<u>2019</u>
Total profit for reportable segments	540,298	529,428
Elimination of inter-segment profit	(230,000)	(230,000)
Consolidated profit before tax	<u>310,298</u>	<u>299,428</u>

ii) Reconciliation of reportable segment assets:

RM'000	← 9 Months Ended →	
	<u>2020</u>	<u>2019</u>
Total assets for reportable segments	4,380,528	4,337,772
Elimination of inter-segment assets	(200,000)	(200,000)
Consolidated assets	<u>4,180,528</u>	<u>4,137,772</u>

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

On 22 February 2017, Lonpac Insurance Bhd (“Lonpac”), a wholly-owned subsidiary of LPI Capital Bhd (“LPI”), received a Notice of Proposed Decision by the Malaysia Competition Commission (“MyCC”) under Section 36 of the Competition Act 2010 (“the Act”).

MyCC informed that pursuant to its investigation, the commission on the preliminary basis finds that Lonpac together with the other 21 members of Persatuan Insurans Am Malaysia (“PIAM”) have infringed the prohibition under Section 4(2)(a) of the Act for fixing parts trade discounts and labour rates for repair workshops and are therefore liable for an infringement under Section 4(3) of the Act.

Lonpac has on 25 September 2020 received a Notice of Finding of An Infringement (“Notice”) by MyCC under Section 40 of the Act. MyCC determined that Lonpac has infringed Section 4 prohibition of the Act.

In the view of the impact of the Covid-19 pandemic, MyCC has granted a reduction of 25% of the financial penalties imposed on the 22 general insurers. The financial penalty imposed on Lonpac after taking into account the 25% reduction amounts to RM5,914,779.57. MyCC also granted a moratorium period up to 6 months from the date of the Notice. At the end of the moratorium period, Lonpac is allowed to make the payment of the financial penalty by equal monthly instalment for up to 6 months.

Lonpac believes that it has always conducted its business in full compliance with all relevant laws and regulations and had filed an appeal to the Competition Appeal Tribunal on 13 October 2020.

Save as disclosed above, the Group does not have any contingent assets and liabilities since the last annual balance sheet date.

A11. FINANCIAL INSTRUMENTS

Fair value information

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

A11. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value information (continued)

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.

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		
30.09.2020										
Financial assets										
<i>Designated at fair value through other comprehensive income</i>										
- Quoted shares	691,725	-	-	691,725	-	-	-	-	691,725	691,725
<i>Mandatorily at fair value through profit or loss</i>										
- Unit trust	721,298	-	-	721,298	-	-	-	-	721,298	721,298
- Real estate investment trusts ("REITs")	3,006	-	-	3,006	-	-	-	-	3,006	3,006
- Exchange-traded fund ("ETF")	657	-	-	657	-	-	-	-	657	657
- Quoted shares	3,125	-	-	3,125	-	-	-	-	3,125	3,125
- Unquoted shares	-	-	1,375	1,375	-	-	-	-	1,375	1,375
- Corporate bonds and sukuk	-	76,135	-	76,135	-	-	-	-	76,135	76,135
<i>Amortised cost</i>										
- Malaysian government guaranteed loans	-	-	-	-	-	31,085	-	31,085	31,085	30,000
- Corporate bonds and sukuk	-	-	-	-	-	28,856	-	28,856	28,856	27,902
	1,419,811	76,135	1,375	1,497,321	-	59,941	-	59,941	1,557,262	1,555,223

A11. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value information (continued)

31.12.2019

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		
Financial assets										
<i>Designated at fair value through other comprehensive income</i>										
- Quoted shares	856,505	-	-	856,505	-	-	-	-	856,505	856,505
<i>Mandatorily at fair value through profit or loss</i>										
- Unit trust	235,519	-	-	235,519	-	-	-	-	235,519	235,519
- Real estate investment trusts ("REITs")	2,466	-	-	2,466	-	-	-	-	2,466	2,466
- Exchange-traded fund ("ETF")	714	-	-	714	-	-	-	-	714	714
- Quoted shares	3,734	-	-	3,734	-	-	-	-	3,734	3,734
- Unquoted shares	-	-	1,312	1,312	-	-	-	-	1,312	1,312
- Corporate bonds and sukuk	-	82,317	-	82,317	-	-	-	-	82,317	82,317
<i>Amortised cost</i>										
- Malaysian government guaranteed loans	-	-	-	-	-	40,904	-	40,904	40,904	40,010
- Corporate bonds and sukuk	-	-	-	-	-	43,640	-	43,640	43,640	42,990
	<u>1,098,938</u>	<u>82,317</u>	<u>1,312</u>	<u>1,182,567</u>	<u>-</u>	<u>84,544</u>	<u>-</u>	<u>84,544</u>	<u>1,267,111</u>	<u>1,265,567</u>

A11. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value information (continued)

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 2020 (31.12.2019: no transfer in either directions).

Level 3 fair value

The following table shows a reconciliation of Level 3 fair values:

	2020	2019
	RM'000	RM'000
Unquoted shares		
As at 1 January	1,312	1,328
Fair value gains/(losses) in profit or loss	63	(16)
Balance as at 30 September 2020 / 31 December 2019	<u>1,375</u>	<u>1,312</u>

A11. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value information (continued)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments carried at fair value

		Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Type	Description of valuation technique and inputs used		
Unquoted shares	The fair value is determined to approximate the net assets value of the investee as it is immaterial in the context of the condensed interim financial statements.	Net assets value	The higher the value of net assets the higher the fair value.

A12. CAPITAL AND OTHER COMMITMENTS

RM'000	<u>30.09.2020</u>	<u>31.12.2019</u>
Capital expenditure commitments		
Intangible assets		
Contracted but not provided for	-	3,728

A13. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

RM'000	Associated Company		Companies in which a Director has substantial financial interest	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
Income earned:				
Premium income	445	356	34,622	34,370
Dividend income	-	-	18,273	31,045
Fixed deposits income	-	-	8,172	4,168
Corporate bonds and sukuk income	-	-	1,227	1,877
Information technology services	2	8	-	-
	<u>447</u>	<u>364</u>	<u>62,294</u>	<u>71,460</u>
Expenditure incurred:				
Rental paid	-	-	(2,506)	(2,328)
Insurance commission	(113)	(91)	(37,523)	(39,452)
Stock broking commission	-	-	(3)	-
	<u>(113)</u>	<u>(91)</u>	<u>(40,032)</u>	<u>(41,780)</u>

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

B1. REVIEW OF GROUP PERFORMANCE

Table 1: Financial review for current quarter and financial year to date

RM'mil	Individual Period		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended			Current Year To Date Ended	Preceding Year Corresponding Period Ended		
	30.09.2020	30.09.2019	Amount	% / ppt (*)	30.09.2020	30.09.2019	Amount	% / ppt (*)
Revenue by segments								
General insurance segment	395.2	408.8	(13.6)	(3.3)%	1,179.4	1,169.5	9.9	0.8%
Gross earned premiums	376.9	390.4	(13.5)	(3.5)%	1,126.1	1,116.6	9.5	0.9%
Investment income	18.3	18.4	(0.1)	(0.5)%	53.3	52.9	0.4	0.8%
Investment holding segment								
Investment income	0.6	15.0	(14.4)	(96.0)%	19.8	33.9	(14.1)	(41.6)%
Total revenue	395.8	423.8	(28.0)	(6.6)%	1,199.2	1,203.4	(4.2)	(0.3)%
Revenue by geographical locations								
Malaysia	371.7	400.5	(28.8)	(7.2)%	1,124.1	1,137.9	(13.8)	(1.2)%
Singapore	24.1	23.3	0.8	3.4%	75.1	65.5	9.6	14.7%
Total revenue	395.8	423.8	(28.0)	(6.6)%	1,199.2	1,203.4	(4.2)	(0.3)%
Operating profit	112.0	111.3	0.7	0.6%	309.1	298.6	10.5	3.5%

(* ppt – percentage points)

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 1: Financial review for current quarter and financial year to date (continued)

	Individual Period		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended			Current Year To Date Ended	Preceding Year Corresponding Period Ended		
	30.09.2020	30.09.2019	Amount	% / ppt (*)	30.09.2020	30.09.2019	Amount	% / ppt (*)
Profit before tax by segments								
General insurance (RM'mil)	113.1	98.1	15.0	15.3%	296.1	271.9	24.2	8.9%
Investment holding (RM'mil)	(1.0)	13.3	(14.3)	(107.5)%	14.2	27.5	(13.3)	(48.4)%
Total profit before tax	112.1	111.4	0.7	0.6%	310.3	299.4	10.9	3.6%
Profit before tax by geographical locations								
Malaysia (RM'mil)	109.8	110.7	(0.9)	(0.8)%	301.1	293.7	7.4	2.5%
Singapore (RM'mil)	1.7	0.1	1.6	1600%	6.6	3.9	2.7	69.2%
Cambodia (RM'mil)	0.6	0.6	-	-	2.6	1.8	0.8	44.4%
Total profit before tax	112.1	111.4	0.7	0.6%	310.3	299.4	10.9	3.6%
Profit attributable to owners of the Company (RM'mil)	86.2	87.8	(1.6)	(1.8)%	241.5	235.8	5.7	2.4%
Net return on equity (%)	4.9	4.6	-	0.3 ppt	13.7	12.3	-	1.4 ppt
Earnings per share (sen)	21.63	22.04	(0.41)	(1.9)%	60.62	59.18	1.44	2.4%

(* ppt – percentage points)

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 1: Financial review for current quarter and financial year to date (continued)

	Individual Period		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended			Current Year To Date Ended	Preceding Year Corresponding Period Ended		
	30.09.2020	30.09.2019	Amount	% / ppt (*)	30.09.2020	30.09.2019	Amount	% / ppt (*)
General insurance gross written premiums (RM'mil)	380.6	380.0	0.6	0.2%	1,207.5	1,207.6	(0.1)	-
General insurance net earned premiums (RM'mil)	254.2	258.3	(4.1)	(1.6)%	742.8	746.0	(3.2)	(0.4)%
General insurance underwriting profit (RM'mil)	86.3	75.7	10.6	14.0%	226.2	208.3	17.9	8.6%
General insurance claims incurred ratio (%)	39.5	43.6	-	(4.1) ppt	43.7	45.2	-	(1.5) ppt
General insurance management expenses ratio (%)	18.5	19.5	-	1.0 ppt	20.0	20.1	-	(0.1) ppt
General insurance commission ratio (%)	8.0	7.7	-	0.3 ppt	5.8	6.7	-	(0.9) ppt
General insurance combined ratio (%)	66.0	70.8	-	(4.8) ppt	69.5	72.0	-	(2.5) ppt

(* ppt – percentage points)

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 3: Underwriting results of general insurance for the 3 months period ended 30 September 2020:

RM'000	Fire		Motor		Marine, Aviation & Transit		Miscellaneous		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Gross written premiums	148,055	149,246	99,265	93,248	15,435	14,454	117,873	123,097	380,628	380,045
Change in unearned premiums provision	3,622	19,292	(10,155)	(5,737)	5,506	6,680	(2,692)	(9,872)	(3,719)	10,363
Gross earned premiums	<u>151,677</u>	<u>168,538</u>	<u>89,110</u>	<u>87,511</u>	<u>20,941</u>	<u>21,134</u>	<u>115,181</u>	<u>113,225</u>	<u>376,909</u>	<u>390,408</u>
Gross written premiums ceded to reinsurers	(39,762)	(55,060)	(4,646)	(4,219)	(11,117)	(9,941)	(55,212)	(59,604)	(110,737)	(128,824)
Change in unearned premiums provision	(8,713)	(7,062)	594	(202)	(5,162)	(7,224)	1,331	11,226	(11,950)	(3,262)
Premiums ceded to reinsurers	<u>(48,475)</u>	<u>(62,122)</u>	<u>(4,052)</u>	<u>(4,421)</u>	<u>(16,279)</u>	<u>(17,165)</u>	<u>(53,881)</u>	<u>(48,378)</u>	<u>(122,687)</u>	<u>(132,086)</u>
Net earned premiums	<u>103,202</u>	<u>106,416</u>	<u>85,058</u>	<u>83,090</u>	<u>4,662</u>	<u>3,969</u>	<u>61,300</u>	<u>64,847</u>	<u>254,222</u>	<u>258,322</u>
Net claims incurred	(10,748)	(13,406)	(58,432)	(59,408)	1,314	(1,374)	(32,616)	(38,334)	(100,482)	(112,522)
Commission income	10,697	11,931	411	399	1,273	1,411	10,680	10,771	23,061	24,512
Commission expense	(18,853)	(19,221)	(8,592)	(8,484)	(914)	(969)	(15,105)	(15,665)	(43,464)	(44,339)
Net commission	<u>(8,156)</u>	<u>(7,290)</u>	<u>(8,181)</u>	<u>(8,085)</u>	<u>359</u>	<u>442</u>	<u>(4,425)</u>	<u>(4,894)</u>	<u>(20,403)</u>	<u>(19,827)</u>
Total out-go	<u>(18,904)</u>	<u>(20,696)</u>	<u>(66,613)</u>	<u>(67,493)</u>	<u>1,673</u>	<u>(932)</u>	<u>(37,041)</u>	<u>(43,228)</u>	<u>(120,885)</u>	<u>(132,349)</u>
Underwriting surplus before management expenses	<u>84,298</u>	<u>85,720</u>	<u>18,445</u>	<u>15,597</u>	<u>6,335</u>	<u>3,037</u>	<u>24,259</u>	<u>21,619</u>	<u>133,337</u>	<u>125,973</u>
Management expenses of the insurance fund									(47,028)	(50,307)
Underwriting surplus after management expenses									<u>86,309</u>	<u>75,666</u>
Net claims incurred ratio (%)	10.4	12.6	68.7	71.5	(28.2)	34.6	53.2	59.1	39.5	43.6

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 3: Underwriting results of general insurance for the financial period ended 30 September 2020:

RM'000	Fire		Motor		Marine, Aviation & Transit		Miscellaneous		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Gross written premiums	501,037	502,854	268,216	264,316	61,672	79,175	376,605	361,214	1,207,530	1,207,559
Change in unearned premiums provision	(40,675)	(33,217)	(3,041)	(11,717)	(787)	(12,980)	(36,973)	(33,039)	(81,476)	(90,953)
Gross earned premiums	460,362	469,637	265,175	252,599	60,885	66,195	339,632	328,175	1,126,054	1,116,606
Gross written premiums ceded to reinsurers	(176,693)	(179,477)	(12,381)	(11,989)	(49,575)	(64,461)	(179,895)	(170,373)	(418,544)	(426,300)
Change in unearned premiums provision	11,760	16,337	1,720	(784)	1,701	12,443	20,078	27,660	35,259	55,656
Premiums ceded to reinsurers	(164,933)	(163,140)	(10,661)	(12,773)	(47,874)	(52,018)	(159,817)	(142,713)	(383,285)	(370,644)
Net earned premiums	295,429	306,497	254,514	239,826	13,011	14,177	179,815	185,462	742,769	745,962
Net claims incurred	(38,883)	(40,399)	(180,810)	(172,536)	16	(4,226)	(105,123)	(120,379)	(324,800)	(337,540)
Commission income	43,060	34,210	1,290	1,233	4,740	5,739	37,501	36,925	86,591	78,107
Commission expense	(55,383)	(55,835)	(25,664)	(24,363)	(2,720)	(3,151)	(45,690)	(44,848)	(129,457)	(128,197)
Net commission	(12,323)	(21,625)	(24,374)	(23,130)	2,020	2,588	(8,189)	(7,923)	(42,866)	(50,090)
Total out-go	(51,206)	(62,024)	(205,184)	(195,666)	2,036	(1,638)	(113,312)	(128,302)	(367,666)	(387,630)
Underwriting surplus before management expenses	244,223	244,473	49,330	44,160	15,047	12,539	66,503	57,160	375,103	358,332
Management expenses of the insurance fund									(148,908)	(150,041)
Underwriting surplus after management expenses									226,195	208,291
Net claims incurred ratio (%)	13.2	13.2	71.0	71.9	(0.1)	29.8	58.5	64.9	43.7	45.2

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Revenue

For the quarter ended 30 September 2020, the Group's revenue decreased by RM28.0 million to RM395.8 million from RM423.8 million in the third quarter of 2019, a decrease of 6.6% as compared to the corresponding quarter last year. The decrease in revenue was largely resulted from the investment holding segment, which registered a decrease of 96.0% to RM0.6 million compared to RM15.0 million in the corresponding quarter last year mainly driven by lower investment income received. General insurance segment recorded lower revenue of 3.3% or RM13.6 million to RM395.2 million as compared to RM408.8 million in the corresponding quarter in 2019 mainly due to lower gross earned premium.

Revenue of the Group for the nine months period ended 30 September 2020 decreased by 0.3% or RM4.2 million to RM1,199.2 million from RM1,203.4 million in the corresponding period in 2019. Of the total amount of RM1,199.2 million, RM1,179.4 million was generated from general insurance segment and RM19.8 million from investment holding segment. The investment holding segment recorded lower revenue of RM19.8 million as compared to RM33.9 million in 2019 mainly due to lower investment income received during the current financial period. The general insurance segment registered an increase of 0.8% or RM9.9 million to RM1,179.4 million compared to RM1,169.5 million in 30 September 2019 mainly due to the growth in gross earned premium under current financial period review.

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Profit Before Tax

Profit before tax of the Group for the third quarter of 2020 grew by 0.6% or RM0.7 million to RM112.1 million from RM111.4 million in the corresponding quarter in 2019. The growth was contributed by profit from the general insurance segment, which increased by 15.3% or RM15.0 million to RM113.1 million from RM98.1 million in the third quarter of 2019. Underwriting profit for the current quarter increased by 14.0% to RM86.3 million from RM75.7 million mainly due to lower claims incurred and management expenses as compared to the corresponding quarter in 2019. The investment holding segment recorded a loss before tax of RM1.0 million as compared to profit before tax of RM13.3 million in the corresponding quarter in 2019 mainly due to lower investment income received during the current quarter ended 30 September 2020.

Profit before tax of the Group for the nine months period ended 30 September 2020 grew by 3.6% or RM10.9 million to RM310.3 million from RM299.4 million in the corresponding period in 2019. The increase was contributed by profit from general insurance segment, which increased by 8.9% or RM24.2 million to RM296.1 million from RM271.9 million in the corresponding period in 2019. The investment holding segment recorded a lower profit before tax of RM14.2 million as compared to RM27.5 million in the corresponding period in 2019 due to lower investment income received during the current period ended 30 September 2020.

Business operation in Malaysia contributed 97.9% of the Group's total profit before tax in the third quarter of 2020 and 97.0% for the nine months period ended 30 September 2020.

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 4: Other comprehensive income for current quarter and financial year to date

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 30.09.2020	Preceding Year Corresponding Quarter Ended 30.09.2019	Current Year To Date Ended 30.09.2020	Preceding Year Corresponding Period Ended 30.09.2019
RM' mil				
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operation	(2.2)	(0.1)	(0.7)	-
Items that will not be reclassified to profit or loss				
Net losses on investments in equity instruments designated at fair value through other comprehensive income	(35.2)	(128.6)	(164.8)	(206.2)
Income tax relating to these items	0.2	0.8	1.0	1.3
Total other comprehensive loss for the period, net of tax	(37.2)	(127.9)	(164.5)	(204.9)

The Group's total other comprehensive income for the nine months period ended 30 September 2020 recorded a net loss of RM164.5 million as compared to RM204.9 million in the corresponding period in 2019. The lower net loss was mainly due to unrealised fair value loss on its investment in quoted equities.

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 5: Review of assets and liabilities

RM'mil	As at 30.09.2020	As at 31.12.2019	Changes	
			Amount	%
Total assets	4,180.5	4,045.9	134.6	3.3
Total liabilities	2,414.5	2,074.0	340.5	16.4
Total equity	1,766.0	1,971.9	(205.9)	(10.4)

Total assets

As at 30 September 2020, the Group's total assets increased by RM134.6 million to RM4,180.5 million from RM4,045.9 million as at 31 December 2019. The increase was mainly due to additional investment in unit trust (classified as fair value through profit or loss) and growth in reinsurance assets. The general insurance segment accounted for 81.6% of the Group's total assets as at 30 September 2020.

Total liabilities

As at 30 September 2020, total liabilities of the Group increased by RM340.5 million to RM2,414.5 million from RM2,074.0 million as at 31 December 2019. This mainly consists of RM297.7 million increase in insurance contract liabilities and RM17.3 million in insurance payables of its general insurance segment.

Total equity

The Group's total equity decreased by 10.4% or RM205.9 million to RM1,766.0 million from RM1,971.9 million as at 31 December 2019. The Group's retained earnings recorded a net decrease of RM41.3 million resulted from the payment of dividends of RM282.8 million offset by the current period's net profit of RM241.5 million. The fair value reserves decreased by RM163.7 million due to the lower market value of quoted equity investment designated as fair value through other comprehensive income, caused the decrease in the Group's total equity. Therefore, net tangible asset per share also decreased to RM4.41 from RM4.92 as at 31 December 2019.

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 6: Breakdown of Key Financial Information of Foreign Operation - Lonpac Insurance Bhd (Singapore Branch)

Exchange rate as at 30.09.2020 SGD1.00 = RM3.04	Functional Currency SGD'000	Reporting Currency RM'000
Gross earned premiums	23,642	71,871
Investment income	1,071	3,256
Total revenue	24,713	75,127
Profit before tax	2,185	6,642
Profit after tax	1,942	5,903
Total assets	66,489	202,126
Total liabilities	58,109	176,650

For consolidation purpose, the financial statements of Singapore Branch of its subsidiary, Lonpac Insurance Bhd are translated from SGD to RM at exchange rate at the end of the reporting period.

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 7: Review of statement of cash flow

RM'mil	Current Year To Date Ended 30.09.2020	Preceding Year Corresponding Period Ended 30.09.2019
Profit after tax	241.5	235.8
Net cash flows generated from operating activities	205.9	72.4
Net cash flows used in investing activities	(2.3)	(2.1)
Net cash flows used in financing activities	(287.3)	(279.7)
Net decrease in cash and cash equivalents	(83.7)	(209.4)
Cash and cash equivalents at 1 January	186.2	418.5
Effect of movement in exchange rates	(0.3)	0.2
Cash and cash equivalents at 30 September	102.2	209.3

For the nine months period ended 30 September 2020, the operating cash flow of the Group remains healthy at RM205.9 million. The ratio of cash flow from operating activities to net income was 85.3% (RM205.9 million / RM241.5 million). The ratio indicates the ability of the Group to generate sufficient positive cash flow to maintain and grow its operation. It is worth to note that for the current financial period under review, the Group has increased its investment in unit trusts (classified as fair value through profit or loss) by RM477.2 million.

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Review of statement of cash flow (continued)

The Group had relatively low spending on plant and equipment and intangible assets as its core business of underwriting of general insurance. The Group's capital expenditure for the current financial period under review was RM2.3 million. The Group's main investing activities are in information technology and purchase of computer equipment.

The Group's balance sheet does not carry any debts other than insurance contract liabilities which increased by RM297.7 million to RM2,104.9 million for the nine months period ended 30 September 2020. The Group had generated sufficient cash flow to pay dividends amounting to RM282.8 million (consist of RM171.3 million second interim dividend for the financial year ended 31 December 2019 and RM111.5 million first interim dividend for the financial year ending 2020) during the current financial period.

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

	Current Year Quarter Ended 30.09.2020	Immediate Preceding Quarter Ended 30.06.2020	Changes	
			Amount	% / ppt
Gross earned premiums (RM'mil)	376.9	381.6	(4.7)	(1.2)%
Investment income (RM'mil)	18.9	17.9	1.0	5.6%
Total revenue (RM'mil)	395.8	399.5	(3.7)	(0.9)%
Operating profit (RM'mil)	112.0	100.2	11.8	11.8%
Profit before tax (RM'mil)	112.1	100.3	11.8	11.8%
Profit attributable to owners of the Company (RM'mil)	86.2	77.4	8.8	11.4%
Net return on equity (%)	4.9	4.2	-	0.7 ppt
Earnings per share (sen)	21.63	19.43	2.20	11.3%
General insurance gross written premiums (RM'mil)	380.6	340.9	39.7	11.6%
General insurance net earned premiums (RM'mil)	254.2	251.4	2.8	1.1%
General insurance underwriting profit (RM'mil)	86.3	71.5	14.8	20.7%
General insurance claims incurred ratio (%)	39.5	45.6	-	(6.1) ppt
General insurance management expenses ratio (%)	18.5	19.6	-	(1.1) ppt
General insurance commission ratio (%)	8.0	6.4	-	1.6 ppt
General insurance combined ratio (%)	66.0	71.6	-	(5.6) ppt

For the third quarter ended 30 September 2020, the Group recorded a higher profit before tax of RM112.1 million as compared to RM100.3 million in the preceding quarter ended 30 June 2020. The improved performance was due to better underwriting experience.

B3. CURRENT YEAR PROSPECTS

- a) The various additional economic stimulus announced recently by the Government is expected to further support the Government's efforts to revive the economy. With the right SOPs in place and improved compliance by the public, we should be able to manage the COVID-19 situation despite the recent spike in cases while at the same time, the economy can continue functioning.

For the Group, we need to continue assessing the range of possible future scenarios and develop corresponding strategic actions to address these possible scenarios in order to thrive in the new reality. In this challenging period, we must be resilient and prepared to transform in order to emerge stronger.

- 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 Period		Cumulative Period	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year To Date Ended	Preceding Year Corresponding Period Ended
	<u>30.09.2020</u>	<u>30.09.2019</u>	<u>30.09.2020</u>	<u>30.09.2019</u>
Profit before tax	112,085	111,359	310,298	299,428
Income tax:				
Current tax charge	24,421	24,078	66,760	64,409
Over provision in prior year	-	(1,057)	-	(1,057)
Deferred taxation	1,486	520	2,042	318
Total tax expense	<u>25,907</u>	<u>23,541</u>	<u>68,802</u>	<u>63,670</u>
Effective tax rate on current tax charge	<u>23%</u>	<u>22%</u>	<u>22%</u>	<u>22%</u>

The effective tax rate on the current tax charge of the Group for the current quarter and financial period ended 30 September 2020 is lower than the statutory tax rate mainly due to tax-exempt dividends received and certain income being taxed at a reduced rate.

B7. STATUS OF CORPORATE PROPOSALS

- a) There was no corporate proposal announced but not completed as at 8 October 2020, 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 – 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 2020.

B9. DISCLOSURE OF DERIVATIVES

A disclosure on outstanding derivatives (including financial instruments designated as hedging instruments) as at 30 September 2020. – 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 2020.

B11. CHANGES IN MATERIAL LITIGATION

There were no pending material litigations since the last annual balance sheet date up to 8 October 2020, 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 2020 was 28.00 sen single tier dividend per share.

B13. EARNINGS PER SHARE

a) Basic earnings per share

	Individual Period		Cumulative Period	
	Current Year Quarter Ended <u>30.09.2020</u>	Preceding Year Corresponding Quarter Ended <u>30.09.2019</u>	Current Year To Date Ended <u>30.09.2020</u>	Preceding Year Corresponding Period Ended <u>30.09.2019</u>
Profit after tax (RM'000)	86,178	87,818	241,496	235,758
Weighted average no. of ordinary shares in issue (‘000)	398,383	398,383	398,383	398,383
Basic earnings per share (sen)	21.63	22.04	60.62	59.18

b) Diluted earnings per share. – Not Applicable.

B14. PROFIT FOR THE PERIOD

	Individual Period		Cumulative Period	
	Current Year Quarter Ended <u>30.09.2020</u> RM'000	Preceding Year Corresponding Quarter Ended <u>30.09.2019</u> RM'000	Current Year To Date Ended <u>30.09.2020</u> RM'000	Preceding Year Corresponding Period Ended <u>30.09.2019</u> RM'000
Profit for the period is arrived at after charging:				
Finance costs	451	536	1,387	970
Depreciation of plant and equipment (NI)	771	1,341	2,295	3,551
Depreciation of right-of-use assets (NI)	1,642	1,690	4,951	5,274
Amortisation of intangible assets (NI)	808	-	2,252	-
Net impairment loss on insurance receivables	-	-	969	1,869
and after crediting:				
Interest income (N2)	10,117	16,074	37,327	48,621
Dividend income (N2)	8,576	17,152	35,362	37,588
Rental income (N2)	153	207	465	630
Net reversal of impairment loss on insurance receivables	495	728	-	-
Net reversal of impairment loss on investments carried at amortised cost	1	3	-	9
Net foreign exchange gain (NI)	37	122	454	237

B14. PROFIT FOR THE PERIOD (CONTINUED)

Other than the items above which have been included in the Condensed Consolidated Statement of Profit or Loss, there were no impairment of assets, gain or loss on derivatives and exceptional items for the current financial period ended 30 September 2020.

(N1) Depreciation of plant and equipment, depreciation of right-of-use assets, amortisation of intangible assets and net foreign exchange gain/(loss) are reported under item management expenses in the Condensed Consolidated Statement of Profit or Loss.

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

B15. ADDITIONAL DISCLOSURE INFORMATION

Trade receivables

The credit terms of trade receivables granted to related parties are no different from those granted to non-related parties.

A trade receivable is deemed past due when the counterparty has failed to make payment when the outstanding amount are contractually due.

Age analysis of trade receivables past due but not impaired:

	<30 Days RM'000	31 - 60 days RM'000	61 - 90 days RM'000	91 - 180 days RM'000	>180 days RM'000	Total RM'000
30.09.2020						
Insurance receivables	15,163	8,745	2,766	2,038	-	28,712
31.12.2019						
Insurance receivables	7,605	3,617	4,956	-	-	16,178

The past due trade receivables above are collectable.

The following table show reconciliations from the opening balance to the closing balance of the allowance for impairment by class of financial instrument.

B15. ADDITIONAL DISCLOSURE INFORMATION (CONTINUED)

Trade receivables (continued)

RM'000

	30.09.2020				31.12.2019			
	12-months ECL Due from Corporate bonds and sukuk	12-months ECL Due from reinsurers and cedants	Lifetime ECL Due premiums including agents and brokers and co-insurers	Total	12-months ECL Due from Corporate bonds and sukuk	12-months ECL Due from reinsurers and cedants	Lifetime ECL Due premiums including agents and brokers and co-insurers	Total
As at 1 January	4	148	1,902	2,054	22	101	2,056	2,179
Net remeasurement of allowance for impairment	-	(57)	1,026	969	(18)	47	(154)	(125)
As at 30 September 2020 / 31 December 2019	4	91	2,928	3,023	4	148	1,902	2,054

B16. DISCLOSURE ON QUALIFICATION OF AUDIT REPORT

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