

LPI CAPITAL BHD
Condensed Consolidated Statement of Profit or Loss for the Quarter Ended 31 December 2020 - Audited

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 31.12.2020 RM'000	Preceding Year Corresponding Quarter Ended 31.12.2019 RM'000	Current Year To Date Ended 31.12.2020 RM'000	Preceding Year Corresponding Period Ended 31.12.2019 RM'000
Operating revenue	422,384	399,256	1,621,592	1,602,701
Gross written premiums	343,095	316,809	1,550,625	1,524,368
Change in unearned premiums provision	61,915	62,805	(19,561)	(28,148)
Gross earned premiums	405,010	379,614	1,531,064	1,496,220
Gross written premiums ceded to reinsurers	(100,994)	(84,418)	(519,538)	(510,718)
Change in unearned premiums provision	(31,022)	(29,649)	4,237	26,007
Premiums ceded to reinsurers	(132,016)	(114,067)	(515,301)	(484,711)
Net earned premiums	272,994	265,547	1,015,763	1,011,509
Investment income	17,374	19,642	90,528	106,481
Realised gains	2	3	3	6
Fair value gains	808	183	2,230	1,723
Commission income	26,029	24,047	112,620	102,154
Net reversal of impairment loss on insurance receivables	382	1,976	-	107
Net reversal of impairment loss on investments carried at amortised cost	-	9	-	18
Other operating income	1,972	1,662	6,340	6,974
Other income	46,567	47,522	211,721	217,463
Gross claims paid	(150,432)	(158,035)	(528,326)	(596,301)
Claims ceded to reinsurers	51,507	41,081	167,176	185,100
Gross change in claims liabilities	(124,686)	45,039	(341,767)	80,733
Change in claims liabilities ceded to reinsurers	129,572	(35,063)	284,078	(114,050)
Net claims incurred	(94,039)	(106,978)	(418,839)	(444,518)
Fair value losses	(8,543)	(1,714)	(728)	(125)
Commission expense	(45,413)	(42,660)	(174,870)	(170,857)
Management expenses	(48,246)	(45,892)	(200,051)	(199,083)
Net impairment loss on insurance receivables	-	-	(587)	-
Net impairment loss on investments carried at amortised cost	(1)	-	(1)	-
Other expenses	(102,203)	(90,266)	(376,237)	(370,065)
Operating profit	123,319	115,825	432,408	414,389
Finance cost	(443)	(476)	(1,830)	(1,446)
Share of profit after tax of equity accounted associated company	391	(58)	2,987	1,776
Profit before tax	123,267	115,291	433,565	414,719
Tax expense	(28,035)	(28,688)	(96,837)	(92,358)
Profit for the year	95,232	86,603	336,728	322,361
Profit attributable to:				
Owners of the Company	95,232	86,603	336,728	322,361
Earnings per ordinary share (sen)				
- Basic	23.90	21.74	84.52	80.92
- 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 2020.

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Quarter Ended 31 December 2020 - Audited

	Individual Period		Cumulative Period	
	Current Year Quarter Ended <u>31.12.2020</u> RM'000	Preceding Year Corresponding Quarter Ended <u>31.12.2019</u> RM'000	Current Year To Date Ended <u>31.12.2020</u> RM'000	Preceding Year Corresponding Period Ended <u>31.12.2019</u> RM'000
Profit for the year	95,232	86,603	336,728	322,361
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operation	(347)	567	(1,099)	569
Items that will not be reclassified to profit or loss				
Net gains/(losses) on investments in equity instruments designated at fair value through other comprehensive income	215,876	(28,224)	51,121	(234,419)
Income tax relating to these items	(1,346)	194	(329)	1,487
Total other comprehensive income/(loss) for the year, net of tax	214,183	(27,463)	49,693	(232,363)
Total comprehensive income for the year attributable to owners of the Company	309,415	59,140	386,421	89,998

Note : The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2020.

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Condensed Consolidated Statement of Financial Position As At 31 December 2020 - Audited

	As At <u>31.12.2020</u>	As At <u>31.12.2019</u>
	RM'000	RM'000
Assets		
Plant and equipment	6,423	7,033
Right-of-use assets	42,227	46,732
Investment properties	27,572	27,540
Intangible assets	8,950	10,514
Investment in an associated company	35,321	33,064
Other investments	1,851,962	1,265,567
Fair value through other comprehensive income	907,613	856,505
Fair value through profit or loss	891,405	326,062
Amortised cost	52,944	83,000
Reinsurance assets	1,020,006	731,806
Loans and receivables, excluding insurance receivables	1,169,054	1,539,910
Insurance receivables	163,647	149,778
Deferred acquisition costs	43,756	43,877
Current tax assets	-	3,881
Cash and cash equivalents	150,788	186,188
Total assets	<u>4,519,706</u>	<u>4,045,890</u>
Equity		
Share capital	398,383	398,383
Reserves	1,677,085	1,573,516
Total equity	<u>2,075,468</u>	<u>1,971,899</u>
Liabilities		
Insurance contract liabilities	2,168,123	1,807,222
Deferred tax liabilities	3,905	3,375
Lease liabilities	43,571	47,375
Insurance payables	100,457	93,289
Other payables	103,302	100,491
Current tax payables	24,880	22,239
Total liabilities	<u>2,444,238</u>	<u>2,073,991</u>
Total equity and liabilities	<u>4,519,706</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 2020.

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Condensed Consolidated Statement of Changes in Equity for the Year Ended 31 December 2020 - Audited

	← 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>12 Months Year Ended 31 December 2020</u>					
At 1 January 2020	398,383	23,852	697,450	852,214	1,971,899
Foreign currency translation differences for foreign operation	-	(1,099)	-	-	(1,099)
Net gains on investments in equity instruments designated at fair value through other comprehensive income	-	-	50,792	-	50,792
Total other comprehensive (loss)/income for the year	-	(1,099)	50,792	-	49,693
Profit for the year	-	-	-	336,728	336,728
Total comprehensive (loss)/income for the year	-	(1,099)	50,792	336,728	386,421
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 31 December 2020	398,383	22,753	748,242	906,090	2,075,468

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Condensed Consolidated Statement of Changes in Equity for the Year Ended 31 December 2020 - Audited (continued)

	← 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>12 Months Year Ended 31 December 2019</u>					
At 1 January 2019	398,383	23,283	930,382	804,737	2,156,785
Foreign currency translation differences for foreign operation	-	569	-	-	569
Net losses on investments in equity instruments designated at fair value through other comprehensive income	-	-	(232,932)	-	(232,932)
Total other comprehensive income/(loss) for the year	-	569	(232,932)	-	(232,363)
Profit for the year	-	-	-	322,361	322,361
Total comprehensive income/(loss) for the year	-	569	(232,932)	322,361	89,998
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 31 December 2019	398,383	23,852	697,450	852,214	1,971,899

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 2020.

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**Condensed Consolidated Statement of Cash Flow
for the Year Ended 31 December 2020 - Audited**

	Current Year To Date Ended <u>31.12.2020</u> RM'000	Preceding Year Corresponding Period Ended <u>31.12.2019</u> RM'000
Operating activities		
Profit before tax	433,565	414,719
Investment income	(90,528)	(106,481)
Net realised gains recorded in profit or loss	(3)	(6)
Net fair value gains recorded in profit or loss	(1,502)	(1,608)
Share of profit of equity accounted associated company	(2,987)	(1,776)
Purchase of financial assets carried at fair value through profit or loss	(582,140)	(204,609)
Purchase of financial assets carried at amortised cost	(5,000)	-
Maturity of financial assets carried at amortised cost	35,000	15,000
Maturity of financial assets carried at fair value through profit or loss	18,050	60,000
Interest on lease liabilities	1,830	1,446
Non-cash items:		
Depreciation of plant and equipment	3,054	2,912
Depreciation of right-of-use assets	6,606	6,976
Amortisation of intangible assets	3,086	2,074
Write off of plant and equipment	-	5
Unrealised foreign exchange gain	(431)	(215)
Net impairment loss on/(Net reversal of) insurance receivables	587	(107)
Net impairment loss on/(Net reversal of) investments carried at amortised cost	1	(18)
Changes in working capital:		
Decrease/(Increase) in loans and receivables	370,734	(188,754)
(Increase)/Decrease in reinsurance assets	(288,315)	88,043
(Increase)/Decrease in insurance receivables	(14,505)	10,386
Decrease in deferred acquisition costs	114	1,689
Increase/(Decrease) in insurance contract liabilities	361,328	(52,585)
Increase in insurance payables	7,174	4,782
Increase/(Decrease) in other payables	2,866	(6,743)
Cash generated from operating activities	258,584	45,130
Dividend income received	43,842	40,629
Interest income received	46,015	65,107
Rental income on investment property received	764	844
Interest paid	(1,830)	(1,446)
Income tax refunded	3,881	-
Income tax paid	(93,992)	(98,172)
Net cash flows generated from operating activities	<u>257,264</u>	<u>52,092</u>

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Condensed Consolidated Statement of Cash Flow for the Year Ended 31 December 2020 - Audited (continued)

	Current Year To Date Ended 31.12.2020 RM'000	Preceding Year Corresponding Period Ended 31.12.2019 RM'000
Investing activities		
Proceeds from disposal of plant and equipment	3	6
Purchase of plant and equipment	(2,449)	(1,954)
Purchase of intangible assets	(1,523)	(2,308)
Net cash flows used in investing activities	(3,969)	(4,256)
Financing activities		
Dividends paid to owners of the Company	(282,852)	(274,884)
Payment of lease liabilities	(5,905)	(6,333)
Net cash flows used in financing activities	(288,757)	(281,217)
Net decrease in cash and cash equivalents	(35,462)	(233,381)
Cash and cash equivalents at 1 January	186,188	418,509
Effect of movement in exchange rates	62	1,060
Cash and cash equivalents at 31 December	150,788	186,188

Note : The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2020.

**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 Group has not applied the following accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group:

MFRSs/Interpretations/Amendments	Effective date
Amendment to MFRS 16, <i>Leases – Covid-19-Related Rent Concessions</i>	1 June 2020
Amendments to MFRS 9, <i>Financial Instruments</i> , MFRS 139, <i>Financial Instruments: Recognition and Measurement</i> , MFRS 7, <i>Financial Instruments: Disclosures</i> , MFRS 4, <i>Insurance Contracts</i> and MFRS 16, <i>Leases – Interest Rate Benchmark Reform – Phase 2</i>	1 January 2021
Amendments to MFRS 1, <i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)</i>	1 January 2022
Amendments to MFRS 3, <i>Business Combinations – Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 9, <i>Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)</i>	1 January 2022
Amendments to Illustrative Examples accompanying MFRS 16, <i>Leases (Annual Improvements to MFRS Standards 2018–2020)</i>	1 January 2022
Amendments to MFRS 116, <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022

A1. BASIS OF PREPARATION (CONTINUED)

MFRSs/Interpretations/Amendments	Effective date
Amendments to MFRS 137, <i>Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 141, <i>Agriculture (Annual Improvements to MFRS Standards 2018–2020)</i>	1 January 2022
MFRS 17, <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 101, <i>Presentation of Financial Statements – Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 10, <i>Consolidated Financial Statements</i> and MFRS 128, <i>Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Yet to be confirmed

The Group plans to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2021 for those amendments that are effective for annual periods beginning on or after 1 June 2020 and 1 January 2021;
- from the annual period beginning on 1 January 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022, except for amendments to MFRS 1 and amendments to MFRS 141 which are not applicable to the Group; and
- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023.

The initial application of the abovementioned accounting standards, interpretations and amendments is not expected to have any material impacts to the financial statements of the Group except as mentioned below:

MFRS 17, *Insurance Contracts*

MFRS 17 was issued by MASB in August 2017 and is effective for annual periods beginning on 1 January 2023. The standard will replace the existing MFRS 4 and establishes the principles for recognition, measurement, presentation and disclosure of insurance contracts. The Group expects the new standard will result in an important change to the accounting policies for insurance contract liabilities and the Group's financial statements' presentation and disclosures. The Group is currently assessing the financial impact of adopting MFRS 17.

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 financial year ended 31 December 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 financial year ended 31 December 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 ended 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	← 12 Months Ended →					
	General insurance		Investment holding		Total	
	2020	2019	2020	2019	2020	2019
External revenue	1,601,267	1,567,459	20,325	35,242	1,621,592	1,602,701
Inter-segment revenue	-	-	230,000	230,000	230,000	230,000
Segment profit before tax	420,582	387,284	242,983	257,435	663,565	644,719
Segment assets	3,543,980	3,079,087	1,175,726	1,166,803	4,719,706	4,245,890
Segment liabilities	2,442,253	2,072,251	1,985	1,740	2,444,238	2,073,991

A7. OPERATING SEGMENTS (CONTINUED)

Business segments (continued)

i) Reconciliation of reportable segment profit:

RM'000	← 12 Months Ended →	
	<u>2020</u>	<u>2019</u>
Total profit for reportable segments	663,565	644,719
Elimination of inter-segment profit	(230,000)	(230,000)
Consolidated profit before tax	<u>433,565</u>	<u>414,719</u>

ii) Reconciliation of reportable segment assets:

RM'000	← 12 Months Ended →	
	<u>2020</u>	<u>2019</u>
Total assets for reportable segments	4,719,706	4,245,890
Elimination of inter-segment assets	(200,000)	(200,000)
Consolidated assets	<u>4,519,706</u>	<u>4,045,890</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. Lonpac in consultation with its legal advisers will take such appropriate actions to defend its position that it has not been in infringement of the Act.

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		
31.12.2020										
Financial assets										
<i>Designated at fair value through other comprehensive income</i>										
- Quoted shares	907,613	-	-	907,613	-	-	-	-	907,613	907,613
<i>Mandatorily at fair value through profit or loss</i>										
- Unit trust	791,262	-	-	791,262	-	-	-	-	791,262	791,262
- Real estate investment trusts ("REITs")	3,321	-	-	3,321	-	-	-	-	3,321	3,321
- Exchange-traded fund ("ETF")	670	-	-	670	-	-	-	-	670	670
- Quoted shares	3,712	-	-	3,712	-	-	-	-	3,712	3,712
- Unquoted shares	-	-	1,375	1,375	-	-	-	-	1,375	1,375
- Corporate bonds and sukuk	-	91,065	-	91,065	-	-	-	-	91,065	91,065
<i>Amortised cost</i>										
- Malaysian government guaranteed loans	-	-	-	-	-	20,967	-	20,967	20,967	20,000
- Corporate bonds and sukuk	-	-	-	-	-	33,929	-	33,929	33,929	32,944
	1,706,578	91,065	1,375	1,799,018	-	54,896	-	54,896	1,853,914	1,851,962

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 financial year ended 31 December 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	<u>63</u>	<u>(16)</u>
Balance as at 31 December	<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

Type	Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
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>31.12.2020</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	
	2020	2019	2020	2019
Income earned:				
Premium income	476	408	36,550	36,212
Dividend income	-	-	18,714	31,051
Fixed deposits income	-	-	9,239	6,015
Corporate bonds and sukuk income	-	-	1,639	2,290
Information technology services	2	8	-	-
	<u>478</u>	<u>416</u>	<u>66,142</u>	<u>75,568</u>
Expenditure incurred:				
Rental paid	-	-	(3,341)	(3,163)
Insurance commission	(119)	(99)	(49,022)	(51,763)
Stock broking commission	-	-	(3)	-
Sales charges paid on unit trust purchased	-	-	-	(50)
	<u>(119)</u>	<u>(99)</u>	<u>(52,366)</u>	<u>(54,976)</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		
	31.12.2020	31.12.2019	Amount	% / ppt (*)	31.12.2020	31.12.2019	Amount	% / ppt (*)
Revenue by segments								
General insurance segment	421.9	398.0	23.9	6.0%	1,601.3	1,567.5	33.8	2.2%
Gross earned premiums	405.0	379.6	25.4	6.7%	1,531.1	1,496.2	34.9	2.3%
Investment income	16.9	18.4	(1.5)	(8.2)%	70.2	71.3	(1.1)	(1.5)%
Investment holding segment								
Investment income	0.5	1.3	(0.8)	(61.5)%	20.3	35.2	(14.9)	(42.3)%
Total revenue	422.4	399.3	23.1	5.8%	1,621.6	1,602.7	18.9	1.2%
Revenue by geographical locations								
Malaysia	396.5	374.5	22.0	5.9%	1,520.6	1,512.4	8.2	0.5%
Singapore	25.9	24.8	1.1	4.4%	101.0	90.3	10.7	11.8%
Total revenue	422.4	399.3	23.1	5.8%	1,621.6	1,602.7	18.9	1.2%
Operating profit	123.3	115.8	7.5	6.5%	432.4	414.4	18.0	4.3%

(* 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		
	31.12.2020	31.12.2019	Amount	% / ppt (*)	31.12.2020	31.12.2019	Amount	% / ppt (*)
Profit before tax by segments								
General insurance (RM'mil)	124.5	115.4	9.1	7.9%	420.6	387.3	33.3	8.6%
Investment holding (RM'mil)	(1.2)	(0.1)	(1.1)	(1100.0)%	13.0	27.4	(14.4)	(52.6)%
Total profit before tax	123.3	115.3	8.0	6.9%	433.6	414.7	18.9	4.6%
Profit before tax by geographical locations								
Malaysia (RM'mil)	121.0	111.8	9.2	8.2%	422.1	405.5	16.6	4.1%
Singapore (RM'mil)	1.9	3.5	(1.6)	(45.7)%	8.5	7.4	1.1	14.9%
Cambodia (RM'mil)	0.4	-	0.4	100%	3.0	1.8	1.2	66.7%
Total profit before tax	123.3	115.3	8.0	6.9%	433.6	414.7	18.9	4.6%
Profit attributable to owners of the Company (RM'mil)	95.2	86.6	8.6	9.9%	336.7	322.4	14.3	4.4%
Net return on equity (%)	4.6	4.4	-	0.2 ppt	16.2	16.3	-	(0.1) ppt
Earnings per share (sen)	23.90	21.74	2.16	9.9%	84.52	80.92	3.60	4.4%

(* 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		
	31.12.2020	31.12.2019	Amount	% / ppt (*)	31.12.2020	31.12.2019	Amount	% / ppt (*)
General insurance gross written premiums (RM'mil)	343.1	316.8	26.3	8.3%	1,550.6	1,524.4	26.2	1.7%
General insurance net earned premiums (RM'mil)	273.0	265.5	7.5	2.8%	1,015.8	1,011.5	4.3	0.4%
General insurance underwriting profit (RM'mil)	112.7	96.9	15.8	16.3%	338.9	305.1	33.8	11.1%
General insurance claims incurred ratio (%)	34.4	40.3	-	(5.9) ppt	41.2	43.9	-	(2.7) ppt
General insurance management expenses ratio (%)	17.2	16.2	-	1.0 ppt	19.3	19.1	-	0.2 ppt
General insurance commission ratio (%)	7.1	7.0	-	0.1 ppt	6.1	6.8	-	(0.7) ppt
General insurance combined ratio (%)	58.7	63.5	-	(4.8) ppt	66.6	69.8	-	(3.2) ppt

(* ppt – percentage points)

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 3: Underwriting results of general insurance for the 3 months period ended 31 December 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	135,728	128,253	100,353	88,003	19,796	15,443	87,218	85,110	343,095	316,809
Change in unearned premiums provision	34,633	30,639	(8,975)	55	2,686	5,535	33,571	26,576	61,915	62,805
Gross earned premiums	170,361	158,892	91,378	88,058	22,482	20,978	120,789	111,686	405,010	379,614
Gross written premiums ceded to reinsurers	(43,034)	(34,905)	(4,526)	(3,953)	(15,224)	(11,165)	(38,210)	(34,395)	(100,994)	(84,418)
Change in unearned premiums provision	(7,257)	(11,459)	365	1,991	(3,256)	(4,623)	(20,874)	(15,558)	(31,022)	(29,649)
Premiums ceded to reinsurers	(50,291)	(46,364)	(4,161)	(1,962)	(18,480)	(15,788)	(59,084)	(49,953)	(132,016)	(114,067)
Net earned premiums	120,070	112,528	87,217	86,096	4,002	5,190	61,705	61,733	272,994	265,547
Net claims incurred	(12,543)	(11,214)	(53,147)	(63,395)	(4,120)	(1,679)	(24,229)	(30,690)	(94,039)	(106,978)
Commission income	11,492	10,503	420	406	1,702	1,341	12,415	11,797	26,029	24,047
Commission expense	(18,776)	(18,504)	(8,882)	(8,551)	(1,133)	(1,001)	(16,622)	(14,604)	(45,413)	(42,660)
Net commission	(7,284)	(8,001)	(8,462)	(8,145)	569	340	(4,207)	(2,807)	(19,384)	(18,613)
Total out-go	(19,827)	(19,215)	(61,609)	(71,540)	(3,551)	(1,339)	(28,436)	(33,497)	(113,423)	(125,591)
Underwriting surplus before management expenses	100,243	93,313	25,608	14,556	451	3,851	33,269	28,236	159,571	139,956
Management expenses of the insurance fund									(46,864)	(43,101)
Underwriting surplus after management expenses									112,707	96,855
Net claims incurred ratio (%)	10.4	10.0	60.9	73.6	102.9	32.4	39.3	49.7	34.4	40.3

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 3: Underwriting results of general insurance for the financial year ended 31 December 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	636,765	631,107	368,569	352,319	81,468	94,618	463,823	446,324	1,550,625	1,524,368
Change in unearned premiums provision	(6,042)	(2,578)	(12,016)	(11,662)	1,899	(7,445)	(3,402)	(6,463)	(19,561)	(28,148)
Gross earned premiums	<u>630,723</u>	<u>628,529</u>	<u>356,553</u>	<u>340,657</u>	<u>83,367</u>	<u>87,173</u>	<u>460,421</u>	<u>439,861</u>	<u>1,531,064</u>	<u>1,496,220</u>
Gross written premiums ceded to reinsurers	(219,727)	(214,382)	(16,907)	(15,942)	(64,799)	(75,626)	(218,105)	(204,768)	(519,538)	(510,718)
Change in unearned premiums provision	4,503	4,878	2,085	1,207	(1,555)	7,820	(796)	12,102	4,237	26,007
Premiums ceded to reinsurers	<u>(215,224)</u>	<u>(209,504)</u>	<u>(14,822)</u>	<u>(14,735)</u>	<u>(66,354)</u>	<u>(67,806)</u>	<u>(218,901)</u>	<u>(192,666)</u>	<u>(515,301)</u>	<u>(484,711)</u>
Net earned premiums	<u>415,499</u>	<u>419,025</u>	<u>341,731</u>	<u>325,922</u>	<u>17,013</u>	<u>19,367</u>	<u>241,520</u>	<u>247,195</u>	<u>1,015,763</u>	<u>1,011,509</u>
Net claims incurred	(51,426)	(51,613)	(233,957)	(235,931)	(4,104)	(5,905)	(129,352)	(151,069)	(418,839)	(444,518)
Commission income	54,552	44,713	1,710	1,639	6,442	7,080	49,916	48,722	112,620	102,154
Commission expense	(74,159)	(74,339)	(34,546)	(32,914)	(3,853)	(4,152)	(62,312)	(59,452)	(174,870)	(170,857)
Net commission	<u>(19,607)</u>	<u>(29,626)</u>	<u>(32,836)</u>	<u>(31,275)</u>	<u>2,589</u>	<u>2,928</u>	<u>(12,396)</u>	<u>(10,730)</u>	<u>(62,250)</u>	<u>(68,703)</u>
Total out-go	<u>(71,033)</u>	<u>(81,239)</u>	<u>(266,793)</u>	<u>(267,206)</u>	<u>(1,515)</u>	<u>(2,977)</u>	<u>(141,748)</u>	<u>(161,799)</u>	<u>(481,089)</u>	<u>(513,221)</u>
Underwriting surplus before management expenses	<u>344,466</u>	<u>337,786</u>	<u>74,938</u>	<u>58,716</u>	<u>15,498</u>	<u>16,390</u>	<u>99,772</u>	<u>85,396</u>	534,674	498,288
Management expenses of the insurance fund									(195,772)	(193,142)
Underwriting surplus after management expenses									<u>338,902</u>	<u>305,146</u>
Net claims incurred ratio (%)	12.4	12.3	68.5	72.4	24.1	30.5	53.6	61.1	41.2	43.9

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Revenue

For the quarter ended 31 December 2020, the Group's revenue grew by RM23.1 million to RM422.4 million from RM399.3 million in the fourth quarter of 2019, an increase of 5.8% as compared to the corresponding quarter last year. The increase was mainly driven by growth in gross earned premium of 6.7% or RM25.4 million from its general insurance segment. Investment holding segment recorded lower revenue of RM0.5 million as compared to RM1.3 million in the corresponding quarter in 2019 due to lower interest income received.

For the financial year ended 31 December 2020, the Group's revenue grew by 1.2% or RM18.9 million to RM1,621.6 million from RM1,602.7 million in the preceding financial year. Of the total amount of RM1,621.6 million, RM1,601.3 million was generated from general insurance segment and RM20.3 million from investment holding segment. The growth in revenue was largely contributed by the general insurance segment, which registered an increase of 2.2% to RM1,601.3 million compared to RM1,567.5 million in 2019. The investment holding segment recorded lower revenue of RM20.3 million as compared to RM35.2 million in 2019 mainly due to lower investment income received during the current financial year.

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Profit Before Tax

Profit before tax of the Group for the fourth quarter of 2020 grew by 6.9% to RM123.3 million from RM115.3 million in the corresponding quarter in 2019. The growth was contributed by profit from the general insurance segment, which increased by 7.9% to RM124.5 million from RM115.4 million in the fourth quarter of 2019. Underwriting profit for the current quarter rose by 16.3% to RM112.7 million from RM96.9 million previously, mainly contributed by the lower net claims incurred and the growth in net earned premium as compared to corresponding quarter in 2019. The investment holding segment recorded higher loss before tax of RM1.2 million as compared to RM0.1 million in the corresponding quarter in 2019 mainly due to lower interest income received and higher management expenses during the current quarter.

Profit before tax of the Group for the current financial year under review grew by 4.6% or RM18.9 million to RM433.6 million from RM414.7 million in the preceding financial year. The increase was contributed by profit from general insurance segment, which increased by RM33.3 million or 8.6% to RM420.6 million from RM387.3 million in the year ended 31 December 2019. The investment holding segment recorded a lower profit before tax of RM13.0 million as compared to RM27.4 million in financial year 2019 mainly due lower investment income received during the current financial year.

Business operation in Malaysia contributed 98.1% of the Group's total profit before tax for the fourth quarter of 2020 and 97.3% for the current financial year.

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 31.12.2020	Preceding Year Corresponding Quarter Ended 31.12.2019	Current Year To Date Ended 31.12.2020	Preceding Year Corresponding Period Ended 31.12.2019
RM' mil				
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operation	(0.3)	0.5	(1.1)	0.5
Items that will not be reclassified to profit or loss				
Net gains/(losses) on investments in equity instruments designated at fair value through other comprehensive income	215.9	(28.2)	51.1	(234.4)
Income tax relating to these items	(1.4)	0.2	(0.3)	1.5
Total other comprehensive income/(loss) for the period, net of tax	214.2	(27.5)	49.7	(232.4)

The Group's total other comprehensive income for the year ended 31 December 2020 recorded a net gain of RM49.7 million as compared to net loss of RM232.4 million in the financial year 2019. The net gain recorded was mainly due to unrealised fair value gain on its investment in quoted equities.

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 5: Review of assets and liabilities

RM'mil	As at 31.12.2020	As at 31.12.2019	Changes	
			Amount	%
Total assets	4,519.7	4,045.9	473.8	11.7
Total liabilities	2,444.2	2,074.0	370.2	17.8
Total equity	2,075.5	1,971.9	103.6	5.3

Total assets

As at 31 December 2020, the Group's total assets increased by RM473.8 million to RM4,519.7 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 the growth in reinsurance assets. The general insurance segment accounted for 78.4% of the Group's total assets as at 31 December 2020.

Total liabilities

As at 31 December 2020, total liabilities of the Group increased by RM370.2 million to RM2,444.2 million from RM2,074.0 million as at 31 December 2019. This mainly consists of RM360.9 million increase in insurance contract liabilities and RM7.2 million in insurance payables of its general insurance segment.

Total equity

The Group's total equity increased by 5.3% or RM103.6 million to RM2,075.5 million from RM1,971.9 million as at 31 December 2020. The Group's retained earnings recorded a net increase of RM53.9 million resulted from the current year's net profit of RM336.7 million offset by the payment of dividends of RM282.8 million. The fair value reserves increased by RM50.8 million due to the higher market value of quoted equity investment designated as fair value through other comprehensive income. Therefore, net tangible asset per share also increased to RM5.19 from RM4.92 as at 31 December 2020.

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 31.12.2020 SGD1.00 = RM3.05	Functional Currency SGD'000	Reporting Currency RM'000
Gross earned premiums	31,759	96,864
Investment income	1,360	4,148
Total revenue	33,119	101,012
Profit before tax	2,783	8,488
Profit after tax	2,485	7,579
Total assets	72,887	222,306
Total liabilities	62,251	189,865

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 31.12.2020	Preceding Year Corresponding Period Ended 31.12.2019
Profit after tax	336.7	322.4
Net cash flows generated from operating activities	257.3	52.1
Net cash flows used in investing activities	(4.0)	(4.3)
Net cash flows used in financing activities	(288.8)	(281.2)
Net decrease in cash and cash equivalents	(35.5)	(233.4)
Cash and cash equivalents at 1 January	186.2	418.5
Effect of movement in exchange rates	0.1	1.1
Cash and cash equivalents at 31 December	150.8	186.2

For the year ended 31 December 2020, the operating cash flow of the Group remains healthy at RM257.3 million. The ratio of cash flow from operating activities to net income was 76.4% (RM257.3 million / RM336.7 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 year under review, the Group has increased its investment in unit trusts (classified as fair value through profit or loss) by RM555.6 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 year under review was RM4.0 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 RM360.9 million to RM2,168.1 million for the year ended 31 December 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 ended 2020) during the current financial year.

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

	Current Year Quarter Ended 31.12.2020	Immediate Preceding Quarter Ended 30.09.2020	Changes	
			Amount	% / ppt
Gross earned premiums (RM'mil)	405.0	376.9	28.1	7.5%
Investment income (RM'mil)	17.4	18.9	(1.5)	(7.9)%
Total revenue (RM'mil)	422.4	395.8	26.6	6.7%
Operating profit (RM'mil)	123.3	112.0	11.3	10.1%
Profit before tax (RM'mil)	123.3	112.1	11.2	10.0%
Profit attributable to owners of the Company (RM'mil)	95.2	86.2	9.0	10.4%
Net return on equity (%)	4.6	4.9	-	(0.3) ppt
Earnings per share (sen)	23.90	21.63	2.27	10.5%
General insurance gross written premiums (RM'mil)	343.1	380.6	(37.5)	(9.9)%
General insurance net earned premiums (RM'mil)	273.0	254.2	18.8	7.4%
General insurance underwriting profit (RM'mil)	112.7	86.3	26.4	30.6%
General insurance claims incurred ratio (%)	34.4	39.5	-	(5.1) ppt
General insurance management expenses ratio (%)	17.2	18.5	-	(1.3) ppt
General insurance commission ratio (%)	7.1	8.0	-	(0.9) ppt
General insurance combined ratio (%)	58.7	66.0	-	(7.3) ppt

For the fourth quarter ended 31 December 2020, the Group recorded a higher profit before tax of RM123.3 million as compared to RM112.1 million in the preceding quarter ended 30 September 2020. The improved performance was due to better underwriting experience.

B3. NEXT YEAR PROSPECTS

- a) 2021 will continue to be dominated by the COVID-19 pandemic and the global efforts to contain its spread. Our hope is that the rolling out of several vaccines against the virus will prove fruitful and set us on the path to recovery. The global economy is expected to recover upon the successful containment of the virus which will be a positive catalyst spurring greater economic activities in Malaysia which in turn will increase the demand for insurance products.

During this challenging period, the Group has taken all necessary precautions to ensure operational continuity and safeguarding the health and safety of our staff and customers. The need for digital transformation was further emphasized by the events of the year under review and we have accelerated our digital solutions to cope with the restrictions imposed by the MCOs. The Group believes that we will emerge stronger from these challenges and be more resilient to future shocks.

- 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>31.12.2020</u>	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2019</u>
Profit before tax	123,267	115,291	433,565	414,719
Income tax:				
Current tax charge	31,012	28,102	97,772	92,511
(Over)/Under provision in prior year	(1,136)	802	(1,136)	(255)
Deferred taxation	(1,841)	(216)	201	102
Total tax expense	28,035	28,688	96,837	92,358
Effective tax rate on current tax charge	24%	24%	23%	22%

The effective tax rate on the current tax charge of the Group for the current financial year ended 31 December 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 27 January 2021, 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 financial year ended 31 December 2020.

B9. DISCLOSURE OF DERIVATIVES

A disclosure on outstanding derivatives (including financial instruments designated as hedging instruments) as at 31 December 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 year ended 31 December 2020.

B11. CHANGES IN MATERIAL LITIGATION

There were no pending material litigations since the last annual balance sheet date up to 27 January 2021, which is not earlier than 7 days from date of issue of this quarterly report.

B12. DIVIDEND

- a. i) The Directors had declared a second interim single tier dividend for the financial year ended 31 December 2020.
- ii) The amount per share: 44.00 sen single tier.
- iii) The previous corresponding period for second interim single tier dividend: 43.00 sen single tier.
- iv) The date payable: 1 March 2021.
- v) In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 19 February 2021.
- b. The total dividend for the financial year ended 31 December 2020:-

	<u>Net per share</u> <u>(sen)</u>
<u>First Interim Dividend</u>	
• Single tier dividend	28.00
<u>Second Interim Dividend</u>	
• Single tier dividend	44.00
	<u>72.00</u>

B13. EARNINGS PER SHARE

a) Basic earnings per share

	Individual Period		Cumulative Period	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year To Date Ended	Preceding Year Corresponding Period Ended
	<u>31.12.2020</u>	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2019</u>
Profit after tax (RM'000)	95,232	86,603	336,728	322,361
Weighted average no. of ordinary shares in issue ('000)	398,383	398,383	398,383	398,383
Basic earnings per share (sen)	23.90	21.74	84.52	80.92

b) Diluted earnings per share. – Not Applicable.

B14. PROFIT FOR THE PERIOD

	Individual Period		Cumulative Period	
	Current Year Quarter Ended <u>31.12.2020</u> RM'000	Preceding Year Corresponding Quarter Ended <u>31.12.2019</u> RM'000	Current Year To Date Ended <u>31.12.2020</u> RM'000	Preceding Year Corresponding Period Ended <u>31.12.2019</u> RM'000
Profit for the period is arrived at after charging:				
Finance costs	443	476	1,830	1,446
Depreciation of plant and equipment (NI)	759	745	3,054	2,912
Depreciation of right-of-use assets (NI)	1,655	1,702	6,606	6,976
Amortisation of intangible assets (NI)	834	690	3,086	2,074
Net impairment loss on insurance receivables	-	-	587	-
Net impairment loss on investments carried at amortised cost	1	-	1	-
Bad debts written-off (NI)	3	50	3	50
Net foreign exchange loss (NI)	-	2	-	-
and after crediting:				
Interest income (N2)	8,595	16,387	45,922	65,008
Dividend income (N2)	8,480	3,041	43,842	40,629
Rental income (N2)	299	214	764	844
Net reversal of impairment loss on insurance receivables	382	1,976	-	107
Net reversal of impairment loss on investments carried at amortised cost	-	9	-	18
Net foreign exchange gain (NI)	21	-	475	235

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 year ended 31 December 2020.

(N1) Depreciation of plant and equipment, depreciation of right-of-use assets, amortisation of intangible assets, bad debts written-off 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 is 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
31.12.2020						
Insurance receivables	11,082	2,995	3,731	2,048	-	19,856
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

	2020				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	1	(97)	684	588	(18)	47	(154)	(125)
As at 31 December 2020	5	51	2,586	2,642	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.