

LPI CAPITAL BHD
Condensed Consolidated Statement of Profit or Loss for the Quarter Ended 30 June 2021 - Unaudited

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 30.06.2021 RM'000	Preceding Year Corresponding Quarter Ended 30.06.2020 RM'000	Current Year To Date Ended 30.06.2021 RM'000	Preceding Year Corresponding Period Ended 30.06.2020 RM'000
Operating revenue	419,993	399,545	860,779	803,453
Gross written premiums	369,389	340,907	840,100	826,902
Change in unearned premiums provision	35,351	40,699	(37,858)	(77,757)
Gross earned premiums	404,740	381,606	802,242	749,145
Gross written premiums ceded to reinsurers	(141,231)	(116,361)	(316,520)	(307,807)
Change in unearned premiums provision	(16,266)	(13,808)	14,012	47,209
Premiums ceded to reinsurers	(157,497)	(130,169)	(302,508)	(260,598)
Net earned premiums	247,243	251,437	499,734	488,547
Investment income	15,253	17,939	58,537	54,308
Realised gains	-	1	-	1
Fair value gains	8,295	11,539	531	4,666
Commission income	29,273	26,356	59,483	63,530
Net reversal of impairment loss on insurance receivables	262	-	-	-
Other operating income	835	741	1,493	2,187
Other income	53,918	56,576	120,044	124,692
Gross claims paid	(134,398)	(96,328)	(293,684)	(236,149)
Claims ceded to reinsurers	54,635	29,322	118,198	72,092
Gross change in claims liabilities	42,717	(59,328)	(72,297)	(53,196)
Change in claims liabilities ceded to reinsurers	(51,486)	11,713	60,791	(7,065)
Net claims incurred	(88,532)	(114,621)	(186,992)	(224,318)
Fair value losses	(229)	(58)	(29,920)	(1,138)
Commission expense	(43,998)	(42,471)	(86,241)	(85,993)
Management expenses	(57,588)	(50,052)	(107,636)	(103,216)
Net impairment loss on insurance receivables	-	(596)	(942)	(1,464)
Net impairment loss on investments carried at amortised cost	-	-	-	(1)
Other operating expense	(1,010)	-	(914)	-
Other expenses	(102,825)	(93,177)	(225,653)	(191,812)
Operating profit	109,804	100,215	207,133	197,109
Finance cost	(414)	(465)	(845)	(936)
Share of profit after tax of equity accounted associated company	508	547	1,758	2,040
Profit before tax	109,898	100,297	208,046	198,213
Tax expense	(25,979)	(22,896)	(41,817)	(42,895)
Profit for the period	83,919	77,401	166,229	155,318
Profit attributable to:				
Owners of the Company	83,919	77,401	166,229	155,318
Earnings per ordinary share (sen)				
- Basic	21.07	19.43	41.73	38.99
- 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 30 June 2021 - Unaudited

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 30.06.2021 RM'000	Preceding Year Corresponding Quarter Ended 30.06.2020 RM'000	Current Year To Date Ended 30.06.2021 RM'000	Preceding Year Corresponding Period Ended 30.06.2020 RM'000
Profit for the period	83,919	77,401	166,229	155,318
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operation	1,491	(140)	2,580	1,440
Items that will not be reclassified to profit or loss				
Net (losses)/gains on investments in equity instruments designated at fair value through other comprehensive income	(19,865)	26,398	(2,253)	(129,546)
Income tax relating to these items	149	(142)	47	821
Total other comprehensive (loss)/income for the period, net of tax	(18,225)	26,116	374	(127,285)
Total comprehensive income for the period attributable to owners of the Company	65,694	103,517	166,603	28,033

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 30 June 2021 - Unaudited

	As At <u>30.06.2021</u>	As At <u>31.12.2020</u>
	RM'000	RM'000
Assets		
Plant and equipment	5,126	6,423
Right-of-use assets	39,252	42,227
Investment properties	27,934	27,572
Intangible assets	7,539	8,950
Investment in an associated company	38,079	35,321
Other investments	2,080,660	1,851,962
Fair value through other comprehensive income	905,410	907,613
Fair value through profit or loss	1,117,165	891,405
Amortised cost	58,085	52,944
Deferred tax assets	3,491	-
Reinsurance assets	1,095,435	1,020,006
Loans and receivables, excluding insurance receivables	1,001,299	1,169,054
Insurance receivables	231,297	163,647
Deferred acquisition costs	40,598	43,756
Current tax assets	28	-
Cash and cash equivalents	105,675	150,788
Total assets	<u>4,676,413</u>	<u>4,519,706</u>
Equity		
Share capital	398,383	398,383
Reserves	1,668,399	1,677,085
Total equity	<u>2,066,782</u>	<u>2,075,468</u>
Liabilities		
Insurance contract liabilities	2,280,245	2,168,123
Deferred tax liabilities	-	3,905
Lease liabilities	40,868	43,571
Insurance payables	137,557	100,457
Other payables	116,344	103,302
Current tax payables	34,617	24,880
Total liabilities	<u>2,609,631</u>	<u>2,444,238</u>
Total equity and liabilities	<u>4,676,413</u>	<u>4,519,706</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 Period Ended 30 June 2021 - 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>6 Months Period Ended 30 June 2021</u>					
At 1 January 2021	398,383	22,753	748,242	906,090	2,075,468
Foreign currency translation differences for foreign operation	-	2,580	-	-	2,580
Net gains on investments in equity instruments designated at fair value through other comprehensive income	-	-	(2,206)	-	(2,206)
Total other comprehensive income for the period	-	2,580	(2,206)	-	374
Profit for the period	-	-	-	166,229	166,229
Total comprehensive income for the period	-	2,580	(2,206)	166,229	166,603
Distributions to owners of the Company					
Dividends to owners of the Company	-	-	-	(175,289)	(175,289)
Total transaction with owners of the Company	-	-	-	(175,289)	(175,289)
At 30 June 2021	398,383	25,333	746,036	897,030	2,066,782

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Condensed Consolidated Statement of Changes in Equity for the Period Ended 30 June 2021 - 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
6 Months Period Ended 30 June 2020					
At 1 January 2020	398,383	23,852	697,450	852,214	1,971,899
Foreign currency translation differences for foreign operation	-	1,440	-	-	1,440
Net losses on investments in equity instruments designated at fair value through other comprehensive income	-	-	(128,725)	-	(128,725)
Total other comprehensive income/(loss) for the period	-	1,440	(128,725)	-	(127,285)
Profit for the period	-	-	-	155,318	155,318
Total comprehensive income/(loss) for the period	-	1,440	(128,725)	155,318	28,033
Distributions to owners of the Company					
Dividends to owners of the Company	-	-	-	(171,305)	(171,305)
Total transaction with owners of the Company	-	-	-	(171,305)	(171,305)
At 30 June 2020	398,383	25,292	568,725	836,227	1,828,627

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.

LPI CAPITAL BHD**Condensed Consolidated Statement of Cash Flow
for the Period Ended 30 June 2021 - Unaudited**

	Current Year To Date Ended <u>30.06.2021</u> RM'000	Preceding Year Corresponding Period Ended <u>30.06.2020</u> RM'000
Operating activities		
Profit before tax	208,046	198,213
Investment income	(58,537)	(54,308)
Net realised gains recorded in profit or loss	-	(1)
Net fair value losses/(gains) recorded in profit or loss	29,389	(3,528)
Share of profit of equity accounted associated company	(1,758)	(2,040)
Proceeds from disposal of financial assets carried at fair value through profit or loss	30,372	-
Purchase of financial assets carried at fair value through profit or loss	(290,397)	(464,573)
Purchase of financial assets carried at amortised cost	(9,972)	-
Maturity of financial assets carried at amortised cost	5,000	20,000
Maturity of financial assets carried at fair value through profit or loss	5,000	13,070
Interest on lease liabilities	845	936
Non-cash items:		
Depreciation of plant and equipment	1,683	1,524
Depreciation of right-of-use assets	3,309	3,309
Amortisation of intangible assets	1,684	1,444
Unrealised foreign exchange gain	(123)	(357)
Net impairment loss on insurance receivables	942	1,464
Net impairment loss on investments carried at amortised cost	-	1
Changes in working capital:		
Decrease in loans and receivables	168,553	324,743
Increase in reinsurance assets	(74,803)	(40,144)
Increase in insurance receivables	(68,433)	(63,145)
Decrease in deferred acquisition costs	3,180	4,332
Increase in insurance contract liabilities	110,155	130,954
Increase in insurance payables	37,018	56,797
Increase in other payables	12,768	11,220
Cash generated from operating activities	<u>113,921</u>	<u>139,911</u>
Dividend income received	44,388	26,786
Interest income received	13,902	27,284
Rental income on investment property received	265	312
Interest paid	(845)	(936)
Income tax paid	<u>(39,474)</u>	<u>(37,142)</u>
Net cash flows generated from operating activities	<u>132,157</u>	<u>156,215</u>

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Condensed Consolidated Statement of Cash Flow for the Period Ended 30 June 2021 - Unaudited (continued)

	Current Year To Date Ended 30.06.2021 RM'000	Preceding Year Corresponding Period Ended 30.06.2020 RM'000
Investing activities		
Proceeds from disposal of plant and equipment	-	1
Purchase of plant and equipment	(375)	(938)
Purchase of intangible assets	(269)	(647)
Net cash flows used in investing activities	(644)	(1,584)
Financing activities		
Dividends paid to owners of the Company	(175,289)	(171,305)
Payment of lease liabilities	(3,040)	(2,932)
Net cash flows used in financing activities	(178,329)	(174,237)
Net decrease in cash and cash equivalents	(46,816)	(19,606)
Cash and cash equivalents at 1 January	150,788	186,188
Effect of movement in exchange rates	1,703	731
Cash and cash equivalents at 30 June	105,675	167,313

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 2020 (“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/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

The initial application of the abovementioned accounting standards, interpretations and amendments 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 June 2021.

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 June 2021.

A6. DIVIDEND PAID

In the current interim period ended 30 June 2021, the Company paid a second interim single tier dividend of 44.00 sen per ordinary share amounting to RM175,288,411 in respect of the financial year ended 31 December 2020 on 1 March 2021.

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	← 6 Months Ended →					
	General insurance		Investment holding		Total	
	2021	2020	2021	2020	2021	2020
External revenue	832,198	784,272	28,581	19,181	860,779	803,453
Inter-segment revenue	-	-	130,000	130,000	130,000	130,000
Segment profit before tax	183,655	182,972	154,391	145,241	338,046	328,213
Segment assets	3,723,802	3,289,676	1,152,611	1,015,563	4,876,413	4,305,239
Segment liabilities	2,607,517	2,274,528	2,114	2,084	2,609,631	2,276,612

A7. OPERATING SEGMENTS (CONTINUED)

Business segments (continued)

i) Reconciliation of reportable segment profit:

RM'000	← 6 Months Ended →	
	<u>2021</u>	<u>2020</u>
Total profit for reportable segments	338,046	328,213
Elimination of inter-segment profit	(130,000)	(130,000)
Consolidated profit before tax	<u>208,046</u>	<u>198,213</u>

ii) Reconciliation of reportable segment assets:

RM'000	← 6 Months Ended →	
	<u>2021</u>	<u>2020</u>
Total assets for reportable segments	4,876,413	4,305,239
Elimination of inter-segment assets	(200,000)	(200,000)
Consolidated assets	<u>4,676,413</u>	<u>4,105,239</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 (“CAT”) on 13 October 2020. CAT has granted a stay on the financial penalty to Lonpac on 23 March 2021 pending the disposal of the appeal.

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		
Financial assets										
<i>Designated at fair value through other comprehensive income</i>										
- Quoted shares	905,410	-	-	905,410	-	-	-	-	905,410	905,410
<i>Mandatorily at fair value through profit or loss</i>										
- Unit trust	980,211	-	-	980,211	-	-	-	-	980,211	980,211
- Real estate investment trusts ("REITs")	3,225	-	-	3,225	-	-	-	-	3,225	3,225
- Exchange-traded fund ("ETF")	680	-	-	680	-	-	-	-	680	680
- Quoted shares	3,902	-	-	3,902	-	-	-	-	3,902	3,902
- Unquoted shares	-	-	1,392	1,392	-	-	-	-	1,392	1,392
- Corporate bonds and sukuk	-	127,755	-	127,755	-	-	-	-	127,755	127,755
<i>Amortised cost</i>										
- Government investment issues	-	-	-	-	-	10,072	-	10,072	10,072	9,972
- Malaysian government guaranteed loans	-	-	-	-	-	20,692	-	20,692	20,692	20,000
- Corporate bonds and sukuk	-	-	-	-	-	28,742	-	28,742	28,742	28,113
	1,893,428	127,755	1,392	2,022,575	-	59,506	-	59,506	2,082,081	2,080,660

A11. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value information (continued)

31.12.2020

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	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
	<u>1,706,578</u>	<u>91,065</u>	<u>1,375</u>	<u>1,799,018</u>	<u>-</u>	<u>54,896</u>	<u>-</u>	<u>54,896</u>	<u>1,853,914</u>	<u>1,851,962</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 June 2021 (31.12.2020: no transfer in either directions).

Level 3 fair value

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

	2021	2020
	RM'000	RM'000
Unquoted shares		
As at 1 January	1,375	1,312
Fair value gains in profit or loss	<u>17</u>	<u>63</u>
Balance as at 30 June 2021 / 31 December 2020	<u>1,392</u>	<u>1,375</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. 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	
	Current Year To Date Ended 30.06.2021	Preceding Year Corresponding Period Ended 30.06.2020	Current Year To Date Ended 30.06.2021	Preceding Year Corresponding Period Ended 30.06.2020
Income earned:				
Premium income	497	422	30,601	28,792
Dividend income	-	-	28,887	17,870
Fixed deposits income	-	-	1,698	5,741
Corporate bonds and sukuk income	-	-	740	814
Information technology services	9	-	-	-
	<u>506</u>	<u>422</u>	<u>61,926</u>	<u>53,217</u>
Expenditure incurred:				
Rental paid	-	-	(1,671)	(1,671)
Insurance commission	(123)	(115)	(24,353)	(24,597)
Stock broking commission	-	-	-	(1)
	<u>(123)</u>	<u>(115)</u>	<u>(26,024)</u>	<u>(26,269)</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		
	30.06.2021	30.06.2020	Amount	% / ppt (*)	30.06.2021	30.06.2020	Amount	% / ppt (*)
Revenue by segments								
General insurance segment	419.6	398.5	21.1	5.3%	832.2	784.3	47.9	6.1%
Gross earned premiums	404.7	381.6	23.1	6.1%	802.2	749.2	53.0	7.1%
Investment income	14.9	16.9	(2.0)	(11.8)%	30.0	35.1	(5.1)	(14.5)%
Investment holding segment								
Investment income	0.4	1.0	(0.6)	(60.0)%	28.6	19.2	9.4	49.0%
Total revenue	420.0	399.5	20.5	5.1%	860.8	803.5	57.3	7.1%
Revenue by geographical locations								
Malaysia	394.6	373.9	20.7	5.5%	806.0	752.5	53.5	7.1%
Singapore	25.4	25.6	(0.2)	(0.8)%	54.8	51.0	3.8	7.5%
Total revenue	420.0	399.5	20.5	5.1%	860.8	803.5	57.3	7.1%
Operating profit	109.8	100.2	9.6	9.6%	207.1	197.1	10.0	5.1%

(* 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		
	30.06.2021	30.06.2020	Amount	% / ppt (*)	30.06.2021	30.06.2020	Amount	% / ppt (*)
Profit before tax by segments								
General insurance (RM'mil)	111.7	101.4	10.3	10.2%	183.6	183.0	0.6	0.3%
Investment holding (RM'mil)	(1.8)	(1.1)	(0.7)	(63.6)%	24.4	15.2	9.2	60.5%
Total profit before tax	109.9	100.3	9.6	9.6%	208.0	198.2	9.8	4.9%
Profit before tax by geographical locations								
Malaysia (RM'mil)	107.9	97.1	10.8	11.1%	200.5	191.3	9.2	4.8%
Singapore (RM'mil)	1.5	2.7	(1.2)	(44.4)%	5.7	4.9	0.8	16.3%
Cambodia (RM'mil)	0.5	0.5	-	-	1.8	2.0	(0.2)	(10.0)%
Total profit before tax	109.9	100.3	9.6	9.6%	208.0	198.2	9.8	4.9%
Profit attributable to owners of the Company (RM'mil)	83.9	77.4	6.5	8.4%	166.2	155.3	10.9	7.0%
Net return on equity (%)	4.1	4.2	-	(0.1) ppt	8.0	8.5	-	(0.5) ppt
Earnings per share (sen)	21.07	19.43	1.64	8.4%	41.73	38.99	2.74	7.0%

(* 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		
	30.06.2021	30.06.2020	Amount	% / ppt (*)	30.06.2021	30.06.2020	Amount	% / ppt (*)
General insurance gross written premiums (RM'mil)	369.4	340.9	28.5	8.4%	840.1	826.9	13.2	1.6%
General insurance net earned premiums (RM'mil)	247.2	251.4	(4.2)	(1.7)%	499.7	488.5	11.2	2.3%
General insurance underwriting profit (RM'mil)	88.4	71.5	16.9	23.6%	180.5	139.9	40.6	29.0%
General insurance claims incurred ratio (%)	35.8	45.6	-	(9.8) ppt	37.4	45.9	-	(8.5) ppt
General insurance management expenses ratio (%)	22.5	19.6	-	2.9 ppt	21.1	20.9	-	0.2 ppt
General insurance commission ratio (%)	6.0	6.4	-	(0.4) ppt	5.4	4.6	-	0.8 ppt
General insurance combined ratio (%)	64.3	71.6	-	(7.3) ppt	63.9	71.4	-	(7.5) ppt

(* ppt – percentage points)

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 3: Underwriting results of general insurance for the 3 months period ended 30 June 2021:

RM'000	Fire		Motor		Marine, Aviation & Transit		Miscellaneous		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Gross written premiums	148,330	151,093	80,325	76,794	34,306	24,335	106,428	88,685	369,389	340,907
Change in unearned premiums provision	8,312	12,668	12,420	10,380	(11,341)	(7,028)	25,960	24,679	35,351	40,699
Gross earned premiums	<u>156,642</u>	<u>163,761</u>	<u>92,745</u>	<u>87,174</u>	<u>22,965</u>	<u>17,307</u>	<u>132,388</u>	<u>113,364</u>	<u>404,740</u>	<u>381,606</u>
Gross written premiums ceded to reinsurers	(59,532)	(51,645)	(3,772)	(3,527)	(29,163)	(21,085)	(48,764)	(40,104)	(141,231)	(116,361)
Change in unearned premiums provision	(1,501)	(7,019)	(357)	285	10,346	7,177	(24,754)	(14,251)	(16,266)	(13,808)
Premiums ceded to reinsurers	<u>(61,033)</u>	<u>(58,664)</u>	<u>(4,129)</u>	<u>(3,242)</u>	<u>(18,817)</u>	<u>(13,908)</u>	<u>(73,518)</u>	<u>(54,355)</u>	<u>(157,497)</u>	<u>(130,169)</u>
Net earned premiums	<u>95,609</u>	<u>105,097</u>	<u>88,616</u>	<u>83,932</u>	<u>4,148</u>	<u>3,399</u>	<u>58,870</u>	<u>59,009</u>	<u>247,243</u>	<u>251,437</u>
Net claims incurred	(8,305)	(16,343)	(53,903)	(58,052)	(1,266)	(222)	(25,058)	(40,004)	(88,532)	(114,621)
Commission income	12,521	12,890	685	473	1,789	1,058	14,278	11,935	29,273	26,356
Commission expense	(17,929)	(18,239)	(8,938)	(8,451)	(1,197)	(732)	(15,934)	(15,049)	(43,998)	(42,471)
Net commission	<u>(5,408)</u>	<u>(5,349)</u>	<u>(8,253)</u>	<u>(7,978)</u>	<u>592</u>	<u>326</u>	<u>(1,656)</u>	<u>(3,114)</u>	<u>(14,725)</u>	<u>(16,115)</u>
Total out-go	<u>(13,713)</u>	<u>(21,692)</u>	<u>(62,156)</u>	<u>(66,030)</u>	<u>(674)</u>	<u>104</u>	<u>(26,714)</u>	<u>(43,118)</u>	<u>(103,257)</u>	<u>(130,736)</u>
Underwriting surplus before management expenses	<u>81,896</u>	<u>83,405</u>	<u>26,460</u>	<u>17,902</u>	<u>3,474</u>	<u>3,503</u>	<u>32,156</u>	<u>15,891</u>	<u>143,986</u>	<u>120,701</u>
Management expenses of the insurance fund									(55,616)	(49,223)
Underwriting surplus after management expenses									<u>88,370</u>	<u>71,478</u>
Net claims incurred ratio (%)	8.7	15.6	60.8	69.2	30.5	6.5	42.6	67.8	35.8	45.6

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 3: Underwriting results of general insurance for the financial period ended 30 June 2021:

RM'000	Fire		Motor		Marine, Aviation & Transit		Miscellaneous		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Gross written premiums	347,386	352,982	172,566	168,951	57,054	46,237	263,094	258,732	840,100	826,902
Change in unearned premiums provision	(34,427)	(44,297)	12,854	7,114	(12,748)	(6,293)	(3,537)	(34,281)	(37,858)	(77,757)
Gross earned premiums	<u>312,959</u>	<u>308,685</u>	<u>185,420</u>	<u>176,065</u>	<u>44,306</u>	<u>39,944</u>	<u>259,557</u>	<u>224,451</u>	<u>802,242</u>	<u>749,145</u>
Gross written premiums ceded to reinsurers	(133,610)	(136,931)	(8,039)	(7,735)	(46,891)	(38,458)	(127,980)	(124,683)	(316,520)	(307,807)
Change in unearned premiums provision	18,555	20,473	(460)	1,126	11,586	6,863	(15,669)	18,747	14,012	47,209
Premiums ceded to reinsurers	<u>(115,055)</u>	<u>(116,458)</u>	<u>(8,499)</u>	<u>(6,609)</u>	<u>(35,305)</u>	<u>(31,595)</u>	<u>(143,649)</u>	<u>(105,936)</u>	<u>(302,508)</u>	<u>(260,598)</u>
Net earned premiums	<u>197,904</u>	<u>192,227</u>	<u>176,921</u>	<u>169,456</u>	<u>9,001</u>	<u>8,349</u>	<u>115,908</u>	<u>118,515</u>	<u>499,734</u>	<u>488,547</u>
Net claims incurred	(24,332)	(28,135)	(107,877)	(122,378)	(4,084)	(1,298)	(50,699)	(72,507)	(186,992)	(224,318)
Commission income	23,478	32,363	1,111	879	4,761	3,467	30,133	26,821	59,483	63,530
Commission expense	(35,809)	(36,530)	(17,901)	(17,072)	(2,345)	(1,806)	(30,186)	(30,585)	(86,241)	(85,993)
Net commission	<u>(12,331)</u>	<u>(4,167)</u>	<u>(16,790)</u>	<u>(16,193)</u>	<u>2,416</u>	<u>1,661</u>	<u>(53)</u>	<u>(3,764)</u>	<u>(26,758)</u>	<u>(22,463)</u>
Total out-go	<u>(36,663)</u>	<u>(32,302)</u>	<u>(124,667)</u>	<u>(138,571)</u>	<u>(1,668)</u>	<u>363</u>	<u>(50,752)</u>	<u>(76,271)</u>	<u>(213,750)</u>	<u>(246,781)</u>
Underwriting surplus before management expenses	<u>161,241</u>	<u>159,925</u>	<u>52,254</u>	<u>30,885</u>	<u>7,333</u>	<u>8,712</u>	<u>65,156</u>	<u>42,244</u>	285,984	241,766
Management expenses of the insurance fund									(105,452)	(101,880)
Underwriting surplus after management expenses									<u>180,532</u>	<u>139,886</u>
Net claims incurred ratio (%)	12.3	14.6	61.0	72.2	45.4	15.5	43.7	61.2	37.4	45.9

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Revenue

The Group's revenue for the second quarter of 2021 grew by RM20.5 million to RM420.0 million from RM399.5 million in the corresponding quarter in 2020, an increase of 5.1% as compared to the corresponding quarter last year. The increase was mainly driven by growth in gross earned premium of 6.1% or RM23.1 million from its general insurance segment. Investment holding segment recorded lower revenue of RM0.4 million as compared to RM1.0 million in the corresponding quarter in 2020 due to lower interest income received.

Revenue of the Group for the six months period ended 30 June 2021 grew by 7.1% or RM57.3 million to RM860.8 million from RM803.5 million in the corresponding period in 2020. Of the total amount of RM860.8 million, RM832.2 million was generated from general insurance segment and RM28.6 million from investment holding segment. The growth in revenue was largely contributed by the general insurance segment, which registered an increase of 6.1% to RM832.2 million compared to RM784.3 million in 30 June 2020. The investment holding segment recorded higher revenue of RM28.6 million as compared to RM19.2 million in 2020 mainly due to higher dividend income received during the current financial period.

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Profit Before Tax

Profit before tax of the Group for the second quarter of 2021 grew by 9.6% to RM109.9 million from RM100.3 million in the corresponding quarter in 2020. The growth was contributed by profit from the general insurance segment, which increased by 10.2% to RM111.7 million from RM101.4 million in the second quarter of 2020. Underwriting profit for the current quarter increased by 23.6% or RM16.9 million to RM88.4 million from RM71.5 million previously mainly contributed by the lower net claims incurred as compared to the corresponding quarter in 2020. The investment holding segment recorded a higher loss before tax of RM1.8 million as compared to RM1.1 million in the corresponding quarter in 2020 mainly due to lower investment income received during the current quarter ended 30 June 2021.

Profit before tax of the Group for the six months period ended 30 June 2021 grew by 4.9% or RM9.8 million to RM208.0 million from RM198.2 million in the corresponding period in 2020. The growth was contributed by profit from investment holding segment, which increased by 60.5% or RM9.2 million to RM24.4 million from RM15.2 million in the corresponding period in 2020 mainly due to higher tax-exempt dividends income received from its equity investment.

Business operation in Malaysia contributed 98.2% of the Group's total profit before tax in the second quarter of 2021 and 96.4% for the six months period ended 30 June 2021.

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 30.06.2021	Preceding Year Corresponding Quarter Ended 30.06.2020	Current Year To Date Ended 30.06.2021	Preceding Year Corresponding Period Ended 30.06.2020
RM'mil				
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operation	1.5	(0.1)	2.6	1.4
Items that will not be reclassified to profit or loss				
Net (losses)/gains on investments in equity instruments designated at fair value through other comprehensive income	(19.8)	26.3	(2.2)	(129.5)
Income tax relating to these items	0.1	(0.1)	-	0.8
Total other comprehensive (loss)/income for the period, net of tax	(18.2)	26.1	0.4	(127.3)

The Group's total other comprehensive income for the six months ended 30 June 2021 recorded a net gain of RM0.4 million as compared to net loss of RM127.3 million in the corresponding quarter in 2020. The net gain recorded was mainly contributed by the foreign currency translation differences for foreign operation.

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 5: Review of assets and liabilities

RM'mil	As at 30.06.2021	As at 31.12.2020	Changes	
			Amount	%
Total assets	4,676.4	4,519.7	156.7	3.5
Total liabilities	2,609.6	2,444.2	165.4	6.8
Total equity	2,066.8	2,075.5	(8.7)	(0.4)

Total assets

As at 30 June 2021, the Group's total assets increased by RM156.7 million to RM4,676.4 million from RM4,519.7 million as at 31 December 2020. 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 79.6% of the Group's total assets as at 30 June 2021.

Total liabilities

As at 30 June 2021, total liabilities of the Group increased by RM165.4 million to RM2,609.6 million from RM2,444.2 million as at 31 December 2020. This mainly consists of RM112.1 million increase in insurance contract liabilities and RM37.1 million in insurance payables of its general insurance segment.

Total equity

The Group's total equity decreased by 0.4% or RM8.7 million to RM2,066.8 million from RM2,075.5 million as at 31 December 2020. The Group's retained earnings recorded a net decrease of RM9.1 million resulted from the payment of dividends of RM175.3 million offset by the current period's net profit of RM166.2 million. The fair value reserves decreased by RM2.2 million due to the lower market value of quoted equity investment designated as fair value through other comprehensive income. Therefore, net tangible asset per share also decreased to RM5.17 from RM5.19 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 30.06.2021 SGD1.00 = RM3.09	Functional Currency SGD'000	Reporting Currency RM'000
Gross earned premiums	17,072	52,752
Investment income	649	2,004
Total revenue	17,721	54,756
Profit before tax	1,854	5,729
Profit after tax	1,840	5,687
Total assets	69,978	216,233
Total liabilities	60,032	185,500

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 30.06.2021	Preceding Year Corresponding Period Ended 30.06.2020
Profit after tax	166.2	155.3
Net cash flows generated from operating activities	132.1	156.2
Net cash flows used in investing activities	(0.6)	(1.6)
Net cash flows used in financing activities	(178.3)	(174.2)
Net decrease in cash and cash equivalents	(46.8)	(19.6)
Cash and cash equivalents at 1 January	150.8	186.2
Effect of movement in exchange rates	1.7	0.7
Cash and cash equivalents at 30 June	105.7	167.3

For the six months period ended 30 June 2021, the operating cash flow of the Group remains healthy at RM132.1 million. The ratio of cash flow from operating activities to net income was 79.5% (RM132.1 million / RM166.2 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 RM215.4 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 RM0.6 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 RM112.1 million to RM2,280.2 million for the six months period ended 30 June 2021. The Group had generated sufficient cash flow to pay a second interim dividend of 44.0 sen per share amounting to RM175.3 million on 1 March 2021 in respect of the financial year ended 31 December 2020.

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

	Current Year Quarter Ended 30.06.2021	Immediate Preceding Quarter Ended 31.03.2021	Changes	
			Amount	% / ppt
Gross earned premiums (RM'mil)	404.7	397.5	7.2	1.8%
Investment income (RM'mil)	15.3	43.3	(28.0)	(64.7)%
Total revenue (RM'mil)	420.0	440.8	(20.8)	(4.7)%
Operating profit (RM'mil)	109.8	97.3	12.5	12.8%
Profit before tax (RM'mil)	109.9	98.1	11.8	12.0%
Profit attributable to owners of the Company (RM'mil)	83.9	82.3	1.6	1.9%
Net return on equity (%)	4.1	4.1	-	-
Earnings per share (sen)	21.07	20.66	0.41	2.0%
General insurance gross written premiums (RM'mil)	369.4	470.7	(101.3)	(21.5)%
General insurance net earned premiums (RM'mil)	247.2	252.5	(5.3)	(2.1)%
General insurance underwriting profit (RM'mil)	88.4	92.2	(3.8)	(4.1)%
General insurance claims incurred ratio (%)	35.8	39.0	-	(3.2) ppt
General insurance management expenses ratio (%)	22.5	19.7	-	2.8 ppt
General insurance commission ratio (%)	6.0	4.8	-	1.2 ppt
General insurance combined ratio (%)	64.3	63.5	-	0.8 ppt

For the second quarter ended 30 June 2021, the Group recorded a higher profit before tax of RM109.9 million as compared to RM98.1 million in the preceding quarter ended 31 March 2021. The increase in the profit before tax for the said quarter was mainly contributed by the lower fair value loss in its fixed income unit trust investments.

B3. CURRENT YEAR PROSPECTS

- a) COVID-19 is expected to become endemic over time, but hopefully it will be contained well. The outlook of the Malaysian economy for the 2nd half year of FY2021 will depend on how well the pandemic is managed, the speed of the vaccination programme and how quickly the economy re-opens. Given the pervasiveness of the COVID-19 virus, sustainable recovery remains largely dependent on how effectively the mass vaccination rollout is implemented. The LPI Group will continue to pursue growth when the business environment improves. In this challenging period, we will continue to assist our customers who may face financial difficulties and provide them with flexible premium payment options to ensure that they continue to be protected.
- 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>30.06.2021</u>	<u>30.06.2020</u>	<u>30.06.2021</u>	<u>30.06.2020</u>
Profit before tax	109,898	100,297	208,046	198,213
Income tax:				
Current tax charge	24,012	20,298	49,166	42,339
Deferred taxation	1,967	2,598	(7,349)	556
Total tax expense	<u>25,979</u>	<u>22,896</u>	<u>41,817</u>	<u>42,895</u>
Effective tax rate on current tax charge	24%	23%	20%	22%

The effective tax rate on the current tax charge of the Group for the current financial period ended 30 June 2021 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 29 July 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 interim period ended 30 June 2021.

B9. DISCLOSURE OF DERIVATIVES

A disclosure on outstanding derivatives (including financial instruments designated as hedging instruments) as at 30 June 2021. – 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 June 2021.

B11. CHANGES IN MATERIAL LITIGATION

There were no pending material litigations since the last annual balance sheet date up to 29 July 2021, which is not earlier than 7 days from date of issue of this quarterly report.

B12. DIVIDEND

a) i) An interim dividend has been declared by the Directors.

ii) The amount per share:

	<u>Net per share</u> <u>(sen)</u>
• Single tier dividend	29.00

iii) The previous corresponding period:

	<u>Net per share</u> <u>(sen)</u>
• Single tier dividend	28.00

iv) The date payable: 1 September 2021.

v) In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 23 August 2021.

b) The total dividend for the 6 months ended 30 June 2021: 29.00 sen single tier dividend per share.

B13. EARNINGS PER SHARE

a) Basic earnings per share

	Individual Period		Cumulative Period	
	Current Year Quarter Ended <u>30.06.2021</u>	Preceding Year Corresponding Quarter Ended <u>30.06.2020</u>	Current Year To Date Ended <u>30.06.2021</u>	Preceding Year Corresponding Period Ended <u>30.06.2020</u>
Profit after tax (RM'000)	83,919	77,401	166,229	155,318
Weighted average no. of ordinary shares in issue (‘000)	398,383	398,383	398,383	398,383
Basic earnings per share (sen)	21.07	19.43	41.73	38.99

b) Diluted earnings per share. – Not Applicable.

B14. PROFIT FOR THE PERIOD

	Individual Period		Cumulative Period	
	Current Year Quarter Ended <u>30.06.2021</u> RM'000	Preceding Year Corresponding Quarter Ended <u>30.06.2020</u> RM'000	Current Year To Date Ended <u>30.06.2021</u> RM'000	Preceding Year Corresponding Period Ended <u>30.06.2020</u> RM'000
Profit for the period is arrived at after charging:				
Finance costs	414	465	845	936
Depreciation of plant and equipment (NI)	853	774	1,683	1,524
Depreciation of right-of-use assets (NI)	1,657	1,672	3,309	3,309
Amortisation of intangible assets (NI)	844	742	1,684	1,444
Net impairment loss on insurance receivables	-	596	942	1,464
Net impairment loss on investments carried at amortised cost	-	-	-	1
Net foreign exchange loss (NI)	-	161	-	-
and after crediting:				
Interest income (N2)	6,333	12,038	13,884	27,210
Dividend income (N2)	8,753	5,789	44,388	26,786
Rental income (N2)	167	112	265	312
Net reversal of impairment loss on insurance receivables	262	-	-	-
Net foreign exchange gain (NI)	42	-	154	417

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 June 2021.

(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 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
30.06.2021						
Insurance receivables	10,030	3,387	9,359	1,045	200	24,021
31.12.2020						
Insurance receivables	11,082	2,995	3,731	2,048	-	19,856

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

	30.06.2021				31.12.2020			
	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	5	51	2,586	2,642	4	148	1,902	2,054
Net remeasurement of allowance for impairment	-	(10)	952	942	1	(97)	684	588
As at 30 June 2021 / 31 December 2020	5	41	3,538	3,584	5	51	2,586	2,642

B16. DISCLOSURE ON QUALIFICATION OF AUDIT REPORT

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