

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

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 30.09.2021 RM'000	Preceding Year Corresponding Quarter Ended 30.09.2020 RM'000	Current Year To Date Ended 30.09.2021 RM'000	Preceding Year Corresponding Period Ended 30.09.2020 RM'000
Operating revenue	427,914	395,755	1,288,693	1,199,208
Gross written premiums	357,949	380,628	1,198,049	1,207,530
Change in unearned premiums provision	37,487	(3,719)	(371)	(81,476)
Gross earned premiums	395,436	376,909	1,197,678	1,126,054
Gross written premiums ceded to reinsurers	(110,923)	(110,737)	(427,443)	(418,544)
Change in unearned premiums provision	(28,662)	(11,950)	(14,650)	35,259
Premiums ceded to reinsurers	(139,585)	(122,687)	(442,093)	(383,285)
Net earned premiums	255,851	254,222	755,585	742,769
Investment income	32,478	18,846	91,015	73,154
Realised gains	3	-	3	1
Fair value gains	-	6,009	504	10,651
Commission income	25,761	23,061	85,244	86,591
Net reversal of impairment loss on insurance receivables	323	495	-	-
Net reversal of impairment loss on investments carried at amortised cost	-	1	-	-
Other operating income	1,245	2,181	2,096	4,368
Other income	59,810	50,593	178,862	174,765
Gross claims paid	(112,180)	(141,745)	(405,864)	(377,894)
Claims ceded to reinsurers	37,337	43,577	155,535	115,669
Gross change in claims liabilities	(1,768)	(163,885)	(74,065)	(217,081)
Change in claims liabilities ceded to reinsurers	(9,364)	161,571	51,427	154,506
Net claims incurred	(85,975)	(100,482)	(272,967)	(324,800)
Fair value losses	(5,288)	(300)	(35,181)	(1,414)
Commission expense	(43,494)	(43,464)	(129,735)	(129,457)
Management expenses	(49,871)	(48,589)	(157,507)	(151,805)
Net impairment loss on insurance receivables	-	-	(619)	(969)
Other operating expense	-	-	(272)	-
Other expenses	(98,653)	(92,353)	(323,314)	(283,645)
Operating profit	131,033	111,980	338,166	309,089
Finance cost	(384)	(451)	(1,229)	(1,387)
Share of profit after tax of equity accounted associated company	689	556	2,447	2,596
Profit before tax	131,338	112,085	339,384	310,298
Tax expense	(25,955)	(25,907)	(67,772)	(68,802)
Profit for the period	105,383	86,178	271,612	241,496
Profit attributable to:				
Owners of the Company	105,383	86,178	271,612	241,496
Earnings per ordinary share (sen)				
- Basic	26.45	21.63	68.18	60.62
- 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 September 2021 - Unaudited

	Individual Period		Cumulative Period	
	Current Year Quarter Ended <u>30.09.2021</u> RM'000	Preceding Year Corresponding Quarter Ended <u>30.09.2020</u> RM'000	Current Year To Date Ended <u>30.09.2021</u> RM'000	Preceding Year Corresponding Period Ended <u>30.09.2020</u> RM'000
Profit for the period	105,383	86,178	271,612	241,496
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operation	611	(2,192)	3,191	(752)
Items that will not be reclassified to profit or loss				
Net losses on investments in equity instruments designated at fair value through other comprehensive income	(8,823)	(35,209)	(11,076)	(164,755)
Income tax relating to these items	63	196	110	1,017
Total other comprehensive loss for the period, net of tax	<u>(8,149)</u>	<u>(37,205)</u>	<u>(7,775)</u>	<u>(164,490)</u>
Total comprehensive income for the period attributable to owners of the Company	<u>97,234</u>	<u>48,973</u>	<u>263,837</u>	<u>77,006</u>

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

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Condensed Consolidated Statement of Financial Position As At 30 September 2021 - Unaudited

	As At <u>30.09.2021</u>	As At <u>31.12.2020</u>
	RM'000	RM'000
Assets		
Plant and equipment	5,252	6,423
Right-of-use assets	37,211	42,227
Investment properties	28,024	27,572
Intangible assets	7,695	8,950
Investment in an associated company	38,983	35,321
Other investments	2,080,694	1,851,962
Fair value through other comprehensive income	896,598	907,613
Fair value through profit or loss	1,125,967	891,405
Amortised cost	58,129	52,944
Deferred tax assets	4,738	-
Reinsurance assets	1,057,566	1,020,006
Loans and receivables, excluding insurance receivables	980,945	1,169,054
Insurance receivables	201,517	163,647
Deferred acquisition costs	41,486	43,756
Cash and cash equivalents	120,005	150,788
Total assets	<u>4,604,116</u>	<u>4,519,706</u>
Equity		
Share capital	398,383	398,383
Reserves	1,650,102	1,677,085
Total equity	<u>2,048,485</u>	<u>2,075,468</u>
Liabilities		
Insurance contract liabilities	2,245,018	2,168,123
Deferred tax liabilities	-	3,905
Lease liabilities	38,903	43,571
Insurance payables	100,998	100,457
Other payables	126,892	103,302
Current tax payables	43,820	24,880
Total liabilities	<u>2,555,631</u>	<u>2,444,238</u>
Total equity and liabilities	<u>4,604,116</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 September 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>9 Months Period Ended 30 September 2021</u>					
At 1 January 2021	398,383	22,753	748,242	906,090	2,075,468
Foreign currency translation differences for foreign operation	-	3,191	-	-	3,191
Net losses on investments in equity instruments designated at fair value through other comprehensive income	-	-	(10,966)	-	(10,966)
Total other comprehensive income/(loss) for the period	-	3,191	(10,966)	-	(7,775)
Profit for the period	-	-	-	271,612	271,612
Total comprehensive income/(loss) for the period	-	3,191	(10,966)	271,612	263,837
Distributions to owners of the Company					
Dividends to owners of the Company	-	-	-	(290,820)	(290,820)
Total transaction with owners of the Company	-	-	-	(290,820)	(290,820)
At 30 September 2021	398,383	25,944	737,276	886,882	2,048,485

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Condensed Consolidated Statement of Changes in Equity for the Period Ended 30 September 2021 - Unaudited (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>9 Months Period Ended 30 September 2020</u>					
At 1 January 2020	398,383	23,852	697,450	852,214	1,971,899
Foreign currency translation differences for foreign operation	-	(752)	-	-	(752)
Net losses on investments in equity instruments designated at fair value through other comprehensive income	-	-	(163,738)	-	(163,738)
Total other comprehensive loss for the period	-	(752)	(163,738)	-	(164,490)
Profit for the period	-	-	-	241,496	241,496
Total comprehensive (loss)/income for the period	-	(752)	(163,738)	241,496	77,006
Distributions to owners of the Company					
Dividends to owners of the Company	-	-	-	(282,852)	(282,852)
Total transaction with owners of the Company	-	-	-	(282,852)	(282,852)
At 30 September 2020	398,383	23,100	533,712	810,858	1,766,053

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 September 2021 - Unaudited**

	Current Year To Date Ended <u>30.09.2021</u> RM'000	Preceding Year Corresponding Period Ended <u>30.09.2020</u> RM'000
Operating activities		
Profit before tax	339,384	310,298
Investment income	(91,015)	(73,154)
Net realised gains recorded in profit or loss	(3)	(1)
Net fair value losses/(gains) recorded in profit or loss	34,677	(9,237)
Share of profit of equity accounted associated company	(2,447)	(2,596)
Proceeds from disposal of financial assets carried at fair value through profit or loss	30,373	-
Purchase of financial assets carried at fair value through profit or loss	(304,462)	(483,501)
Purchase of financial assets carried at amortised cost	(14,972)	-
Maturity of financial assets carried at amortised cost	10,000	25,000
Maturity of financial assets carried at fair value through profit or loss	5,000	13,040
Interest on lease liabilities	1,229	1,387
Non-cash items:		
Depreciation of plant and equipment	2,505	2,295
Depreciation of right-of-use assets	4,965	4,951
Amortisation of intangible assets	2,532	2,252
Unrealised foreign exchange gain	(152)	(415)
Net impairment loss on insurance receivables	619	969
Changes in working capital:		
Decrease in loans and receivables	189,103	278,725
Increase in reinsurance assets	(36,778)	(189,764)
Increase in insurance receivables	(38,291)	(25,022)
Decrease in deferred acquisition costs	2,298	2,471
Increase in insurance contract liabilities	74,437	298,556
Increase in insurance payables	439	17,326
Increase in other payables	23,248	15,095
Cash generated from operating activities	<u>232,689</u>	<u>188,675</u>
Dividend income received	70,217	35,362
Interest income received	20,359	37,411
Rental income on investment property received	467	465
Interest paid	(1,229)	(1,387)
Income tax paid	<u>(57,386)</u>	<u>(54,601)</u>
Net cash flows generated from operating activities	<u>265,117</u>	<u>205,925</u>

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

	Current Year To Date Ended 30.09.2021 RM'000	Preceding Year Corresponding Period Ended 30.09.2020 RM'000
Investing activities		
Proceeds from disposal of plant and equipment	3	1
Purchase of plant and equipment	(1,320)	(1,519)
Purchase of intangible assets	(1,272)	(812)
Net cash flows used in investing activities	(2,589)	(2,330)
Financing activities		
Dividends paid to owners of the Company	(290,820)	(282,852)
Payment of lease liabilities	(4,619)	(4,405)
Net cash flows used in financing activities	(295,439)	(287,257)
Net decrease in cash and cash equivalents	(32,911)	(83,662)
Cash and cash equivalents at 1 January	150,788	186,188
Effect of movement in exchange rates	2,128	(326)
Cash and cash equivalents at 30 September	120,005	102,200

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 September 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 September 2021.

A6. DIVIDEND PAID

a) 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 was paid on 1 March 2021.

b) A first interim single tier dividend of 29.00 sen per ordinary share amounting to RM115,530,998 in respect of the financial year ending 31 December 2021 was paid on 1 September 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	← 9 Months Ended →					
	General insurance		Investment holding		Total	
	2021	2020	2021	2020	2021	2020
External revenue	1,243,666	1,179,391	45,027	19,817	1,288,693	1,199,208
Inter-segment revenue	-	-	230,000	230,000	230,000	230,000
Segment profit before tax	300,319	296,129	269,065	244,169	569,384	540,298
Segment assets	3,659,862	3,411,101	1,144,254	969,427	4,804,116	4,380,528
Segment liabilities	2,552,394	2,411,740	3,237	2,735	2,555,631	2,414,475

A7. OPERATING SEGMENTS (CONTINUED)

Business segments (continued)

i) Reconciliation of reportable segment profit:

RM'000	← 9 Months Ended →	
	<u>2021</u>	<u>2020</u>
Total profit for reportable segments	569,384	540,298
Elimination of inter-segment profit	(230,000)	(230,000)
Consolidated profit before tax	<u>339,384</u>	<u>310,298</u>

ii) Reconciliation of reportable segment assets:

RM'000	← 9 Months Ended →	
	<u>2021</u>	<u>2020</u>
Total assets for reportable segments	4,804,116	4,380,528
Elimination of inter-segment assets	(200,000)	(200,000)
Consolidated assets	<u>4,604,116</u>	<u>4,180,528</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		
30.09.2021										
Financial assets										
<i>Designated at fair value through other comprehensive income</i>										
- Quoted shares	896,598	-	-	896,598	-	-	-	-	896,598	896,598
<i>Mandatorily at fair value through profit or loss</i>										
- Unit trust	984,562	-	-	984,562	-	-	-	-	984,562	984,562
- Real estate investment trusts ("REITs")	3,224	-	-	3,224	-	-	-	-	3,224	3,224
- Exchange-traded fund ("ETF")	663	-	-	663	-	-	-	-	663	663
- Quoted shares	3,887	-	-	3,887	-	-	-	-	3,887	3,887
- Unquoted shares	-	-	1,392	1,392	-	-	-	-	1,392	1,392
- Corporate bonds and sukuk	-	132,239	-	132,239	-	-	-	-	132,239	132,239
<i>Amortised cost</i>										
- Government investment issues	-	-	-	-	-	9,954	-	9,954	9,954	9,973
- Malaysian government guaranteed loans	-	-	-	-	-	20,480	-	20,480	20,480	20,000
- Corporate bonds and sukuk	-	-	-	-	-	28,630	-	28,630	28,630	28,156
	1,888,934	132,239	1,392	2,022,565	-	59,064	-	59,064	2,081,629	2,080,694

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
	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)

Policy on transfer between levels

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

Level 1 fair value

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

Level 2 fair value

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

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the current interim period ended 30 September 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 September 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

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. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Associated Company		Companies in which a Director has substantial financial interest	
	Current Year To Date Ended	Preceding Year Corresponding Period Ended	Current Year To Date Ended	Preceding Year Corresponding Period Ended
RM'000	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Income earned:				
Premium income	562	445	36,722	34,622
Dividend income	-	-	45,768	18,273
Fixed deposits income	-	-	2,560	8,172
Corporate bonds and sukuk income	-	-	1,101	1,227
Information technology services	12	2	-	-
	<u>574</u>	<u>447</u>	<u>86,151</u>	<u>62,294</u>
Expenditure incurred:				
Rental paid	-	-	(2,494)	(2,506)
Insurance commission	(131)	(113)	(35,785)	(37,523)
Stock broking commission	-	-	-	(3)
	<u>(131)</u>	<u>(113)</u>	<u>(38,279)</u>	<u>(40,032)</u>

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

B1. REVIEW OF GROUP PERFORMANCE

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

RM'mil	Individual Period		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended			Current Year To Date Ended	Preceding Year Corresponding Period Ended		
	30.09.2021	30.09.2020	Amount	% / ppt (*)	30.09.2021	30.09.2020	Amount	% / ppt (*)
Revenue by segments								
General insurance segment	411.4	395.2	16.2	4.1%	1,243.7	1,179.4	64.3	5.5%
Gross earned premiums	395.4	376.9	18.5	4.9%	1,197.7	1,126.1	71.6	6.4%
Investment income	16.0	18.3	(2.3)	(12.6)%	46.0	53.3	(7.3)	(13.7)%
Investment holding segment								
Investment income	16.5	0.6	15.9	2650.0%	45.0	19.8	25.2	127.3%
Total revenue	427.9	395.8	32.1	8.1%	1,288.7	1,199.2	89.5	7.5%
Revenue by geographical locations								
Malaysia	404.0	371.7	32.3	8.7%	1,210.0	1,124.1	85.9	7.6%
Singapore	23.9	24.1	(0.2)	(0.8)%	78.7	75.1	3.6	4.8%
Total revenue	427.9	395.8	32.1	8.1%	1,288.7	1,199.2	89.5	7.5%
Operating profit	131.0	112.0	19.0	17.0%	338.2	309.1	29.1	9.4

(* ppt – percentage points)

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

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

	Individual Period		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended			Current Year To Date Ended	Preceding Year Corresponding Period Ended		
	30.09.2021	30.09.2020	Amount	% / ppt (*)	30.09.2021	30.09.2020	Amount	% / ppt (*)
Profit before tax by segments								
General insurance (RM'mil)	116.6	113.1	3.5	3.1%	300.3	296.1	4.2	1.4%
Investment holding (RM'mil)	14.7	(1.0)	15.7	1570.0%	39.1	14.2	24.9	175.4%
Total profit before tax	131.3	112.1	19.2	17.1%	339.4	310.3	29.1	9.4%
Profit before tax by geographical locations								
Malaysia (RM'mil)	129.0	109.8	19.2	17.5%	329.7	301.1	28.6	9.5%
Singapore (RM'mil)	1.6	1.7	(0.1)	(5.9)%	7.3	6.6	0.7	10.6%
Cambodia (RM'mil)	0.7	0.6	0.1	16.7%	2.4	2.6	(0.2)	(7.7)%
Total profit before tax	131.3	112.1	19.2	17.1%	339.4	310.3	29.1	9.4%
Profit attributable to owners of the Company (RM'mil)	105.4	86.2	19.2	22.3%	271.6	241.5	30.1	12.5%
Net return on equity (%)	5.1	4.9	-	0.2 ppt	13.3	13.7	-	(0.4) ppt
Earnings per share (sen)	26.45	21.63	4.82	22.3%	68.18	60.62	7.56	12.5%

(* ppt – percentage points)

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

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

	Individual Period		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended			Current Year To Date Ended	Preceding Year Corresponding Period Ended		
	30.09.2021	30.09.2020	Amount	% / ppt (*)	30.09.2021	30.09.2020	Amount	% / ppt (*)
General insurance gross written premiums (RM'mil)	357.9	380.6	(22.7)	(6.0)%	1,198.0	1,207.5	(9.5)	(0.8)%
General insurance net earned premiums (RM'mil)	255.9	254.2	1.7	0.7%	755.6	742.8	12.8	1.7%
General insurance underwriting profit (RM'mil)	103.9	86.3	17.6	20.4%	284.4	226.2	58.2	25.7%
General insurance claims incurred ratio (%)	33.6	39.5	-	(5.9) ppt	36.1	43.7	-	(7.6) ppt
General insurance management expenses ratio (%)	18.9	18.5	-	0.4 ppt	20.4	20.0	-	0.4 ppt
General insurance commission ratio (%)	6.9	8.0	-	(1.1) ppt	5.9	5.8	-	0.1 ppt
General insurance combined ratio (%)	59.4	66.0	-	(6.6) ppt	62.4	69.5	-	(7.1) ppt

(* ppt – percentage points)

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 3: Underwriting results of general insurance for the 3 months period ended 30 September 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	140,848	148,055	87,842	99,265	17,588	15,435	111,671	117,873	357,949	380,628
Change in unearned premiums provision	9,727	3,622	2,794	(10,155)	5,354	5,506	19,612	(2,692)	37,487	(3,719)
Gross earned premiums	<u>150,575</u>	<u>151,677</u>	<u>90,636</u>	<u>89,110</u>	<u>22,942</u>	<u>20,941</u>	<u>131,283</u>	<u>115,181</u>	<u>395,436</u>	<u>376,909</u>
Gross written premiums ceded to reinsurers	(41,131)	(39,762)	(4,155)	(4,646)	(13,692)	(11,117)	(51,945)	(55,212)	(110,923)	(110,737)
Change in unearned premiums provision	(8,564)	(8,713)	(36)	594	(5,048)	(5,162)	(15,014)	1,331	(28,662)	(11,950)
Premiums ceded to reinsurers	<u>(49,695)</u>	<u>(48,475)</u>	<u>(4,191)</u>	<u>(4,052)</u>	<u>(18,740)</u>	<u>(16,279)</u>	<u>(66,959)</u>	<u>(53,881)</u>	<u>(139,585)</u>	<u>(122,687)</u>
Net earned premiums	<u>100,880</u>	<u>103,202</u>	<u>86,445</u>	<u>85,058</u>	<u>4,202</u>	<u>4,662</u>	<u>64,324</u>	<u>61,300</u>	<u>255,851</u>	<u>254,222</u>
Net claims incurred	(12,319)	(10,748)	(48,243)	(58,432)	(704)	1,314	(24,709)	(32,616)	(85,975)	(100,482)
Commission income	11,354	10,697	404	411	1,586	1,273	12,417	10,680	25,761	23,061
Commission expense	(18,392)	(18,853)	(8,646)	(8,592)	(965)	(914)	(15,491)	(15,105)	(43,494)	(43,464)
Net commission	<u>(7,038)</u>	<u>(8,156)</u>	<u>(8,242)</u>	<u>(8,181)</u>	<u>621</u>	<u>359</u>	<u>(3,074)</u>	<u>(4,425)</u>	<u>(17,733)</u>	<u>(20,403)</u>
Total out-go	<u>(19,357)</u>	<u>(18,904)</u>	<u>(56,485)</u>	<u>(66,613)</u>	<u>(83)</u>	<u>1,673</u>	<u>(27,783)</u>	<u>(37,041)</u>	<u>(103,708)</u>	<u>(120,885)</u>
Underwriting surplus before management expenses	<u>81,523</u>	<u>84,298</u>	<u>29,960</u>	<u>18,445</u>	<u>4,119</u>	<u>6,335</u>	<u>36,541</u>	<u>24,259</u>	<u>152,143</u>	<u>133,337</u>
Management expenses of the insurance fund									(48,276)	(47,028)
Underwriting surplus after management expenses									<u>103,867</u>	<u>86,309</u>
Net claims incurred ratio (%)	12.2	10.4	55.8	68.7	16.8	(28.2)	38.4	53.2	33.6	39.5

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 3: Underwriting results of general insurance for the financial period ended 30 September 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	488,234	501,037	260,408	268,216	74,642	61,672	374,765	376,605	1,198,049	1,207,530
Change in unearned premiums provision	(24,700)	(40,675)	15,648	(3,041)	(7,394)	(787)	16,075	(36,973)	(371)	(81,476)
Gross earned premiums	<u>463,534</u>	<u>460,362</u>	<u>276,056</u>	<u>265,175</u>	<u>67,248</u>	<u>60,885</u>	<u>390,840</u>	<u>339,632</u>	<u>1,197,678</u>	<u>1,126,054</u>
Gross written premiums ceded to reinsurers	(174,741)	(176,693)	(12,194)	(12,381)	(60,583)	(49,575)	(179,925)	(179,895)	(427,443)	(418,544)
Change in unearned premiums provision	9,991	11,760	(496)	1,720	6,538	1,701	(30,683)	20,078	(14,650)	35,259
Premiums ceded to reinsurers	<u>(164,750)</u>	<u>(164,933)</u>	<u>(12,690)</u>	<u>(10,661)</u>	<u>(54,045)</u>	<u>(47,874)</u>	<u>(210,608)</u>	<u>(159,817)</u>	<u>(442,093)</u>	<u>(383,285)</u>
Net earned premiums	<u>298,784</u>	<u>295,429</u>	<u>263,366</u>	<u>254,514</u>	<u>13,203</u>	<u>13,011</u>	<u>180,232</u>	<u>179,815</u>	<u>755,585</u>	<u>742,769</u>
Net claims incurred	(36,651)	(38,883)	(156,120)	(180,810)	(4,788)	16	(75,408)	(105,123)	(272,967)	(324,800)
Commission income	34,832	43,060	1,515	1,290	6,347	4,740	42,550	37,501	85,244	86,591
Commission expense	(54,201)	(55,383)	(26,547)	(25,664)	(3,310)	(2,720)	(45,677)	(45,690)	(129,735)	(129,457)
Net commission	<u>(19,369)</u>	<u>(12,323)</u>	<u>(25,032)</u>	<u>(24,374)</u>	<u>3,037</u>	<u>2,020</u>	<u>(3,127)</u>	<u>(8,189)</u>	<u>(44,491)</u>	<u>(42,866)</u>
Total out-go	<u>(56,020)</u>	<u>(51,206)</u>	<u>(181,152)</u>	<u>(205,184)</u>	<u>(1,751)</u>	<u>2,036</u>	<u>(78,535)</u>	<u>(113,312)</u>	<u>(317,458)</u>	<u>(367,666)</u>
Underwriting surplus before management expenses	<u>242,764</u>	<u>244,223</u>	<u>82,214</u>	<u>49,330</u>	<u>11,452</u>	<u>15,047</u>	<u>101,697</u>	<u>66,503</u>	438,127	375,103
Management expenses of the insurance fund									(153,728)	(148,908)
Underwriting surplus after management expenses									<u>284,399</u>	<u>226,195</u>
Net claims incurred ratio (%)	12.3	13.2	59.3	71.0	36.3	(0.1)	41.8	58.5	36.1	43.7

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Revenue

For the quarter ended 30 September 2021, the Group's revenue increased by RM32.1 million to RM427.9 million from RM395.8 million in the third quarter of 2020, an increase of 8.1% as compared to the corresponding quarter last year. The increase was mainly driven by growth in gross earned premium of 4.9% or RM18.5 million from its general insurance segment. The investment holding segment recorded higher revenue of RM16.5 million as compared to RM0.6 million in the corresponding quarter last year mainly driven by higher dividend income received.

Revenue of the Group for the nine months period ended 30 September 2021 increased by 7.5% or RM89.5 million to RM1,288.7 million from RM1,199.2 million in the corresponding period in 2020. Of the total amount of RM1,288.7 million, RM1,243.7 million was generated from general insurance segment and RM45.0 million from investment holding segment. The growth in revenue was largely contributed by the general insurance segment, which registered an increase of 5.5% or RM64.3 million compared to RM1,179.4 million for the nine months period ended 30 September 2020. The investment holding segment recorded higher revenue of RM45.0 million as compared to RM19.8 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 third quarter of 2021 grew by 17.1% or RM19.2 million to RM131.3 million from RM112.1 million in the corresponding quarter in 2020. The growth was contributed by profit from investment holding segment, which increased by RM15.7 million to RM14.7 million from loss before tax of RM1.0 million in the third quarter of 2020 driven by higher dividend income received during the current quarter ended 30 September 2021. General insurance segment recorded higher profit before tax of RM116.6 million as compared to RM113.1 million in the corresponding quarter in 2020. Underwriting profit for the current quarter increased by 20.4% or RM17.6 million to RM103.9 million from RM86.3 million previously mainly contributed by lower net claims incurred as compared to the corresponding quarter in 2020.

Profit before tax of the Group for the nine months period ended 30 September 2021 grew by 9.4% or RM29.1 million to RM339.4 million from RM310.3 million in the corresponding period in 2020. The increase was contributed by investment holding segment, which increased by RM24.9 million to RM39.1 million as compared to RM14.2 million in the corresponding period in 2020 mainly due to higher tax-exempt dividends income received from its equity investment. General insurance segment recorded higher profit before tax of RM300.3 million as compared to RM296.1 million in the corresponding period in 2020 mainly contributed by a growth in net earned premium and lower net claims incurred.

Business operation in Malaysia contributed 98.2% of the Group's total profit before tax in the third quarter of 2021 and 97.1% for the nine months period ended 30 September 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 30.09.2021	Preceding Year Corresponding Quarter Ended 30.09.2020	Current Year To Date Ended 30.09.2021	Preceding Year Corresponding Period Ended 30.09.2020
RM'mil				
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operation	0.6	(2.2)	3.2	(0.7)
Items that will not be reclassified to profit or loss				
Net losses on investments in equity instruments designated at fair value through other comprehensive income	(8.8)	(35.2)	(11.1)	(164.8)
Income tax relating to these items	0.1	0.2	0.1	1.0
Total other comprehensive loss for the period, net of tax	(8.1)	(37.2)	(7.8)	(164.5)

The Group's total other comprehensive income for the nine months period ended 30 September 2021 recorded a net loss of RM7.8 million as compared to RM164.5 million in the corresponding period in 2020. The lower net loss was mainly due to unrealised fair value loss on its investment in quoted equities.

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 5: Review of assets and liabilities

RM'mil	As at 30.09.2021	As at 31.12.2020	Changes	
			Amount	%
Total assets	4,604.1	4,519.7	84.4	1.9
Total liabilities	2,555.6	2,444.2	111.4	4.6
Total equity	2,048.5	2,075.5	(27.0)	(1.3)

Total assets

As at 30 September 2021, the Group's total assets increased by RM84.4 million to RM4,604.1 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), growth in reinsurance assets and insurance receivables. The general insurance segment accounted for 79.5% of the Group's total assets as at 30 September 2021.

Total liabilities

As at 30 September 2021, total liabilities of the Group increased by RM111.4 million to RM2,555.6 million from RM2,444.2 million as at 31 December 2020. This mainly consists of RM76.9 million increase in insurance contract liabilities and RM23.6 million in other payables of its general insurance segment.

Total equity

The Group's total equity decreased by 1.3% or RM27.0 million to RM2,048.5 million from RM2,075.5 million as at 31 December 2020. The Group's retained earnings recorded a net decrease of RM19.2 million resulted from the payment of dividends of RM290.8 million offset by the current period's net profit of RM271.6 million. The fair value reserves decreased by RM11.0 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 RM5.12 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 30.09.2021 SGD1.00 = RM3.10	Functional Currency SGD'000	Reporting Currency RM'000
Gross earned premiums	24,364	75,527
Investment income	1,017	3,152
Total revenue	25,381	78,679
Profit before tax	2,364	7,327
Profit after tax	2,357	7,306
Total assets	69,084	214,161
Total liabilities	58,748	182,119

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

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 7: Review of statement of cash flow

RM'mil	Current Year To Date Ended 30.09.2021	Preceding Year Corresponding Period Ended 30.09.2020
Profit after tax	271.6	241.5
Net cash flows generated from operating activities	265.1	205.9
Net cash flows used in investing activities	(2.6)	(2.3)
Net cash flows used in financing activities	(295.4)	(287.3)
Net decrease in cash and cash equivalents	(32.9)	(83.7)
Cash and cash equivalents at 1 January	150.8	186.2
Effect of movement in exchange rates	2.1	(0.3)
Cash and cash equivalents at 30 September	120.0	102.2

For the nine months period ended 30 September 2021, the operating cash flow of the Group remained healthy at RM265.1 million. The ratio of cash flow from operating activities to net income was 97.6% (RM265.1 million / RM271.6 million). The ratio indicates the ability of the Group to generate sufficient positive cash flow to maintain and grow its operations. 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 RM224.5 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 is underwriting of general insurance. The Group's capital expenditure for the current financial period under review was RM2.6 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 RM76.9 million to RM2,245.0 million for the nine months period ended 30 September 2021. The Group had generated sufficient cash flow to pay dividends amounting to RM290.8 million (which consisted of RM175.3 million second interim dividend for the financial year ended 31 December 2020 and RM115.5 million first interim dividend for the financial year ending 2021) during the current financial period.

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

	Current Year Quarter Ended 30.09.2021	Immediate Preceding Quarter Ended 30.06.2021	Changes	
			Amount	% / ppt
Gross earned premiums (RM'mil)	395.4	404.7	(9.3)	(2.3)%
Investment income (RM'mil)	32.5	15.3	17.2	112.4%
Total revenue (RM'mil)	427.9	420.0	7.9	1.9%
Operating profit (RM'mil)	131.0	109.8	21.2	19.3%
Profit before tax (RM'mil)	131.3	109.9	21.4	19.5%
Profit attributable to owners of the Company (RM'mil)	105.4	83.9	21.5	25.6%
Net return on equity (%)	5.1	4.1	-	1.0 ppt
Earnings per share (sen)	26.45	21.07	5.38	25.5%
General insurance gross written premiums (RM'mil)	357.9	369.4	(11.5)	(3.1)%
General insurance net earned premiums (RM'mil)	255.9	247.2	8.7	3.5%
General insurance underwriting profit (RM'mil)	103.9	88.4	15.5	17.5%
General insurance claims incurred ratio (%)	33.6	35.8	-	(2.2) ppt
General insurance management expenses ratio (%)	18.9	22.5	-	(3.6) ppt
General insurance commission ratio (%)	6.9	6.0	-	0.9 ppt
General insurance combined ratio (%)	59.4	64.3	-	(4.9) ppt

For the third quarter ended 30 September 2021, the Group recorded a higher profit before tax of RM131.3 million as compared to RM109.9 million in the preceding quarter ended 30 June 2021. The increase in the profit before tax for the said quarter was mainly contributed by the better underwriting experience and higher investment income received.

B3. CURRENT YEAR PROSPECTS

- a) The rollout of the 12th Malaysia Plan (12MP) by the Government will chart the course of growth for the country amid the COVID-19 crisis. The 12MP is a major agenda for national recovery from the challenges of the pandemic and is aimed at steering the nation towards sustainable growth in the post COVID-19 period. Lonpac will continue to demonstrate the value of insurance to its clients and the community it operates in and its investment in digitalization will help to accelerate the access to a wider segment of the market. Despite the prolonged recovery period from COVID-19, we are confident of the growth prospects of the insurance industry.
- b) Commentary on the Company's progress to achieve the financial estimate, forecast, projection or internal targets in the remaining period to the end of the financial year and the forecast period which was previously announced or disclosed in a public document and steps taken or proposed to be taken to achieve the financial estimate, forecast, projection or internal targets. – Not Applicable.

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

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

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

- a) Any variance of actual profit after tax and minority interest and the profit after tax and minority interest stated in the financial estimate, forecast or projection (where the variance exceeds 10%). – Not Applicable.
- b) Any shortfall in the profit guarantee received by the Company and steps to recover the shortfall. – Not Applicable.

B6. TAXATION

RM'000	Individual Period		Cumulative Period	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year To Date Ended	Preceding Year Corresponding Period Ended
	<u>30.09.2021</u>	<u>30.09.2020</u>	<u>30.09.2021</u>	<u>30.09.2020</u>
Profit before tax	131,338	112,085	339,384	310,298
Income tax:				
Current tax charge	27,139	24,421	76,305	66,760
Deferred taxation	(1,184)	1,486	(8,533)	2,042
Total tax expense	<u>25,955</u>	<u>25,907</u>	<u>67,772</u>	<u>68,802</u>
Effective tax rate on current tax charge	20%	23%	20%	22%

The effective tax rate on the current tax charge of the Group for the current quarter and financial period ended 30 September 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 7 October 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 September 2021.

B9. DISCLOSURE OF DERIVATIVES

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

B11. CHANGES IN MATERIAL LITIGATION

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

B12. DIVIDEND

The total dividend declared and paid for the nine (9) months ended 30 September 2021 was 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	Preceding Year Corresponding Quarter Ended	Current Year To Date Ended	Preceding Year Corresponding Period Ended
	<u>30.09.2021</u>	<u>30.09.2020</u>	<u>30.09.2021</u>	<u>30.09.2020</u>
Profit after tax (RM'000)	105,383	86,178	271,612	241,496
Weighted average no. of ordinary shares in issue ('000)	398,383	398,383	398,383	398,383
Basic earnings per share (sen)	26.45	21.63	68.18	60.62

b) Diluted earnings per share. – Not Applicable.

B14. PROFIT FOR THE PERIOD

	Individual Period		Cumulative Period	
	Current Year Quarter Ended <u>30.09.2021</u> RM'000	Preceding Year Corresponding Quarter Ended <u>30.09.2020</u> RM'000	Current Year To Date Ended <u>30.09.2021</u> RM'000	Preceding Year Corresponding Period Ended <u>30.09.2020</u> RM'000
Profit for the period is arrived at after charging:				
Finance costs	384	451	1,229	1,387
Depreciation of plant and equipment (NI)	822	771	2,505	2,295
Depreciation of right-of-use assets (NI)	1,656	1,642	4,965	4,951
Amortisation of intangible assets (NI)	848	808	2,532	2,252
Net impairment loss on insurance receivables	-	-	619	969
and after crediting:				
Interest income (N2)	6,447	10,117	20,331	37,327
Dividend income (N2)	25,829	8,576	70,217	35,362
Rental income (N2)	202	153	467	465
Net reversal of impairment loss on insurance receivables	323	495	-	-
Net reversal of impairment loss on investments carried at amortised cost	-	1	-	-
Net foreign exchange gain (NI)	33	37	187	454

B14. PROFIT FOR THE PERIOD (CONTINUED)

Other than the items above which have been included in the Condensed Consolidated Statement of Profit or Loss, there were no impairment of assets, gain or loss on derivatives and exceptional items for the current financial period ended 30 September 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
30.09.2021						
Insurance receivables	13,622	8,949	1,434	-	-	24,005
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

	30.09.2021				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	-	65	554	619	1	(97)	684	588
Effect of movement in exchange rates	-	-	1	1	-	-	-	-
As at 30 September 2021 / 31 December 2020	5	116	3,141	3,262	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.