

LPI CAPITAL BHD
Condensed Consolidated Statement of Profit or Loss for the Quarter Ended 31 December 2021 - Audited

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 31.12.2021 RM'000	Preceding Year Corresponding Quarter Ended 31.12.2020 RM'000	Current Year To Date Ended 31.12.2021 RM'000	Preceding Year Corresponding Period Ended 31.12.2020 RM'000
Operating revenue	429,041	422,384	1,717,734	1,621,592
Gross written premiums	362,988	343,095	1,561,037	1,550,625
Change in unearned premiums provision	51,376	61,915	51,005	(19,561)
Gross earned premiums	414,364	405,010	1,612,042	1,531,064
Gross written premiums ceded to reinsurers	(124,205)	(100,994)	(551,648)	(519,538)
Change in unearned premiums provision	(33,862)	(31,022)	(48,512)	4,237
Premiums ceded to reinsurers	(158,067)	(132,016)	(600,160)	(515,301)
Net earned premiums	256,297	272,994	1,011,882	1,015,763
Investment income	14,677	17,374	105,692	90,528
Realised gains	-	2	3	3
Fair value gains	7	808	418	2,230
Commission income	27,632	26,029	112,876	112,620
Net reversal of impairment loss on insurance receivables	527	382	-	-
Other operating income	847	1,972	2,703	6,340
Other income	43,690	46,567	221,692	211,721
Gross claims paid	(135,127)	(150,432)	(540,991)	(528,326)
Claims ceded to reinsurers	44,938	51,507	200,473	167,176
Gross change in claims liabilities	(254,919)	(124,686)	(328,984)	(341,767)
Change in claims liabilities ceded to reinsurers	248,406	129,572	299,833	284,078
Net claims incurred	(96,702)	(94,039)	(369,669)	(418,839)
Fair value losses	(11,416)	(8,543)	(46,504)	(728)
Commission expense	(44,949)	(45,413)	(174,684)	(174,870)
Management expenses	(48,946)	(48,246)	(206,453)	(200,051)
Net impairment loss on insurance receivables	-	-	(92)	(587)
Net impairment loss on investments carried at amortised cost	(1)	(1)	(1)	(1)
Other operating expense	-	-	(32)	-
Other expenses	(105,312)	(102,203)	(427,766)	(376,237)
Operating profit	97,973	123,319	436,139	432,408
Finance cost	(343)	(443)	(1,572)	(1,830)
Share of profit after tax of equity accounted associated company	302	391	2,749	2,987
Profit before tax	97,932	123,267	437,316	433,565
Tax expense	(24,865)	(28,035)	(92,637)	(96,837)
Profit for the year	73,067	95,232	344,679	336,728
Profit attributable to:				
Owners of the Company	73,067	95,232	344,679	336,728
Earnings per ordinary share (sen)				
- Basic	18.34	23.90	86.52	84.52
- Diluted	N/A	N/A	N/A	N/A

N/A - *Not Applicable.*

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

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Quarter Ended 31 December 2021 - Audited

	Individual Period		Cumulative Period	
	Current Year Quarter Ended <u>31.12.2021</u> RM'000	Preceding Year Corresponding Quarter Ended <u>31.12.2020</u> RM'000	Current Year To Date Ended <u>31.12.2021</u> RM'000	Preceding Year Corresponding Period Ended <u>31.12.2020</u> RM'000
Profit for the year	73,067	95,232	344,679	336,728
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operation	(235)	(347)	2,956	(1,099)
Items that will not be reclassified to profit or loss				
Net gains on investments in equity instruments designated at fair value through other comprehensive income	19,838	215,876	8,762	51,121
Income tax relating to these items	(133)	(1,346)	(23)	(329)
Total other comprehensive income for the year, net of tax	19,470	214,183	11,695	49,693
Total comprehensive income for the year attributable to owners of the Company	92,537	309,415	356,374	386,421

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

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Condensed Consolidated Statement of Financial Position As At 31 December 2021 - Audited

	As At <u>31.12.2021</u>	As At <u>31.12.2020</u>
	RM'000	RM'000
Assets		
Plant and equipment	4,717	6,423
Right-of-use assets	47,821	42,227
Investment properties	27,316	27,572
Intangible assets	8,401	8,950
Investment in an associated company	39,446	35,321
Other investments	2,169,029	1,851,962
Fair value through other comprehensive income	916,424	907,613
Fair value through profit or loss	1,137,794	891,405
Amortised cost	114,811	52,944
Deferred tax assets	7,061	-
Reinsurance assets	1,271,952	1,020,006
Loans and receivables, excluding insurance receivables	1,007,396	1,169,054
Insurance receivables	178,160	163,647
Deferred acquisition costs	45,605	43,756
Cash and cash equivalents	87,900	150,788
Total assets	<u>4,894,804</u>	<u>4,519,706</u>
Equity		
Share capital	398,383	398,383
Reserves	1,742,639	1,677,085
Total equity	<u>2,141,022</u>	<u>2,075,468</u>
Liabilities		
Insurance contract liabilities	2,448,068	2,168,123
Deferred tax liabilities	-	3,905
Lease liabilities	49,630	43,571
Insurance payables	120,630	100,457
Other payables	110,573	103,302
Current tax payables	24,881	24,880
Total liabilities	<u>2,753,782</u>	<u>2,444,238</u>
Total equity and liabilities	<u>4,894,804</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 Year Ended 31 December 2021 - Audited

	← Non-distributable	→	Distributable		
	Share capital RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000
<u>12 Months Year Ended 31 December 2021</u>					
At 1 January 2021	398,383	22,753	748,242	906,090	2,075,468
Foreign currency translation differences for foreign operation	-	2,956	-	-	2,956
Net gains on investments in equity instruments designated at fair value through other comprehensive income	-	-	8,739	-	8,739
Total other comprehensive income for the year	-	2,956	8,739	-	11,695
Profit for the year	-	-	-	344,679	344,679
Total comprehensive income for the year	-	2,956	8,739	344,679	356,374
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 31 December 2021	398,383	25,709	756,981	959,949	2,141,022

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Condensed Consolidated Statement of Changes in Equity for the Year Ended 31 December 2021 - Audited (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
<u>12 Months Year Ended 31 December 2020</u>					
At 1 January 2020	398,383	23,852	697,450	852,214	1,971,899
Foreign currency translation differences for foreign operation	-	(1,099)	-	-	(1,099)
Net gains on investments in equity instruments designated at fair value through other comprehensive income	-	-	50,792	-	50,792
Total other comprehensive (loss)/income for the year	-	(1,099)	50,792	-	49,693
Profit for the year	-	-	-	336,728	336,728
Total comprehensive (loss)/income for the year	-	(1,099)	50,792	336,728	386,421
Distributions to owners of the Company					
Dividends to owners of the Company	-	-	-	(282,852)	(282,852)
Total transaction with owners of the Company	-	-	-	(282,852)	(282,852)
At 31 December 2020	398,383	22,753	748,242	906,090	2,075,468

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 Year Ended 31 December 2021 - Audited**

	Current Year To Date Ended <u>31.12.2021</u> RM'000	Preceding Year Corresponding Period Ended <u>31.12.2020</u> RM'000
Operating activities		
Profit before tax	437,316	433,565
Investment income	(105,692)	(90,528)
Net realised gains recorded in profit or loss	(3)	(3)
Net fair value losses/(gains) recorded in profit or loss	46,086	(1,502)
Share of profit of equity accounted associated company	(2,749)	(2,987)
Proceeds from disposal of financial assets carried at fair value through profit or loss	30,371	-
Purchase of financial assets carried at fair value through profit or loss	(327,122)	(582,140)
Purchase of financial assets carried at amortised cost	(76,728)	(5,000)
Maturity of financial assets carried at amortised cost	15,000	35,000
Maturity of financial assets carried at fair value through profit or loss	5,000	18,050
Interest on lease liabilities	1,572	1,830
Non-cash items:		
Depreciation of plant and equipment	3,222	3,054
Depreciation of right-of-use assets	6,654	6,606
Amortisation of intangible assets	3,398	3,086
Bad debts written off	539	3
Unrealised foreign exchange gain	(311)	(431)
Net impairment loss on insurance receivables	92	587
Net impairment loss on investments carried at amortised cost	1	1
Changes in working capital:		
Decrease in loans and receivables	162,454	370,734
Increase in reinsurance assets	(251,320)	(288,315)
Increase in insurance receivables	(14,985)	(14,508)
(Increase)/Decrease in deferred acquisition costs	(1,827)	114
Increase in insurance contract liabilities	277,979	361,328
Increase in insurance payables	20,091	7,174
Increase in other payables	6,997	2,866
Cash generated from operating activities	236,035	258,584
Dividend income received	77,906	43,842
Interest income received	27,186	46,015
Rental income on investment property received	665	764
Interest paid	(1,572)	(1,830)
Income tax refunded	-	3,881
Income tax paid	(103,640)	(93,992)
Net cash flows generated from operating activities	236,580	257,264

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Condensed Consolidated Statement of Cash Flow for the Year Ended 31 December 2021 - Audited (continued)

	Current Year To Date Ended 31.12.2021 RM'000	Preceding Year Corresponding Period Ended 31.12.2020 RM'000
Investing activities		
Proceeds from disposal of plant and equipment	3	3
Purchase of plant and equipment	(1,505)	(2,449)
Purchase of intangible assets	(2,845)	(1,523)
Net cash flows used in investing activities	(4,347)	(3,969)
Financing activities		
Dividends paid to owners of the Company	(290,820)	(282,852)
Payment of lease liabilities	(6,192)	(5,905)
Net cash flows used in financing activities	(297,012)	(288,757)
Net decrease in cash and cash equivalents	(64,779)	(35,462)
Cash and cash equivalents at 1 January	150,788	186,188
Effect of movement in exchange rates	1,891	62
Cash and cash equivalents at 31 December	87,900	150,788

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

MFRSs/Interpretations/Amendments	Effective date
Amendment to MFRS 16, <i>Leases – COVID-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 2021
Amendments to MFRS 1, <i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)</i>	1 January 2022
Amendments to MFRS 3, <i>Business Combinations – Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 9, <i>Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)</i>	1 January 2022
Amendments to Illustrative Examples accompanying MFRS 16, <i>Leases (Annual Improvements to MFRS Standards 2018–2020)</i>	1 January 2022
Amendments to MFRS 116, <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137, <i>Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 141, <i>Agriculture (Annual Improvements to MFRS Standards 2018–2020)</i>	1 January 2022

A1. BASIS OF PREPARATION (CONTINUED)

MFRSs/Interpretations/Amendments	Effective date
MFRS 17, <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 101, <i>Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108, <i>Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112, <i>Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 17, <i>Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information</i>	1 January 2023
Amendments to MFRS 10, <i>Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Yet to be confirmed

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

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

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

MFRS 17, Insurance Contracts

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

A2. COMMENTS ON SEASONALITY OR CYCLICALITY

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

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

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

There were no items affecting assets, liabilities, equity, net income, or cash flows which are unusual because of their nature, size, or incidence in the current financial year ended 31 December 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 financial year ended 31 December 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 ended 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	← 12 Months Ended →					
	General insurance		Investment holding		Total	
	2021	2020	2021	2020	2021	2020
External revenue	1,672,286	1,601,267	45,448	20,325	1,717,734	1,621,592
Inter-segment revenue	-	-	230,000	230,000	230,000	230,000
Segment profit before tax	399,722	420,582	267,594	242,983	667,316	663,565
Segment assets	3,933,989	3,543,980	1,160,815	1,175,726	5,094,804	4,719,706
Segment liabilities	2,751,549	2,442,253	2,233	1,985	2,753,782	2,444,238

A7. OPERATING SEGMENTS (CONTINUED)

Business segments (continued)

i) Reconciliation of reportable segment profit:

RM'000	← 12 Months Ended →	
	<u>2021</u>	<u>2020</u>
Total profit for reportable segments	667,316	663,565
Elimination of inter-segment profit	(230,000)	(230,000)
Consolidated profit before tax	<u>437,316</u>	<u>433,565</u>

ii) Reconciliation of reportable segment assets:

RM'000	← 12 Months Ended →	
	<u>2021</u>	<u>2020</u>
Total assets for reportable segments	5,094,804	4,719,706
Elimination of inter-segment assets	(200,000)	(200,000)
Consolidated assets	<u>4,894,804</u>	<u>4,519,706</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		
31.12.2021										
Financial assets										
<i>Designated at fair value through other comprehensive income</i>										
- Quoted shares	916,424	-	-	916,424	-	-	-	-	916,424	916,424
<i>Mandatorily at fair value through profit or loss</i>										
- Unit trust	982,477	-	-	982,477	-	-	-	-	982,477	982,477
- Real estate investment trusts ("REITs")	3,211	-	-	3,211	-	-	-	-	3,211	3,211
- Exchange-traded fund ("ETF")	668	-	-	668	-	-	-	-	668	668
- Quoted shares	3,791	-	-	3,791	-	-	-	-	3,791	3,791
- Unquoted shares	-	-	1,392	1,392	-	-	-	-	1,392	1,392
- Corporate bonds and sukuk	-	146,255	-	146,255	-	-	-	-	146,255	146,255
<i>Amortised cost</i>										
- Malaysian government securities	-	-	-	-	-	15,366	-	15,366	15,366	15,358
- Government investment issues	-	-	-	-	-	19,788	-	19,788	19,788	19,817
- Malaysian government guaranteed loans	-	-	-	-	-	50,298	-	50,298	50,298	50,000
- Corporate bonds and sukuk	-	-	-	-	-	29,760	-	29,760	29,760	29,636
	1,906,571	146,255	1,392	2,054,218	-	115,212	-	115,212	2,169,430	2,169,029

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 financial year ended 31 December 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 31 December	<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 2021	Preceding Year Corresponding Period Ended 2020	Current Year To Date Ended 2021	Preceding Year Corresponding Period Ended 2020
Income earned:				
Premium income	585	476	38,915	36,550
Dividend income	-	-	46,076	18,714
Fixed deposits income	-	-	3,157	9,239
Corporate bonds and sukuk income	-	-	1,459	1,639
Information technology services	12	2	-	-
	<u>597</u>	<u>478</u>	<u>89,607</u>	<u>66,142</u>
Expenditure incurred:				
Rental paid	-	-	(3,382)	(3,341)
Insurance commission	(135)	(119)	(47,637)	(49,022)
Stock broking commission	-	-	-	(3)
	<u>(135)</u>	<u>(119)</u>	<u>(51,019)</u>	<u>(52,366)</u>

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

B1. REVIEW OF GROUP PERFORMANCE

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

RM'mil	Individual Period		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended			Current Year To Date Ended	Preceding Year Corresponding Period Ended		
	31.12.2021	31.12.2020	Amount	% / ppt (*)	31.12.2021	31.12.2020	Amount	% / ppt (*)
Revenue by segments								
General insurance segment	428.6	421.9	6.7	1.6%	1,672.3	1,601.3	71.0	4.4%
Gross earned premiums	414.3	405.0	9.3	2.3%	1,612.0	1,531.1	80.9	5.3%
Investment income	14.3	16.9	(2.6)	(15.4)%	60.3	70.2	(9.9)	(14.1)%
Investment holding segment								
Investment income	0.4	0.5	(0.1)	(20.0)%	45.4	20.3	25.1	123.6%
Total revenue	429.0	422.4	6.6	1.6%	1,717.7	1,621.6	96.1	5.9%
Revenue by geographical locations								
Malaysia	401.9	396.5	5.4	1.4%	1,611.9	1,520.6	91.3	6.0%
Singapore	27.1	25.9	1.2	4.6%	105.8	101.0	4.8	4.8%
Total revenue	429.0	422.4	6.6	1.6%	1,717.7	1,621.6	96.1	5.9%
Operating profit	98.0	123.3	(25.3)	(20.5)%	436.1	432.4	3.7	0.9%

(* ppt – percentage points)

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

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

	Individual Period		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended			Current Year To Date Ended	Preceding Year Corresponding Period Ended		
	31.12.2021	31.12.2020	Amount	% / ppt (*)	31.12.2021	31.12.2020	Amount	% / ppt (*)
Profit before tax by segments								
General insurance (RM'mil)	99.4	124.5	(25.1)	(20.2)%	399.7	420.6	(20.9)	(5.0)%
Investment holding (RM'mil)	(1.5)	(1.2)	(0.3)	(25.0)%	37.6	13.0	24.6	189.2%
Total profit before tax	97.9	123.3	(25.4)	(20.6)%	437.3	433.6	3.7	0.9%
Profit before tax by geographical locations								
Malaysia (RM'mil)	97.9	121.0	(23.1)	(19.1)%	427.6	422.1	5.5	1.3%
Singapore (RM'mil)	(0.3)	1.9	(2.2)	(115.8)%	7.0	8.5	(1.5)	(17.6)%
Cambodia (RM'mil)	0.3	0.4	(0.1)	(25.0)%	2.7	3.0	(0.3)	(10.0)%
Total profit before tax	97.9	123.3	(25.4)	(20.6)%	437.3	433.6	3.7	0.9%
Profit attributable to owners of the Company (RM'mil)	73.1	95.2	(22.1)	(23.2)%	344.7	336.7	8.0	2.4%
Net return on equity (%)	3.4	4.6	-	(1.2) ppt	16.1	16.2	-	(0.1) ppt
Earnings per share (sen)	18.34	23.90	(5.56)	(23.3)%	86.52	84.52	2.00	2.4%

(* ppt – percentage points)

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

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

	Individual Period		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended			Current Year To Date Ended	Preceding Year Corresponding Period Ended		
	31.12.2021	31.12.2020	Amount	% / ppt (*)	31.12.2021	31.12.2020	Amount	% / ppt (*)
General insurance gross written premiums (RM'mil)	363.0	343.1	19.9	5.8%	1,561.0	1,550.6	10.4	0.7%
General insurance net earned premiums (RM'mil)	256.3	273.0	(16.7)	(6.1)%	1,011.9	1,015.8	(3.9)	(0.4)%
General insurance underwriting profit (RM'mil)	95.3	112.7	(17.4)	(15.4)%	379.7	338.9	40.8	12.0%
General insurance claims incurred ratio (%)	37.7	34.4	-	3.3 ppt	36.5	41.2	-	(4.7) ppt
General insurance management expenses ratio (%)	18.3	17.2	-	1.1 ppt	19.8	19.3	-	0.5 ppt
General insurance commission ratio (%)	6.8	7.1	-	(0.3) ppt	6.1	6.1	-	-
General insurance combined ratio (%)	62.8	58.7	-	4.1 ppt	62.5	66.6	-	(4.1) ppt

(* ppt – percentage points)

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 3: Underwriting results of general insurance for the 3 months period ended 31 December 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	142,761	135,728	96,196	100,353	20,932	19,796	103,099	87,218	362,988	343,095
Change in unearned premiums provision	21,821	34,633	(5,663)	(8,975)	6,081	2,686	29,137	33,571	51,376	61,915
Gross earned premiums	164,582	170,361	90,533	91,378	27,013	22,482	132,236	120,789	414,364	405,010
Gross written premiums ceded to reinsurers	(53,953)	(43,034)	(4,640)	(4,526)	(16,314)	(15,224)	(49,298)	(38,210)	(124,205)	(100,994)
Change in unearned premiums provision	(5,627)	(7,257)	287	365	(6,224)	(3,256)	(22,298)	(20,874)	(33,862)	(31,022)
Premiums ceded to reinsurers	(59,580)	(50,291)	(4,353)	(4,161)	(22,538)	(18,480)	(71,596)	(59,084)	(158,067)	(132,016)
Net earned premiums	105,002	120,070	86,180	87,217	4,475	4,002	60,640	61,705	256,297	272,994
Net claims incurred	(14,900)	(12,543)	(56,226)	(53,147)	(1,202)	(4,120)	(24,374)	(24,229)	(96,702)	(94,039)
Commission income	12,185	11,492	411	420	2,027	1,702	13,009	12,415	27,632	26,029
Commission expense	(18,294)	(18,776)	(8,680)	(8,882)	(1,211)	(1,133)	(16,764)	(16,622)	(44,949)	(45,413)
Net commission	(6,109)	(7,284)	(8,269)	(8,462)	816	569	(3,755)	(4,207)	(17,317)	(19,384)
Total out-go	(21,009)	(19,827)	(64,495)	(61,609)	(386)	(3,551)	(28,129)	(28,436)	(114,019)	(113,423)
Underwriting surplus before management expenses	83,993	100,243	21,685	25,608	4,089	451	32,511	33,269	142,278	159,571
Management expenses of the insurance fund									(46,983)	(46,864)
Underwriting surplus after management expenses									95,295	112,707
Net claims incurred ratio (%)	14.2	10.4	65.2	60.9	26.9	102.9	40.2	39.3	37.7	34.4

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 3: Underwriting results of general insurance for the financial year ended 31 December 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	630,995	636,765	356,604	368,569	95,574	81,468	477,864	463,823	1,561,037	1,550,625
Change in unearned premiums provision	(2,879)	(6,042)	9,985	(12,016)	(1,313)	1,899	45,212	(3,402)	51,005	(19,561)
Gross earned premiums	<u>628,116</u>	<u>630,723</u>	<u>366,589</u>	<u>356,553</u>	<u>94,261</u>	<u>83,367</u>	<u>523,076</u>	<u>460,421</u>	<u>1,612,042</u>	<u>1,531,064</u>
Gross written premiums ceded to reinsurers	(228,694)	(219,727)	(16,834)	(16,907)	(76,897)	(64,799)	(229,223)	(218,105)	(551,648)	(519,538)
Change in unearned premiums provision	4,364	4,503	(209)	2,085	314	(1,555)	(52,981)	(796)	(48,512)	4,237
Premiums ceded to reinsurers	<u>(224,330)</u>	<u>(215,224)</u>	<u>(17,043)</u>	<u>(14,822)</u>	<u>(76,583)</u>	<u>(66,354)</u>	<u>(282,204)</u>	<u>(218,901)</u>	<u>(600,160)</u>	<u>(515,301)</u>
Net earned premiums	<u>403,786</u>	<u>415,499</u>	<u>349,546</u>	<u>341,731</u>	<u>17,678</u>	<u>17,013</u>	<u>240,872</u>	<u>241,520</u>	<u>1,011,882</u>	<u>1,015,763</u>
Net claims incurred	(51,551)	(51,426)	(212,346)	(233,957)	(5,990)	(4,104)	(99,782)	(129,352)	(369,669)	(418,839)
Commission income	47,017	54,552	1,926	1,710	8,374	6,442	55,559	49,916	112,876	112,620
Commission expense	(72,495)	(74,159)	(35,227)	(34,546)	(4,521)	(3,853)	(62,441)	(62,312)	(174,684)	(174,870)
Net commission	<u>(25,478)</u>	<u>(19,607)</u>	<u>(33,301)</u>	<u>(32,836)</u>	<u>3,853</u>	<u>2,589</u>	<u>(6,882)</u>	<u>(12,396)</u>	<u>(61,808)</u>	<u>(62,250)</u>
Total out-go	<u>(77,029)</u>	<u>(71,033)</u>	<u>(245,647)</u>	<u>(266,793)</u>	<u>(2,137)</u>	<u>(1,515)</u>	<u>(106,664)</u>	<u>(141,748)</u>	<u>(431,477)</u>	<u>(481,089)</u>
Underwriting surplus before management expenses	<u>326,757</u>	<u>344,466</u>	<u>103,899</u>	<u>74,938</u>	<u>15,541</u>	<u>15,498</u>	<u>134,208</u>	<u>99,772</u>	<u>580,405</u>	<u>534,674</u>
Management expenses of the insurance fund									(200,711)	(195,772)
Underwriting surplus after management expenses									<u>379,694</u>	<u>338,902</u>
Net claims incurred ratio (%)	12.8	12.4	60.7	68.5	33.9	24.1	41.4	53.6	36.5	41.2

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Revenue

For the quarter ended 31 December 2021, the Group's revenue grew by RM6.6 million to RM429.0 million from RM422.4 million in the fourth quarter of 2020, an increase of 1.6% as compared to the corresponding quarter last year. The increase was mainly driven by growth in gross earned premiums of 2.3% or RM9.3 million from its general insurance segment.

For the financial year ended 31 December 2021, the Group's revenue grew by 5.9% or RM96.1 million to RM1,717.7 million from RM1,621.6 million in the preceding financial year. RM1,672.3 million of the Group's revenue was generated from general insurance segment while RM45.4 million was generated from investment holding segment. The growth in revenue was largely contributed by the general insurance segment, which registered an increase of 4.4% to RM1,672.3 million compared to RM1,601.3 million in 2020. The investment holding segment recorded higher revenue of RM45.4 million as compared to RM20.3 million in 2020 mainly due to higher dividend income received during the current financial year.

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Profit Before Tax

Profit before tax of the Group for the fourth quarter of 2021 decreased by 20.6% to RM97.9 million from RM123.3 million in the corresponding quarter in 2020. The decrease mainly came from general insurance segment, which decreased by 20.2% or RM25.1 million to RM99.4 million from RM124.5 million in the fourth quarter of 2020. Underwriting profit for the current quarter decreased by 15.4% to RM95.3 million from RM112.7 million previously, mainly due to higher net claims incurred and the decline in net earned premiums as compared to corresponding quarter in 2020. The investment holding segment recorded higher loss before tax of RM1.5 million as compared to RM1.2 million in the corresponding quarter in 2020 mainly due to lower interest income received and higher management expenses during the current quarter.

Profit before tax of the Group for the current financial year under review grew by 0.9% or RM3.7 million to RM437.3 million from RM433.6 million in the preceding financial year. The increase was contributed by investment holding segment, which increased by RM24.6 million to RM37.6 million as compared to RM13.0 million in the year ended 31 December 2020 mainly due to higher tax-exempt dividends income received from its equity investment. Despite its underwriting surplus increased by 12.0% to RM379.7 million from RM338.9 million reported in the financial year 2020, the general insurance segment reported net fair value losses of RM46.1 million in its investments as compared to RM1.5 million net fair value gains registered in the year ended 31 December 2020. As a result, its profit before tax from general insurance segment was affected by this provision and closed 5.0% lower at RM399.7 million for the current financial year under review from RM420.6 million achieved in the last year.

Business operation in Malaysia contributed 100.0% of the Group's total profit before tax in the fourth quarter of 2021 and 97.8% for the current financial year.

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

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

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 31.12.2021	Preceding Year Corresponding Quarter Ended 31.12.2020	Current Year To Date Ended 31.12.2021	Preceding Year Corresponding Period Ended 31.12.2020
RM'mil				
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operation	(0.2)	(0.3)	3.0	(1.1)
Items that will not be reclassified to profit or loss				
Net gains on investments in equity instruments designated at fair value through other comprehensive income	19.8	215.9	8.7	51.1
Income tax relating to these items	(0.1)	(1.4)	-	(0.3)
Total other comprehensive income for the year, net of tax	19.5	214.2	11.7	49.7

The Group's total other comprehensive income for the year ended 31 December 2021 recorded a net gain of RM11.7 million as compared to RM49.7 million in the financial year 2020. The net gain recorded was mainly due to unrealised fair value gain on its investment in quoted equities.

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 5: Review of assets and liabilities

RM'mil	As at 31.12.2021	As at 31.12.2020	Changes	
			Amount	%
Total assets	4,894.8	4,519.7	375.1	8.3
Total liabilities	2,753.8	2,444.2	309.6	12.7
Total equity	2,141.0	2,075.5	65.5	3.2

Total assets

As at 31 December 2021, the Group's total assets increased by RM375.1 million to RM4,894.8 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 80.4% of the Group's total assets as at 31 December 2021.

Total liabilities

As at 31 December 2021, total liabilities of the Group increased by RM309.6 million to RM2,753.8 million from RM2,444.2 million as at 31 December 2020. This mainly consists of RM280.0 million increase in insurance contract liabilities and RM20.1 million in insurance payables of its general insurance segment.

Total equity

The Group's total equity increased by 3.2% or RM65.5 million to RM2,141.0 million from RM2,075.5 million as at 31 December 2020. The Group's retained earnings recorded a net increase of RM53.9 million after the payment of dividends of RM290.8 million from the current year's net profit of RM344.7 million. The fair value reserves increased by RM8.7 million due to the higher market value of quoted equity investment designated as fair value through other comprehensive income. Therefore, net tangible asset per share also increased to RM5.35 from RM5.19 as at 31 December 2021.

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

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

Exchange rate as at 31.12.2021 SGD1.00 = RM3.09	Functional Currency SGD'000	Reporting Currency RM'000
Gross earned premiums	33,049	102,122
Investment income	1,196	3,697
Total revenue	34,245	105,819
Profit before tax	2,279	7,042
Profit after tax	1,854	5,729
Total assets	71,308	220,342
Total liabilities	61,323	189,487

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

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 7: Review of statement of cash flow

RM'mil	Current Year To Date Ended 31.12.2021	Preceding Year Corresponding Period Ended 31.12.2020
Profit after tax	344.7	336.7
Net cash flows generated from operating activities	236.6	257.3
Net cash flows used in investing activities	(4.4)	(4.0)
Net cash flows used in financing activities	(297.0)	(288.8)
Net decrease in cash and cash equivalents	(64.8)	(35.5)
Cash and cash equivalents at 1 January	150.8	186.2
Effect of movement in exchange rates	1.9	0.1
Cash and cash equivalents at 31 December	87.9	150.8

For the year ended 31 December 2021, the operating cash flow of the Group remained healthy at RM236.6 million. The ratio of cash flow from operating activities to net income was 68.6% (RM236.6 million / RM344.7 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 year under review, the Group has increased its investment in unit trusts by RM232.1 million and fixed income securities by RM121.7 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 year under review was RM4.4 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 RM280.0 million to RM2,448.1 million for the year ended 31 December 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 ended 2021) during the current financial year.

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

	Current Year Quarter Ended 31.12.2021	Immediate Preceding Quarter Ended 30.09.2021	Changes	
			Amount	% / ppt
Gross earned premiums (RM'mil)	414.3	395.4	18.9	4.8%
Investment income (RM'mil)	14.7	32.5	(17.8)	(54.8)%
Total revenue (RM'mil)	429.0	427.9	1.1	0.3%
Operating profit (RM'mil)	98.0	131.0	(33.0)	(25.2)%
Profit before tax (RM'mil)	97.9	131.3	(33.4)	(25.4)%
Profit attributable to owners of the Company (RM'mil)	73.1	105.4	(32.3)	(30.6)%
Net return on equity (%)	3.4	5.1	-	(1.7) ppt
Earnings per share (sen)	18.34	26.45	(8.11)	(30.7)%
General insurance gross written premiums (RM'mil)	363.0	357.9	5.1	1.4%
General insurance net earned premiums (RM'mil)	256.3	255.9	0.4	0.2%
General insurance underwriting profit (RM'mil)	95.3	103.9	(8.6)	(8.3)%
General insurance claims incurred ratio (%)	37.7	33.6	-	4.1 ppt
General insurance management expenses ratio (%)	18.3	18.9	-	(0.6) ppt
General insurance commission ratio (%)	6.8	6.9	-	(0.1) ppt
General insurance combined ratio (%)	62.8	59.4	-	3.4 ppt

For the fourth quarter ended 31 December 2021, the Group recorded a lower profit before tax of RM97.9 million as compared to RM131.3 million in the preceding quarter ended 30 September 2021. The decrease in the profit before tax for the said quarter was mainly due to higher net claims incurred and lower investment income received.

B3. NEXT YEAR PROSPECTS

- a) While the COVID-19 pandemic risk continues, it is expected to be better managed as over 97.8% of the Malaysian adult population have completed their COVID-19 vaccination while the government is actively rolling out booster shots to strengthen protection against recent new COVID-19 variants. The Malaysian economy, supported by accommodative fiscal and monetary policies, is expected to recover along with the rest of the world. However, the emergence of new variants and possible measures that may be put in place to curb the spread could potentially disrupt the momentum of economic recovery.

The recent flooding disaster in the country had caused tremendous damage to the environment and disrupted livelihoods and business operations. The Group has set up a department to manage sustainability matters and will continue to integrate climate-related considerations in its business operations and risk management.

Lonpac will continue with its digital transformation in 2022 to bring about further enhancements in areas such as online platforms for the submission and processing of claims. We have taken initiatives to enhance the level of transparency in processing claims, providing consistent levels of customer support and improve turn-around-times with the aim of further improving the insurance experience of our customers.

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

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

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

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

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

B6. TAXATION

RM'000	Individual Period		Cumulative Period	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year To Date Ended	Preceding Year Corresponding Period Ended
	<u>31.12.2021</u>	<u>31.12.2020</u>	<u>31.12.2021</u>	<u>31.12.2020</u>
Profit before tax	97,932	123,267	437,316	433,565
Income tax:				
Current tax charge	27,823	31,012	104,128	97,772
Over provision in prior year	(502)	(1,136)	(502)	(1,136)
Deferred taxation	(2,456)	(1,841)	(10,989)	201
Total tax expense	<u>24,865</u>	<u>28,035</u>	<u>92,637</u>	<u>96,837</u>
Effective tax rate on current tax charge	26%	24%	21%	23%

The effective tax rate on the current tax charge of the Group for the current quarter is higher than the statutory tax rate mainly due to certain non-tax deductible expenses. However, the effective tax rate is lower for the financial year ended 31 December 2021 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 31 January 2022, the latest practicable date which is not earlier than 7 days from the date of the issue of this quarterly report.
- b) Brief explanation of the status of utilisation of proceeds raised from any corporate proposal – Not Applicable.

B8. GROUP BORROWINGS AND DEBT SECURITIES

The Group has no outstanding borrowings and debt securities for the current financial year ended 31 December 2021.

B9. DISCLOSURE OF DERIVATIVES

A disclosure on outstanding derivatives (including financial instruments designated as hedging instruments) as at 31 December 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 year ended 31 December 2021.

B11. CHANGES IN MATERIAL LITIGATION

There were no pending material litigations since the last annual balance sheet date up to 31 January 2022, which is not earlier than 7 days from date of issue of this quarterly report.

B12. DIVIDEND

- a. i) The Directors had declared a second interim single tier dividend for the financial year ended 31 December 2021.
- ii) The amount per share: 45.00 sen single tier.
- iii) The previous corresponding period for second interim single tier dividend: 44.00 sen single tier.
- iv) The date payable: 2 March 2022.
- v) In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 22 February 2022.
- b. The total dividend for the financial year ended 31 December 2021:-

	<u>Net per share</u> <u>(sen)</u>
<u>First Interim Dividend</u>	
• Single tier dividend	29.00
<u>Second Interim Dividend</u>	45.00
• Single tier dividend	<u>74.00</u>

B13. EARNINGS PER SHARE

a) Basic earnings per share

	Individual Period		Cumulative Period	
	Current Year Quarter Ended <u>31.12.2021</u>	Preceding Year Corresponding Quarter Ended <u>31.12.2020</u>	Current Year To Date Ended <u>31.12.2021</u>	Preceding Year Corresponding Period Ended <u>31.12.2020</u>
Profit after tax (RM'000)	73,067	95,232	344,679	336,728
Weighted average no. of ordinary shares in issue (‘000)	398,383	398,383	398,383	398,383
Basic earnings per share (sen)	18.34	23.90	86.52	84.52

b) Diluted earnings per share. – Not Applicable.

B14. PROFIT FOR THE PERIOD

	Individual Period		Cumulative Period	
	Current Year Quarter Ended <u>31.12.2021</u> RM'000	Preceding Year Corresponding Quarter Ended <u>31.12.2020</u> RM'000	Current Year To Date Ended <u>31.12.2021</u> RM'000	Preceding Year Corresponding Period Ended <u>31.12.2020</u> RM'000
Profit for the period is arrived at after charging:				
Finance costs	343	443	1,572	1,830
Depreciation of plant and equipment (NI)	717	759	3,222	3,054
Depreciation of right-of-use assets (NI)	1,689	1,655	6,654	6,606
Amortisation of intangible assets (NI)	866	834	3,398	3,086
Net impairment loss on insurance receivables	-	-	92	587
Net impairment loss on investments carried at amortised cost	1	1	1	1
Bad debts written-off (NI)	539	3	539	3
and after crediting:				
Interest income (N2)	6,790	8,595	27,121	45,922
Dividend income (N2)	7,689	8,480	77,906	43,842
Rental income (N2)	198	299	665	764
Net reversal of impairment loss on insurance receivables	527	382	-	-
Net foreign exchange gain (NI)	177	21	364	475

B14. PROFIT FOR THE PERIOD (CONTINUED)

Other than the items above which have been included in the Condensed Consolidated Statement of Profit or Loss, there were no impairment of assets, gain or loss on derivatives and exceptional items for the current financial year ended 31 December 2021.

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

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

B15. ADDITIONAL DISCLOSURE INFORMATION

Trade receivables

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

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

Age analysis of trade receivables past due but not impaired:

	<30 Days RM'000	31 - 60 days RM'000	61 - 90 days RM'000	91 - 180 days RM'000	>180 days RM'000	Total RM'000
31.12.2021						
Insurance receivables	11,816	2,493	3,565	584	-	18,458
31.12.2020						
Insurance receivables	11,082	2,995	3,731	2,048	-	19,856

The past due trade receivables above are deemed collectable.

The following table shows 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

	2021				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	1	(44)	136	93	1	(97)	684	588
Effect of movement in exchange rates	-	-	1	1	-	-	-	-
As at 31 December	<u>6</u>	<u>7</u>	<u>2,723</u>	<u>2,736</u>	<u>5</u>	<u>51</u>	<u>2,586</u>	<u>2,642</u>

B16. DISCLOSURE ON QUALIFICATION OF AUDIT REPORT

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