

**LPI CAPITAL BHD**
**Condensed Consolidated Statement of Profit or Loss for the Quarter Ended 30 June 2022 - Unaudited**

	Individual Period		Cumulative Period	
	Current Year Quarter Ended <b>30.06.2022</b> RM'000	Preceding Year Corresponding Quarter Ended <b>30.06.2021</b> RM'000	Current Year To Date Ended <b>30.06.2022</b> RM'000	Preceding Year Corresponding Period Ended <b>30.06.2021</b> RM'000
<b>Operating revenue</b>	397,045	419,993	794,784	860,779
Gross written premiums	371,970	369,389	848,552	840,100
Change in unearned premiums provision	13,002	35,351	(94,555)	(37,858)
Gross earned premiums	384,972	404,740	753,997	802,242
Gross written premiums ceded to reinsurers	(130,181)	(141,231)	(335,143)	(316,520)
Change in unearned premiums provision	(1,408)	(16,266)	51,724	14,012
Premiums ceded to reinsurers	(131,589)	(157,497)	(283,419)	(302,508)
<b>Net earned premiums</b>	253,383	247,243	470,578	499,734
Investment income	12,073	15,253	40,787	58,537
Realised gains	9	-	14	-
Fair value gains	122	8,295	207	531
Commission income	30,049	29,273	60,392	59,483
Net reversal of impairment loss on insurance receivables	1,528	262	638	-
Net reversal of impairment loss on investments carried at amortised cost	1	-	1	-
Other operating income	943	835	1,665	1,493
<b>Other income</b>	44,725	53,918	103,704	120,044
Gross claims paid	(176,110)	(134,398)	(308,378)	(293,684)
Claims ceded to reinsurers	82,453	54,635	137,323	118,198
Gross change in claims liabilities	12,989	42,717	(177,808)	(72,297)
Change in claims liabilities ceded to reinsurers	(38,010)	(51,486)	128,357	60,791
<b>Net claims incurred</b>	(118,678)	(88,532)	(220,506)	(186,992)
Fair value losses	(7,283)	(229)	(11,348)	(29,920)
Commission expense	(45,346)	(43,998)	(82,778)	(86,241)
Management expenses	(53,253)	(57,588)	(109,989)	(107,636)
Net impairment loss on insurance receivables	-	-	-	(942)
Other operating expense	(212)	(1,010)	(415)	(914)
<b>Other expenses</b>	(106,094)	(102,825)	(204,530)	(225,653)
<b>Operating profit</b>	73,336	109,804	149,246	207,133
Finance cost	(313)	(414)	(639)	(845)
Share of profit after tax of equity accounted associated company	445	508	629	1,758
<b>Profit before tax</b>	73,468	109,898	149,236	208,046
Tax expense	(16,700)	(25,979)	(30,940)	(41,817)
<b>Profit for the period</b>	56,768	83,919	118,296	166,229
<b>Profit attributable to:</b>				
Owners of the Company	56,768	83,919	118,296	166,229
Earnings per ordinary share (sen)				
- Basic	14.25	21.07	29.69	41.73
- 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 2021.

**LPI CAPITAL BHD**

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Quarter Ended 30 June 2022 - Unaudited**

	Individual Period		Cumulative Period	
	Current Year Quarter Ended <u>30.06.2022</u> RM'000	Preceding Year Corresponding Quarter Ended <u>30.06.2021</u> RM'000	Current Year To Date Ended <u>30.06.2022</u> RM'000	Preceding Year Corresponding Period Ended <u>30.06.2021</u> RM'000
<b>Profit for the period</b>	56,768	83,919	118,296	166,229
<b>Other comprehensive income</b>				
<b>Items that are or may be reclassified subsequently to profit or loss</b>				
Foreign currency translation differences for foreign operation	4,560	1,491	5,163	2,580
<b>Items that will not be reclassified to profit or loss</b>				
Net (losses)/gains on investments in equity instruments designated at fair value through other comprehensive income	(66,175)	(19,865)	46,163	(2,253)
Income tax relating to these items	472	149	(224)	47
<b>Total other comprehensive (loss)/income for the period, net of tax</b>	<u>(61,143)</u>	<u>(18,225)</u>	<u>51,102</u>	<u>374</u>
<b>Total comprehensive (loss)/income for the period attributable to owners of the Company</b>	<u>(4,375)</u>	<u>65,694</u>	<u>169,398</u>	<u>166,603</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 2021.**

## LPI CAPITAL BHD

### Condensed Consolidated Statement of Financial Position As At 30 June 2022 - Unaudited

	As At <b><u>30.06.2022</u></b>	As At <b><u>31.12.2021</u></b>
	RM'000	RM'000
<b>Assets</b>		
Plant and equipment	7,163	4,717
Right-of-use assets	45,034	47,821
Investment properties	28,023	27,316
Intangible assets	7,335	8,401
Investment in an associated company	41,940	39,446
Other investments	2,148,440	2,169,029
Fair value through other comprehensive income	962,687	916,424
Fair value through profit or loss	1,040,316	1,137,794
Amortised cost	145,437	114,811
Deferred tax assets	-	7,061
Reinsurance assets	1,453,092	1,271,952
Loans and receivables, excluding insurance receivables	854,048	1,007,396
Insurance receivables	202,500	178,160
Deferred acquisition costs	47,525	45,605
Cash and cash equivalents	311,588	87,900
<b>Total assets</b>	<b><u>5,146,688</u></b>	<b><u>4,894,804</u></b>
<b>Equity</b>		
Share capital	398,383	398,383
Reserves	1,732,765	1,742,639
<b>Total equity</b>	<b><u>2,131,148</u></b>	<b><u>2,141,022</u></b>
<b>Liabilities</b>		
Insurance contract liabilities	2,724,278	2,448,068
Deferred tax liabilities	638	-
Lease liabilities	46,938	49,630
Insurance payables	111,342	120,630
Other payables	127,583	110,573
Current tax payables	4,761	24,881
<b>Total liabilities</b>	<b><u>3,015,540</u></b>	<b><u>2,753,782</u></b>
<b>Total equity and liabilities</b>	<b><u>5,146,688</u></b>	<b><u>4,894,804</u></b>

**Note : The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2021.**

## LPI CAPITAL BHD

### Condensed Consolidated Statement of Changes in Equity for the Period Ended 30 June 2022 - 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
<b><u>6 Months Period Ended 30 June 2022</u></b>					
At 1 January 2022	398,383	25,709	756,981	959,949	2,141,022
Foreign currency translation differences for foreign operation	-	5,163	-	-	5,163
Net gains on investments in equity instruments designated at fair value through other comprehensive income	-	-	45,939	-	45,939
Total other comprehensive income for the period	-	5,163	45,939	-	51,102
Profit for the period	-	-	-	118,296	118,296
Total comprehensive income for the period	-	5,163	45,939	118,296	169,398
Distributions to owners of the Company					
Dividends to owners of the Company	-	-	-	(179,272)	(179,272)
Total transaction with owners of the Company	-	-	-	(179,272)	(179,272)
At 30 June 2022	398,383	30,872	802,920	898,973	2,131,148

## LPI CAPITAL BHD

### Condensed Consolidated Statement of Changes in Equity for the Period Ended 30 June 2022 - 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
<b>6 Months Period Ended 30 June 2021</b>					
At 1 January 2021	398,383	22,753	748,242	906,090	2,075,468
Foreign currency translation differences for foreign operation	-	2,580	-	-	2,580
Net losses on investments in equity instruments designated at fair value through other comprehensive income	-	-	(2,206)	-	(2,206)
Total other comprehensive income/(loss) for the period	-	2,580	(2,206)	-	374
Profit for the period	-	-	-	166,229	166,229
Total comprehensive income/(loss) for the period	-	2,580	(2,206)	166,229	166,603
Distributions to owners of the Company					
Dividends to owners of the Company	-	-	-	(175,289)	(175,289)
Total transaction with owners of the Company	-	-	-	(175,289)	(175,289)
At 30 June 2021	398,383	25,333	746,036	897,030	2,066,782

**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 2021.**

**LPI CAPITAL BHD****Condensed Consolidated Statement of Cash Flow  
for the Period Ended 30 June 2022 - Unaudited**

	Current Year To Date Ended <b><u>30.06.2022</u></b> RM'000	Preceding Year Corresponding Period Ended <b><u>30.06.2021</u></b> RM'000
<b>Operating activities</b>		
Profit before tax	149,236	208,046
Investment income	(40,787)	(58,537)
Net realised gains recorded in profit or loss	(14)	-
Net fair value losses recorded in profit or loss	11,141	29,389
Share of profit of equity accounted associated company	(629)	(1,758)
Proceeds from disposal of financial assets carried at fair value through profit or loss	831,613	30,372
Purchase of financial assets carried at fair value through profit or loss	(765,013)	(290,397)
Purchase of financial assets carried at amortised cost	(34,954)	(9,972)
Maturity of financial assets carried at amortised cost	4,755	5,000
Maturity of financial assets carried at fair value through profit or loss	20,000	5,000
Interest on lease liabilities	639	845
<b>Non-cash items:</b>		
Depreciation of plant and equipment	1,438	1,683
Depreciation of right-of-use assets	3,500	3,309
Amortisation of intangible assets	1,909	1,684
Unrealised foreign exchange gain	(149)	(123)
(Net reversal of)/Net impairment loss on insurance receivables	(638)	942
Net reversal of impairment loss on investments carried at amortised cost	(1)	-
<b>Changes in working capital:</b>		
Decrease in loans and receivables	154,847	168,553
Increase in reinsurance assets	(180,080)	(74,803)
Increase in insurance receivables	(23,375)	(68,433)
(Increase)/Decrease in deferred acquisition costs	(1,840)	3,180
Increase in insurance contract liabilities	272,362	110,155
(Decrease)/Increase in insurance payables	(9,365)	37,018
Increase in other payables	16,404	12,768
Cash generated from operating activities	410,999	113,921
Dividend income received	25,843	44,388
Interest income received	14,669	13,902
Rental income on investment property received	375	265
Interest paid	(639)	(845)
Income tax paid	(43,622)	(39,474)
<b>Net cash flows generated from operating activities</b>	<b>407,625</b>	<b>132,157</b>

## LPI CAPITAL BHD

### Condensed Consolidated Statement of Cash Flow for the Period Ended 30 June 2022 - Unaudited (continued)

	Current Year To Date Ended <b><u>30.06.2022</u></b> RM'000	Preceding Year Corresponding Period Ended <b><u>30.06.2021</u></b> RM'000
<b>Investing activities</b>		
Proceeds from disposal of plant and equipment	14	-
Purchase of plant and equipment	(3,874)	(375)
Purchase of intangible assets	(841)	(269)
<b>Net cash flows used in investing activities</b>	<b><u>(4,701)</u></b>	<b><u>(644)</u></b>
<b>Financing activities</b>		
Dividends paid to owners of the Company	(179,272)	(175,289)
Payment of lease liabilities	(3,411)	(3,040)
<b>Net cash flows used in financing activities</b>	<b><u>(182,683)</u></b>	<b><u>(178,329)</u></b>
Net increase/(decrease) in cash and cash equivalents	220,241	(46,816)
Cash and cash equivalents at 1 January	87,900	150,788
Effect of movement in exchange rates	3,447	1,703
<b>Cash and cash equivalents at 30 June</b>	<b><u>311,588</u></b>	<b><u>105,675</u></b>

**Note : The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2021.**

**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 2021 (“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:

<b>MFRSs/Interpretations/Amendments</b>	<b>Effective date</b>
Amendment to MFRS 16, <i>Leases – COVID-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 2021
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



A1. BASIS OF PREPARATION (CONTINUED)

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 1<sup>st</sup> Quarter and 3<sup>rd</sup> Quarter.

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

There were no items affecting assets, liabilities, equity, net income, or cash flows which are unusual because of their nature, size, or incidence in the current interim period ended 30 June 2022.

A4. CHANGES IN ESTIMATES

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

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

**A5. ISSUES, CANCELLATIONS, REPURCHASES, RESALE AND REPAYMENTS OF DEBT AND EQUITY SECURITIES**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities by LPI Capital Bhd ("LPI") in the current interim period ended 30 June 2022.

**A6. DIVIDEND PAID**

In the current interim period ended 30 June 2022, the Company paid a second interim single tier dividend of 45.00 sen per ordinary share amounting to RM179,272,239 in respect of the financial year ended 31 December 2021 on 2 March 2022.

**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, LPI'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 LPI's Chief Executive Officer. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

A7. OPERATING SEGMENTS (CONTINUED)

**Business segments**

The Group comprises the following main business segments:

General insurance - Underwriting of all classes of general insurance business, mainly carried out by Lonpac Insurance Bhd

Investment holding - Investment holding operations, mainly carried out by LPI Capital Bhd

Segment reporting:

RM'000	← 6 Months Ended →					
	General insurance		Investment holding		Total	
	2022	2021	2022	2021	2022	2021
External revenue	777,792	832,198	16,992	28,581	794,784	860,779
Inter-segment revenue	-	-	130,000	130,000	130,000	130,000
Segment profit before tax	136,791	183,655	142,445	154,391	279,236	338,046
Segment assets	4,177,968	3,723,802	1,168,720	1,152,611	5,346,688	4,876,413
Segment liabilities	3,013,076	2,607,517	2,464	2,114	3,015,540	2,609,631

## A7. OPERATING SEGMENTS (CONTINUED)

### Business segments (continued)

#### i) Reconciliation of reportable segment profit:

RM'000	← 6 Months Ended →	
	<u>2022</u>	<u>2021</u>
Total profit for reportable segments	279,236	338,046
Elimination of inter-segment profit	(130,000)	(130,000)
Consolidated profit before tax	<u>149,236</u>	<u>208,046</u>

#### ii) Reconciliation of reportable segment assets:

RM'000	← 6 Months Ended →	
	<u>2022</u>	<u>2021</u>
Total assets for reportable segments	5,346,688	4,876,413
Elimination of inter-segment assets	(200,000)	(200,000)
Consolidated assets	<u>5,146,688</u>	<u>4,676,413</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”) had infringed the prohibition under Section 4(2)(a) of the Act for fixing parts trade discounts and labour rates for repair workshops and therefore liable for an infringement under Section 4(3) of the Act.

Lonpac had 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 had infringed Section 4 prohibition of the Act.

In the view of the impact of the COVID-19 pandemic, MyCC had 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 amounted to RM5,914,779.57. MyCC also had granted a moratorium period up to 6 months from the date of the Notice. At the end of the moratorium period, Lonpac was 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 had granted a stay on the financial penalty to Lonpac on 23 March 2021 pending the disposal of the appeal.

The appeal is still on-going and the Directors’ view remains unchanged. Saved as disclosed above, the Group does not have any other contingent assets and liabilities since the last annual balance sheet date of 31 December 2021.

## 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.

<b>RM'000</b>	<b>Fair value of financial instruments carried at fair value</b>				<b>Fair value of financial instruments not carried at fair value</b>				<b>Total fair value</b>	<b>Carrying amount</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>		
<b>30.06.2022</b>										
<b>Financial assets</b>										
<i>Designated at fair value through other comprehensive income</i>										
- Quoted shares	962,687	-	-	962,687	-	-	-	-	962,687	962,687
<i>Mandatorily at fair value through profit or loss</i>										
- Unit trust	882,721	-	-	882,721	-	-	-	-	882,721	882,721
- Real estate investment trusts ("REITs")	3,295	-	-	3,295	-	-	-	-	3,295	3,295
- Exchange-traded fund ("ETF")	643	-	-	643	-	-	-	-	643	643
- Quoted shares	3,932	-	-	3,932	-	-	-	-	3,932	3,932
- Unquoted shares	-	-	1,472	1,472	-	-	-	-	1,472	1,472
- Corporate bonds and sukuk	-	148,253	-	148,253	-	-	-	-	148,253	148,253
<i>Amortised cost</i>										
- Malaysian government securities	-	-	-	-	-	14,740	-	14,740	14,740	15,329
- Government investment issues	-	-	-	-	-	38,424	-	38,424	38,424	39,783
- Malaysian government guaranteed loans	-	-	-	-	-	63,260	-	63,260	63,260	65,000
- Corporate bonds and sukuk	-	-	-	-	-	24,619	-	24,619	24,619	25,325
	<b>1,853,278</b>	<b>148,253</b>	<b>1,472</b>	<b>2,003,003</b>	<b>-</b>	<b>141,043</b>	<b>-</b>	<b>141,043</b>	<b>2,144,046</b>	<b>2,148,440</b>

A11. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value information (continued)

**31.12.2021**

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		
<b>Financial assets</b>										
<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
	<b>1,906,571</b>	<b>146,255</b>	<b>1,392</b>	<b>2,054,218</b>	<b>-</b>	<b>115,212</b>	<b>-</b>	<b>115,212</b>	<b>2,169,430</b>	<b>2,169,029</b>

## A11. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value information (continued)

### **Policy on transfer between levels**

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

### **Level 1 fair value**

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

### **Level 2 fair value**

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

### ***Transfers between Level 1 and Level 2 fair values***

There has been no transfer between Level 1 and 2 fair values during the current interim period ended 30 June 2022 (31.12.2021: no transfer in either directions).

### **Level 3 fair value**

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

	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Unquoted shares</b>		
As at 1 January	1,392	1,375
Fair value gains in profit or loss	<u>80</u>	<u>17</u>
Balance as at 30 June 2022 / 31 December 2021	<u>1,472</u>	<u>1,392</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

<b>Type</b>	<b>Description of valuation technique and inputs used</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>
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	30.06.2022	30.06.2021	30.06.2022	30.06.2021
<b>Income earned:</b>				
Premium income	446	497	32,236	30,601
Dividend income	-	-	17,216	28,887
Fixed deposits income	-	-	1,201	1,698
Corporate bonds and sukuk income	-	-	710	740
Information technology services	-	9	-	-
	<u>446</u>	<u>506</u>	<u>51,363</u>	<u>61,926</u>
<b>Expenditure incurred:</b>				
Rental paid	-	-	(1,999)	(1,671)
Insurance commission	(113)	(123)	(24,442)	(24,353)
	<u>(113)</u>	<u>(123)</u>	<u>(26,441)</u>	<u>(26,024)</u>
<b>Other transaction:</b>				
Purchase of corporate bonds and sukuk	-	-	(10,000)	-

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

**B1. REVIEW OF GROUP PERFORMANCE**

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

RM'mil	Individual Period		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended			Current Year To Date Ended	Preceding Year Corresponding Period Ended		
	30.06.2022	30.06.2021	Amount	% / ppt (*)	30.06.2022	30.06.2021	Amount	% / ppt (*)
<b>Revenue by segments</b>								
General insurance segment	396.9	419.6	(22.7)	(5.4)%	777.8	832.2	(54.4)	(6.5)%
Gross earned premiums	385.0	404.7	(19.7)	(4.9)%	754.0	802.2	(48.2)	(6.0)%
Investment income	11.9	14.9	(3.0)	(20.1)%	23.8	30.0	(6.2)	(20.7)%
Investment holding segment								
Investment income	0.2	0.4	(0.2)	(50.0)%	17.0	28.6	(11.6)	(40.6)%
Total revenue	397.1	420.0	(22.9)	(5.5)%	794.8	860.8	(66.0)	(7.7)%
<b>Revenue by geographical locations</b>								
Malaysia	367.8	394.6	(26.8)	(6.8)%	738.4	806.0	(67.6)	(8.4)%
Singapore	29.3	25.4	3.9	15.4%	56.4	54.8	1.6	2.9%
Total revenue	397.1	420.0	(22.9)	(5.5)%	794.8	860.8	(66.0)	(7.7)%
Operating profit	73.3	109.8	(36.5)	(33.2)%	149.2	207.1	(57.9)	(28.0)%

(\* ppt – percentage points)

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

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

	Individual Period		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended			Current Year To Date Ended	Preceding Year Corresponding Period Ended		
	30.06.2022	30.06.2021	Amount	% / ppt (*)	30.06.2022	30.06.2021	Amount	% / ppt (*)
<b>Profit before tax by segments</b>								
General insurance (RM'mil)	75.4	111.7	(36.3)	(32.5)%	136.8	183.6	(46.8)	(25.5)%
Investment holding (RM'mil)	(1.9)	(1.8)	(0.1)	(5.6)%	12.4	24.4	(12.0)	(49.2)%
Total profit before tax	73.5	109.9	(36.4)	(33.1)%	149.2	208.0	(58.8)	(28.3)%
<b>Profit before tax by geographical locations</b>								
Malaysia (RM'mil)	70.8	107.9	(37.1)	(34.4)%	141.9	200.5	(58.6)	(29.2)%
Singapore (RM'mil)	2.3	1.5	0.8	53.3%	6.7	5.7	1.0	17.5%
Cambodia (RM'mil)	0.4	0.5	(0.1)	(20.0)%	0.6	1.8	(1.2)	(66.7)%
Total profit before tax	73.5	109.9	(36.4)	(33.1)%	149.2	208.0	(58.8)	(28.3)%
Profit attributable to owners of the Company (RM'mil)	56.8	83.9	(27.1)	(32.3)%	118.3	166.2	(47.9)	(28.8)%
Net return on equity (%)	2.7	4.1	-	(1.4)ppt	5.6	8.0	-	(2.4) ppt
Earnings per share (sen)	14.25	21.07	(6.82)	(32.4)%	29.69	41.73	(12.04)	(28.9)%

(\* 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		
	30.06.2022	30.06.2021	Amount	% / ppt (*)	30.06.2022	30.06.2021	Amount	% / ppt (*)
General insurance gross written premiums (RM'mil)	372.0	369.4	2.6	0.7%	848.6	840.1	8.5	1.0%
General insurance net earned premiums (RM'mil)	253.4	247.2	6.2	2.5%	470.6	499.7	(29.1)	(5.8)%
General insurance underwriting profit (RM'mil)	69.4	88.4	(19.0)	(21.5)%	122.0	180.5	(58.5)	(32.4)%
General insurance claims incurred ratio (%)	46.8	35.8	-	11.0 ppt	46.9	37.4	-	9.5 ppt
General insurance management expenses ratio (%)	19.8	22.5	-	(2.7) ppt	22.5	21.1	-	1.4 ppt
General insurance commission ratio (%)	6.0	6.0	-	-	4.8	5.4	-	(0.6) ppt
General insurance combined ratio (%)	72.6	64.3	-	8.3 ppt	74.1	63.9	-	10.2 ppt

(\* ppt – percentage points)

## B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 3: Underwriting results of general insurance for the 3 months period ended 30 June 2022:

RM'000	Fire		Motor		Marine, Aviation & Transit		Miscellaneous		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Gross written premiums	142,656	148,330	86,126	80,325	27,250	34,306	115,938	106,428	371,970	369,389
Change in unearned premiums provision	14,703	8,312	3,139	12,420	(5,858)	(11,341)	1,018	25,960	13,002	35,351
Gross earned premiums	<u>157,359</u>	<u>156,642</u>	<u>89,265</u>	<u>92,745</u>	<u>21,392</u>	<u>22,965</u>	<u>116,956</u>	<u>132,388</u>	<u>384,972</u>	<u>404,740</u>
Gross written premiums ceded to reinsurers	(46,754)	(59,532)	(5,100)	(3,772)	(22,780)	(29,163)	(55,547)	(48,764)	(130,181)	(141,231)
Change in unearned premiums provision	(3,738)	(1,501)	(39)	(357)	6,116	10,346	(3,747)	(24,754)	(1,408)	(16,266)
Premiums ceded to reinsurers	<u>(50,492)</u>	<u>(61,033)</u>	<u>(5,139)</u>	<u>(4,129)</u>	<u>(16,664)</u>	<u>(18,817)</u>	<u>(59,294)</u>	<u>(73,518)</u>	<u>(131,589)</u>	<u>(157,497)</u>
Net earned premiums	<u>106,867</u>	<u>95,609</u>	<u>84,126</u>	<u>88,616</u>	<u>4,728</u>	<u>4,148</u>	<u>57,662</u>	<u>58,870</u>	<u>253,383</u>	<u>247,243</u>
Net claims incurred	(10,935)	(8,305)	(74,732)	(53,903)	(1,599)	(1,266)	(31,412)	(25,058)	(118,678)	(88,532)
Commission income	13,067	12,521	561	685	1,924	1,789	14,497	14,278	30,049	29,273
Commission expense	(17,914)	(17,929)	(8,569)	(8,938)	(1,292)	(1,197)	(17,571)	(15,934)	(45,346)	(43,998)
Net commission	<u>(4,847)</u>	<u>(5,408)</u>	<u>(8,008)</u>	<u>(8,253)</u>	<u>632</u>	<u>592</u>	<u>(3,074)</u>	<u>(1,656)</u>	<u>(15,297)</u>	<u>(14,725)</u>
Total out-go	<u>(15,782)</u>	<u>(13,713)</u>	<u>(82,740)</u>	<u>(62,156)</u>	<u>(967)</u>	<u>(674)</u>	<u>(34,486)</u>	<u>(26,714)</u>	<u>(133,975)</u>	<u>(103,257)</u>
Underwriting surplus before management expenses	<u>91,085</u>	<u>81,896</u>	<u>1,386</u>	<u>26,460</u>	<u>3,761</u>	<u>3,474</u>	<u>23,176</u>	<u>32,156</u>	119,408	143,986
Management expenses of the insurance fund									(50,054)	(55,616)
Underwriting surplus after management expenses									<u>69,354</u>	<u>88,370</u>
Net claims incurred ratio (%)	10.2	8.7	88.8	60.8	33.8	30.5	54.5	42.6	46.8	35.8

## B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 3: Underwriting results of general insurance for the financial period ended 30 June 2022 :

RM'000	Fire		Motor		Marine, Aviation & Transit		Miscellaneous		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Gross written premiums	338,591	347,386	176,059	172,566	59,519	57,054	274,383	263,094	848,552	840,100
Change in unearned premiums provision	(27,095)	(34,427)	1,103	12,854	(13,436)	(12,748)	(55,127)	(3,537)	(94,555)	(37,858)
Gross earned premiums	<u>311,496</u>	<u>312,959</u>	<u>177,162</u>	<u>185,420</u>	<u>46,083</u>	<u>44,306</u>	<u>219,256</u>	<u>259,557</u>	<u>753,997</u>	<u>802,242</u>
Gross written premiums ceded to reinsurers	(132,068)	(133,610)	(10,244)	(8,039)	(49,435)	(46,891)	(143,396)	(127,980)	(335,143)	(316,520)
Change in unearned premiums provision	17,269	18,555	(96)	(460)	13,088	11,586	21,463	(15,669)	51,724	14,012
Premiums ceded to reinsurers	<u>(114,799)</u>	<u>(115,055)</u>	<u>(10,340)</u>	<u>(8,499)</u>	<u>(36,347)</u>	<u>(35,305)</u>	<u>(121,933)</u>	<u>(143,649)</u>	<u>(283,419)</u>	<u>(302,508)</u>
Net earned premiums	<u>196,697</u>	<u>197,904</u>	<u>166,822</u>	<u>176,921</u>	<u>9,736</u>	<u>9,001</u>	<u>97,323</u>	<u>115,908</u>	<u>470,578</u>	<u>499,734</u>
Net claims incurred	(25,186)	(24,332)	(137,852)	(107,877)	(3,584)	(4,084)	(53,884)	(50,699)	(220,506)	(186,992)
Commission income	25,285	23,478	961	1,111	5,119	4,761	29,027	30,133	60,392	59,483
Commission expense	(35,601)	(35,809)	(16,972)	(17,901)	(2,803)	(2,345)	(27,402)	(30,186)	(82,778)	(86,241)
Net commission	<u>(10,316)</u>	<u>(12,331)</u>	<u>(16,011)</u>	<u>(16,790)</u>	<u>2,316</u>	<u>2,416</u>	<u>1,625</u>	<u>(53)</u>	<u>(22,386)</u>	<u>(26,758)</u>
Total out-go	<u>(35,502)</u>	<u>(36,663)</u>	<u>(153,863)</u>	<u>(124,667)</u>	<u>(1,268)</u>	<u>(1,668)</u>	<u>(52,259)</u>	<u>(50,752)</u>	<u>(242,892)</u>	<u>(213,750)</u>
Underwriting surplus before management expenses	<u>161,195</u>	<u>161,241</u>	<u>12,959</u>	<u>52,254</u>	<u>8,468</u>	<u>7,333</u>	<u>45,064</u>	<u>65,156</u>	227,686	285,984
Management expenses of the insurance fund									(105,685)	(105,452)
Underwriting surplus after management expenses									<u>122,001</u>	<u>180,532</u>
Net claims incurred ratio (%)	12.8	12.3	82.6	61.0	36.8	45.4	55.4	43.7	46.9	37.4

## B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

### **Revenue**

For the second quarter of 2022, the Group's revenue decreased by RM22.9 million to RM397.1 million from RM420.0 million in the corresponding quarter in 2021, a decrease of 5.5%. The decrease was mainly driven by lower gross earned premium of 4.9% or RM19.7 million from its general insurance segment. Investment holding segment recorded lower revenue of RM0.2 million as compared to RM0.4 million in the corresponding quarter in 2021 due to lower interest income received.

Revenue of the Group for the six months period ended 30 June 2022 decreased by 7.7% or RM66.0 million to RM794.8 million from RM860.8 million in the corresponding period in 2021. Of the total amount of RM794.8 million, RM777.8 million was generated from general insurance segment and RM17.0 million from investment holding segment. The decrease in revenue was mainly driven by the general insurance segment, which registered a decrease of 6.5% to RM777.8 million as compared to RM832.2 million in 30 June 2021. The investment holding segment recorded lower revenue of RM17.0 million as compared to RM28.6 million in 2021 mainly due to lower dividend income received during the current financial period.



## B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

### **Profit Before Tax**

Profit before tax of the Group for the second quarter of 2022 decreased by 33.1% to RM73.5 million from RM109.9 million in the corresponding quarter in 2021. The decrease was driven by the lower profit from the general insurance segment, which decreased by 32.5% to RM75.4 million from RM111.7 million in the second quarter of 2021. Underwriting profit for the current quarter decreased by 21.5% or RM19.0 million to RM69.4 million from RM88.4 million previously mainly due to the higher net claims incurred as compared to the corresponding quarter in 2021. The investment holding segment recorded a higher loss before tax of RM1.9 million as compared to RM1.8 million in the corresponding quarter in 2021 mainly due to lower interest income received during the current quarter ended 30 June 2022.

Profit before tax of the Group for the six months period ended 30 June 2022 decreased by 28.3% or RM58.8 million to RM149.2 million from RM208.0 million in the corresponding period in 2021. Underwriting surplus decreased by 32.4% or RM58.5 million to RM122.0 million from RM180.5 million reported in the previous corresponding period, mainly due to lower net earned premium and higher net claims incurred. The investment holding segment recorded a lower profit before tax of RM12.4 million as compared to RM24.4 million reported in the corresponding period in 2021 mainly due to lower tax-exempt dividend income received from its equity investment.

Business operation in Malaysia contributed 96.3% of the Group's total profit before tax in the second quarter of 2022 and 95.1% for the six months period ended 30 June 2022.

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

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

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 30.06.2022	Preceding Year Corresponding Quarter Ended 30.06.2021	Current Year To Date Ended 30.06.2022	Preceding Year Corresponding Period Ended 30.06.2021
RM'mil				
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operation	4.6	1.5	5.1	2.6
Items that will not be reclassified to profit or loss				
Net (losses)/gains on investments in equity instruments designated at fair value through other comprehensive income	(66.2)	(19.8)	46.2	(2.2)
Income tax relating to these items	0.5	0.1	(0.2)	-
Total other comprehensive (loss)/income for the period, net of tax	(61.1)	(18.2)	51.1	0.4

The Group's total other comprehensive income for the six months ended 30 June 2022 recorded a net gain of RM51.1 million as compared to RM0.4 million in the corresponding period in 2021. 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 30.06.2022	As at 31.12.2021	Changes	
			Amount	%
Total assets	5,146.7	4,894.8	251.9	5.1
Total liabilities	3,015.5	2,753.8	261.7	9.5
Total equity	2,131.2	2,141.0	(9.8)	(0.5)

### **Total assets**

As at 30 June 2022, the Group's total assets increased by RM251.9 million to RM5,146.7 million from RM4,894.8 million as at 31 December 2021. The increase was mainly due to the growth in reinsurance assets and higher cash and cash equivalents. The general insurance segment accounted for 81.2% of the Group's total assets as at 30 June 2022.

### **Total liabilities**

As at 30 June 2022, total liabilities of the Group increased by RM261.7 million to RM3,015.5 million from RM2,753.8 million as at 31 December 2021. This was mainly due to RM276.2 million increase in insurance contract liabilities of its general insurance segment.

### **Total equity**

The Group's total equity decreased by 0.5% or RM9.8 million to RM2,131.2 million from RM2,141.0 million as at 31 December 2021. The Group's retained earnings recorded a net decrease of RM61.0 million resulted from the payment of dividends of RM179.3 million offset by the current period's net profit of RM118.3 million. The fair value reserves increased by RM45.9 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 decreased to RM5.33 from RM5.35 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 30.06.2022 SGD1.00 = RM3.17	Functional Currency SGD'000	Reporting Currency RM'000
Gross earned premiums	17,267	54,735
Investment income	537	1,701
<b>Total revenue</b>	<b>17,804</b>	<b>56,436</b>
Profit before tax	2,114	6,702
Profit after tax	2,155	6,832
Total assets	74,778	237,045
Total liabilities	64,269	203,734

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

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 7: Review of statement of cash flow

RM'mil	Current Year To Date Ended 30.06.2022	Preceding Year Corresponding Period Ended 30.06.2021
Profit after tax	118.3	166.2
Net cash flows generated from operating activities	407.6	132.1
Net cash flows used in investing activities	(4.7)	(0.6)
Net cash flows used in financing activities	(182.7)	(178.3)
Net increase/(decrease) in cash and cash equivalents	220.2	(46.8)
Cash and cash equivalents at 1 January	87.9	150.8
Effect of movement in exchange rates	3.5	1.7
Cash and cash equivalents at 30 June	311.6	105.7

For the six months period ended 30 June 2022, the operating cash flow of the Group remained healthy at RM407.6 million. The ratio of cash flow from operating activities to net income was 344.5% (RM407.6 million / RM118.3 million). The ratio indicated the ability of the Group to generate sufficient positive cash flow to maintain and grow its operations.

## 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 RM4.7 million. The Group's main investing activities are in information technology and purchase of computer equipment.

The Group's balance sheet did not carry any debts other than insurance contract liabilities which increased by RM276.2 million to RM2,724.3 million for the six months period ended 30 June 2022. The Group had generated sufficient cash flow to pay second interim dividend of 45.0 sen per share amounting to RM179.3 million on 2 March 2022 in respect of the financial year ended 31 December 2021.

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

	Current Year Quarter Ended 30.06.2022	Immediate Preceding Quarter Ended 31.03.2022	Changes	
			Amount	% / ppt
Gross earned premiums (RM'mil)	385.0	369.0	16.0	4.3%
Investment income (RM'mil)	12.1	28.7	(16.6)	(57.8)%
<b>Total revenue (RM'mil)</b>	<b>397.1</b>	<b>397.7</b>	<b>(0.6)</b>	<b>(0.2)%</b>
Operating profit (RM'mil)	73.3	75.9	(2.6)	(3.4)%
Profit before tax (RM'mil)	73.5	75.8	(2.3)	(3.0)%
Profit attributable to owners of the Company (RM'mil)	56.8	61.5	(4.7)	(7.6)%
Net return on equity (%)	2.7	2.9	-	(0.2) ppt
Earnings per share (sen)	14.25	15.44	(1.19)	(7.7)%
General insurance gross written premiums (RM'mil)	372.0	476.6	(104.6)	(21.9)%
General insurance net earned premiums (RM'mil)	253.4	217.2	36.2	16.7%
General insurance underwriting profit (RM'mil)	69.4	52.6	16.8	31.9%
General insurance claims incurred ratio (%)	46.8	46.9	-	(0.1) ppt
General insurance management expenses ratio (%)	19.8	25.6	-	(5.8) ppt
General insurance commission ratio (%)	6.0	3.3	-	2.7 ppt
General insurance combined ratio (%)	72.6	75.8	-	(3.2) ppt

For the second quarter ended 30 June 2022, the Group recorded a lower profit before tax of RM73.5 million as compared to RM75.8 million in the preceding quarter ended 31 March 2022. The decrease in the profit before tax for the said quarter was mainly due to lower investment income received.

### B3. CURRENT YEAR PROSPECTS

- a) Geopolitical tensions and looming recessionary pressures add further uncertainty to the global economic recovery. The Malaysian economy will be impacted by lower external demand if developed global economies move into recession. Many countries are also bracing for the impact of another wave of COVID-19 cases following the detection of more infectious subvariants of Omicron.

Despite the heightened uncertainty and volatility of the operating environment, the Group will continue to strengthen its distribution channels and tighten its underwriting policy to facilitate continued growth and improved underwriting performance. The 2nd phase of liberalisation of the insurance industry expected to commence in the 2nd Half Year of FY2022 will put further pressures on premium pricing and underwriting margin. Nevertheless, with its emphasis on prudence in underwriting and continued product innovation, the LPI Group is confident that it will remain competitive and resilient to sustain its profitability in the liberalised environment.

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

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

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



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

a) Any variance of actual profit after tax and minority interest and the profit after tax and minority interest stated in the financial estimate, forecast or projection (where the variance exceeds 10%). – Not Applicable.

b) Any shortfall in the profit guarantee received by the Company and steps to recover the shortfall. – Not Applicable.

B6. TAXATION

RM'000	Individual Period		Cumulative Period	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year To Date Ended	Preceding Year Corresponding Period Ended
	<u>30.06.2022</u>	<u>30.06.2021</u>	<u>30.06.2022</u>	<u>30.06.2021</u>
Profit before tax	73,468	109,898	149,236	208,046
Income tax:				
Current tax charge	16,501	24,012	23,564	49,166
Overprovision in prior year	(2)	-	(98)	-
Deferred taxation	201	1,967	7,474	(7,349)
Total tax expense	<u>16,700</u>	<u>25,979</u>	<u>30,940</u>	<u>41,817</u>
Effective tax rate on current tax charge	23%	24%	21%	20%

The effective tax rate on the current tax charge of the Group for the current quarter and financial period ended 30 June 2022 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 26 July 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 interim period ended 30 June 2022.

**B9. DISCLOSURE OF DERIVATIVES**

A disclosure on outstanding derivatives (including financial instruments designated as hedging instruments) as at 30 June 2022. – Not Applicable.

**B10. GAINS/ LOSSES ARISING FROM FAIR VALUE CHANGES OF FINANCIAL LIABILITIES**

There were no gains/ losses arising from fair value changes of the financial liabilities for the current quarter and financial period ended 30 June 2022.

**B11. CHANGES IN MATERIAL LITIGATION**

There were no pending material litigations since the last annual balance sheet date up to 26 July 2022, which is not earlier than 7 days from date of issue of this quarterly report.

## B12. DIVIDEND

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

ii) The amount per share:

	<u>Net per share</u> <u>(sen)</u>
• Single tier dividend	25.00

iii) The previous corresponding period:

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

iv) The date payable: 25 August 2022.

v) In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 17 August 2022.

b) The total dividend for the 6 months ended 30 June 2022: 25.00 sen single tier dividend per share.

### B13. EARNINGS PER SHARE

#### a) Basic earnings per share

	Individual Period		Cumulative Period	
	Current Year Quarter Ended <u>30.06.2022</u>	Preceding Year Corresponding Quarter Ended <u>30.06.2021</u>	Current Year To Date Ended <u>30.06.2022</u>	Preceding Year Corresponding Period Ended <u>30.06.2021</u>
Profit after tax (RM'000)	56,768	83,919	118,296	166,229
Weighted average no. of ordinary shares in issue (‘000)	398,383	398,383	398,383	398,383
Basic earnings per share (sen)	14.25	21.07	29.69	41.73

#### b) Diluted earnings per share. – Not Applicable.

## B14. PROFIT FOR THE PERIOD

	Individual Period		Cumulative Period	
	Current Year Quarter Ended <b><u>30.06.2022</u></b> RM'000	Preceding Year Corresponding Quarter Ended <b><u>30.06.2021</u></b> RM'000	Current Year To Date Ended <b><u>30.06.2022</u></b> RM'000	Preceding Year Corresponding Period Ended <b><u>30.06.2021</u></b> RM'000
<b>Profit for the period is arrived at after charging:</b>				
Finance costs	313	414	639	845
Depreciation of plant and equipment (NI)	736	853	1,438	1,683
Depreciation of right-of-use assets (NI)	1,758	1,657	3,500	3,309
Amortisation of intangible assets (NI)	978	844	1,909	1,684
Net impairment loss on insurance receivables	-	-	-	942
<b>and after crediting:</b>				
Interest income (N2)	7,533	6,333	14,569	13,884
Dividend income (N2)	4,349	8,753	25,843	44,388
Rental income (N2)	191	167	375	265
Net reversal of impairment loss on insurance receivables	1,528	262	638	-
Net reversal of impairment loss on investments carried at amortised cost	1	-	1	-
Net foreign exchange gain (NI)	81	42	127	154
Bad debts recoveries (NI)	3	-	3	-

#### B14. PROFIT FOR THE PERIOD (CONTINUED)

Other than the items above which have been included in the Condensed Consolidated Statement of Profit or Loss, there were no impairment of assets, gain or loss on derivatives and exceptional items for the current financial period ended 30 June 2022.

(N1) Depreciation of plant and equipment, depreciation of right-of-use assets, amortisation of intangible assets, bad debts recoveries 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:

	<b>&lt;30 Days RM'000</b>	<b>31 - 60 days RM'000</b>	<b>61 - 90 days RM'000</b>	<b>91 - 180 days RM'000</b>	<b>&gt;180 days RM'000</b>	<b>Total RM'000</b>
<b>30.06.2022</b>						
Insurance receivables	3,702	-	-	-	-	3,702
<b>31.12.2021</b>						
Insurance receivables	11,816	2,493	3,565	584	-	18,458

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

	30.06.2022				31.12.2021			
	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	6	7	2,723	2,736	5	51	2,586	2,642
Net remeasurement of allowance for impairment	(1)	28	(666)	(639)	1	(44)	136	93
Effect of movement in exchange rates	-	-	1	1	-	-	1	1
As at 30 June 2022 / 31 December 2021	5	35	2,058	2,098	6	7	2,723	2,736

B16. DISCLOSURE ON QUALIFICATION OF AUDIT REPORT

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