

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

|   | Individual Period  |  | Cumulative Period  |   |
|---|--|--|--|---|
|   | Current<br>Year<br>Quarter<br>Ended<br><b>30.09.2022</b><br>RM'000 | Preceding Year<br>Corresponding<br>Quarter<br>Ended<br><b>30.09.2021</b><br>RM'000 | Current<br>Year<br>To Date<br>Ended<br><b>30.09.2022</b><br>RM'000 | Preceding Year<br>Corresponding<br>Period<br>Ended<br><b>30.09.2021</b><br>RM'000 |
| <b>Operating revenue</b>  | 429,641  | 427,914  | 1,224,425  | 1,288,693   |
| Gross written premiums  | 409,199  | 357,949  | 1,257,751  | 1,198,049   |
| Change in unearned premiums provision                                       | (10,828)   | 37,487   | (105,383)  | (371)   |
| Gross earned premiums   | 398,371  | 395,436  | 1,152,368  | 1,197,678   |
| Gross written premiums ceded to reinsurers                                  | (140,799)  | (110,923)  | (475,942)  | (427,443)   |
| Change in unearned premiums provision                                       | (7,481)  | (28,662)   | 44,243   | (14,650)  |
| Premiums ceded to reinsurers  | (148,280)  | (139,585)  | (431,699)  | (442,093)   |
| <b>Net earned premiums</b>  | 250,091  | 255,851  | 720,669  | 755,585   |
| Investment income   | 31,270   | 32,478   | 72,057   | 91,015  |
| Realised gains  | 2  | 3  | 16   | 3   |
| Fair value gains  | 566  | -  | 129  | 504   |
| Commission income   | 29,426   | 25,761   | 89,818   | 85,244  |
| Net reversal of impairment loss on insurance receivables                    | -  | 323  | 559  | -   |
| Net reversal of impairment loss on investments carried<br>at amortised cost | -  | -  | 1  | -   |
| Other operating income  | 1,530  | 1,245  | 3,195  | 2,096   |
| <b>Other income</b>   | 62,794   | 59,810   | 165,775  | 178,862   |
| Gross claims paid   | (191,855)  | (112,180)  | (500,233)  | (405,864)   |
| Claims ceded to reinsurers  | 87,266   | 37,337   | 224,589  | 155,535   |
| Gross change in claims liabilities  | 97,636   | (1,768)  | (80,172)   | (74,065)  |
| Change in claims liabilities ceded to reinsurers                            | (99,406)   | (9,364)  | 28,951   | 51,427  |
| <b>Net claims incurred</b>  | (106,359)  | (85,975)   | (326,865)  | (272,967)   |
| Fair value losses   | (247)  | (5,288)  | (10,951)   | (35,181)  |
| Commission expense  | (45,578)   | (43,494)   | (128,356)  | (129,735)   |
| Management expenses   | (57,035)   | (49,871)   | (167,024)  | (157,507)   |
| Net impairment loss on insurance receivables                                | (79)   | -  | -  | (619)   |
| Other operating expense   | (348)  | -  | (763)  | (272)   |
| <b>Other expenses</b>   | (103,287)  | (98,653)   | (307,094)  | (323,314)   |
| <b>Operating profit</b>   | 103,239  | 131,033  | 252,485  | 338,166   |
| Finance cost  | (304)  | (384)  | (943)  | (1,229)   |
| Share of profit after tax of equity accounted<br>associated company         | 359  | 689  | 988  | 2,447   |
| <b>Profit before tax</b>  | 103,294  | 131,338  | 252,530  | 339,384   |
| Tax expense   | (28,549)   | (25,955)   | (59,489)   | (67,772)  |
| <b>Profit for the period</b>  | 74,745   | 105,383  | 193,041  | 271,612   |
| <b>Profit attributable to:</b>  |  |  |  |   |
| Owners of the Company   | 74,745   | 105,383  | 193,041  | 271,612   |
| Earnings per ordinary share (sen)   |  |  |  |   |
| - Basic   | 18.77  | 26.45  | 48.46  | 68.18   |
| - 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 September 2022 - Unaudited**

|   | Individual Period  |  | Cumulative Period  |   |
|---|--|--|--|---|
|   | Current<br>Year<br>Quarter<br>Ended<br><u>30.09.2022</u><br>RM'000 | Preceding Year<br>Corresponding<br>Quarter<br>Ended<br><u>30.09.2021</u><br>RM'000 | Current<br>Year<br>To Date<br>Ended<br><u>30.09.2022</u><br>RM'000 | Preceding Year<br>Corresponding<br>Period<br>Ended<br><u>30.09.2021</u><br>RM'000 |
| <b>Profit for the period</b>  | 74,745   | 105,383  | 193,041  | 271,612   |
| <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  | 3,971  | 611  | 9,134  | 3,191   |
| <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 | (30,916)   | (8,823)  | 15,247   | (11,076)  |
| Income tax relating to these items  | 242  | 63   | 18   | 110   |
| <b>Total other comprehensive (loss)/income for the period, net of tax</b>   | <u>(26,703)</u>  | <u>(8,149)</u>   | <u>24,399</u>  | <u>(7,775)</u>  |
| <b>Total comprehensive income for the period attributable to owners of the Company</b>                              | <u>48,042</u>  | <u>97,234</u>  | <u>217,440</u>   | <u>263,837</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 September 2022 - Unaudited

|   | As At<br><b><u>30.09.2022</u></b> | As At<br><b><u>31.12.2021</u></b> |
|---|-----------------------------------|-----------------------------------|
|   | RM'000                            | RM'000                            |
| <b>Assets</b>   |                                   |                                   |
| Plant and equipment                                       | 6,932                             | 4,717                             |
| Right-of-use assets                                       | 44,666                            | 47,821                            |
| Investment properties                                     | 28,553                            | 27,316                            |
| Intangible assets   | 6,376                             | 8,401                             |
| Investment in an associated company                       | 43,794                            | 39,446                            |
| Other investments   | 2,178,092                         | 2,169,029                         |
| Fair value through other comprehensive income             | 931,845                           | 916,424                           |
| Fair value through profit or loss                         | 1,075,552                         | 1,137,794                         |
| Amortised cost  | 170,695                           | 114,811                           |
| Deferred tax assets                                       | -                                 | 7,061                             |
| Reinsurance assets  | 1,347,000                         | 1,271,952                         |
| Loans and receivables, excluding<br>insurance receivables | 680,631                           | 1,007,396                         |
| Insurance receivables                                     | 206,031                           | 178,160                           |
| Deferred acquisition costs                                | 49,967                            | 45,605                            |
| Cash and cash equivalents                                 | 443,778                           | 87,900                            |
| <b>Total assets</b>                                       | <b><u>5,035,820</u></b>           | <b><u>4,894,804</u></b>           |
| <b>Equity</b>   |                                   |                                   |
| Share capital   | 398,383                           | 398,383                           |
| Reserves  | 1,681,211                         | 1,742,639                         |
| <b>Total equity</b>                                       | <b><u>2,079,594</u></b>           | <b><u>2,141,022</u></b>           |
| <b>Liabilities</b>  |                                   |                                   |
| Insurance contract liabilities                            | 2,640,356                         | 2,448,068                         |
| Deferred tax liabilities                                  | 460                               | -                                 |
| Lease liabilities   | 46,623                            | 49,630                            |
| Insurance payables  | 120,197                           | 120,630                           |
| Other payables  | 146,554                           | 110,573                           |
| Current tax payables                                      | 2,036                             | 24,881                            |
| <b>Total liabilities</b>                                  | <b><u>2,956,226</u></b>           | <b><u>2,753,782</u></b>           |
| <b>Total equity and liabilities</b>                       | <b><u>5,035,820</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 September 2022 - Unaudited

|   | ← Non-distributable        | →   | Distributable                      |                                |                 |
|---|----------------------------|---|------------------------------------|--------------------------------|-----------------|
|   | Share<br>capital<br>RM'000 | Foreign<br>currency<br>translation<br>reserve<br>RM'000 | Fair<br>value<br>reserve<br>RM'000 | Retained<br>earnings<br>RM'000 | Total<br>RM'000 |
| <b><u>9 Months Period Ended 30 September 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  | -                          | 9,134   | -                                  | -                              | 9,134           |
| Net gains on investments in equity instruments designated<br>at fair value through other comprehensive income | -                          | -   | 15,265                             | -                              | 15,265          |
| Total other comprehensive income for the period   | -                          | 9,134   | 15,265                             | -                              | 24,399          |
| Profit for the period   | -                          | -   | -                                  | 193,041                        | 193,041         |
| Total comprehensive income for the period   | -                          | 9,134   | 15,265                             | 193,041                        | 217,440         |
| Distributions to owners of the Company  |                            |   |                                    |                                |                 |
| Dividends to owners of the Company  | -                          | -   | -                                  | (278,868)                      | (278,868)       |
| Total transaction with owners of the Company  | -                          | -   | -                                  | (278,868)                      | (278,868)       |
| At 30 September 2022  | 398,383                    | 34,843  | 772,246                            | 874,122                        | 2,079,594       |

## LPI CAPITAL BHD

### Condensed Consolidated Statement of Changes in Equity for the Period Ended 30 September 2022 - Unaudited (continued)

|   | ← Non-distributable → |                                      | Distributable      |                   |           |
|---|-----------------------|--------------------------------------|--------------------|-------------------|-----------|
|   | Share capital         | Foreign currency translation reserve | Fair value reserve | Retained earnings | Total     |
|   | RM'000                | RM'000                               | RM'000             | RM'000            | RM'000    |
| <b><u>9 Months Period Ended 30 September 2021</u></b>   |                       |                                      |                    |                   |           |
| At 1 January 2021   | 398,383               | 22,753                               | 748,242            | 906,090           | 2,075,468 |
| Foreign currency translation differences for foreign operation  | -                     | 3,191                                | -                  | -                 | 3,191     |
| Net losses on investments in equity instruments designated at fair value through other comprehensive income | -                     | -                                    | (10,966)           | -                 | (10,966)  |
| Total other comprehensive income/(loss) for the period  | -                     | 3,191                                | (10,966)           | -                 | (7,775)   |
| Profit for the period   | -                     | -                                    | -                  | 271,612           | 271,612   |
| Total comprehensive income/(loss) for the period  | -                     | 3,191                                | (10,966)           | 271,612           | 263,837   |
| Distributions to owners of the Company  |                       |                                      |                    |                   |           |
| Dividends to owners of the Company  | -                     | -                                    | -                  | (290,820)         | (290,820) |
| Total transaction with owners of the Company  | -                     | -                                    | -                  | (290,820)         | (290,820) |
| At 30 September 2021  | 398,383               | 25,944                               | 737,276            | 886,882           | 2,048,485 |

**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 September 2022 - Unaudited**

|  | Current<br>Year<br>To Date<br>Ended<br><b><u>30.09.2022</u></b><br>RM'000 | Preceding Year<br>Corresponding<br>Period<br>Ended<br><b><u>30.09.2021</u></b><br>RM'000 |
|--|---|--|
| <b>Operating activities</b>  |   |  |
| Profit before tax  | 252,530   | 339,384  |
| Investment income  | (72,057)  | (91,015)   |
| Net realised gains recorded in profit or loss  | (16)  | (3)  |
| Net fair value losses recorded in profit or loss   | 10,822  | 34,677   |
| Share of profit of equity accounted associated company                                     | (988)   | (2,447)  |
| Proceeds from disposal of financial assets carried at fair value<br>through profit or loss | 831,613   | 30,373   |
| Purchase of financial assets carried at fair value through profit or loss                  | (814,729)   | (304,462)  |
| Purchase of financial assets carried at amortised cost                                     | (59,954)  | (14,972)   |
| Maturity of financial assets carried at amortised cost                                     | 4,845   | 10,000   |
| Maturity of financial assets carried at fair value through profit or loss                  | 35,000  | 5,000  |
| Interest on lease liabilities  | 943   | 1,229  |
| <b>Non-cash items:</b>   |   |  |
| Depreciation of plant and equipment  | 2,160   | 2,505  |
| Depreciation of right-of-use assets  | 5,276   | 4,965  |
| Amortisation of intangible assets  | 2,916   | 2,532  |
| Unrealised foreign exchange gain   | (278)   | (152)  |
| (Net reversal of)/Net impairment loss on insurance receivables                             | (559)   | 619  |
| Net reversal of impairment loss on investments carried at<br>amortised cost                | (1)   | -  |
| <b>Changes in working capital:</b>   |   |  |
| Decrease in loans and receivables  | 329,386   | 189,103  |
| Increase in reinsurance assets   | (73,193)  | (36,778)   |
| Increase in insurance receivables  | (26,739)  | (38,291)   |
| (Increase)/Decrease in deferred acquisition costs  | (4,222)   | 2,298  |
| Increase in insurance contract liabilities   | 185,554   | 74,437   |
| (Decrease)/Increase in insurance payables  | (567)   | 439  |
| Increase in other payables   | 34,920  | 23,248   |
| Cash generated from operating activities   | 642,662   | 232,689  |
| Dividend income received   | 48,374  | 70,217   |
| Interest income received   | 23,239  | 20,359   |
| Rental income on investment property received  | 588   | 467  |
| Interest paid  | (943)   | (1,229)  |
| Income tax paid  | (74,859)  | (57,386)   |
| <b>Net cash flows generated from operating activities</b>                                  | <b>639,061</b>  | <b>265,117</b>   |

## LPI CAPITAL BHD

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

|  | Current<br>Year<br>To Date<br>Ended<br><b>30.09.2022</b><br>RM'000 | Preceding Year<br>Corresponding<br>Period<br>Ended<br><b>30.09.2021</b><br>RM'000 |
|--|--|---|
| <b>Investing activities</b>                          |  |   |
| Proceeds from disposal of plant and equipment        | 16   | 3   |
| Purchase of plant and equipment                      | (4,357)  | (1,320)   |
| Purchase of intangible assets                        | (887)  | (1,272)   |
| <b>Net cash flows used in investing activities</b>   | <b>(5,228)</b>   | <b>(2,589)</b>  |
| <b>Financing activities</b>                          |  |   |
| Dividends paid to owners of the Company              | (278,868)  | (290,820)   |
| Payment of lease liabilities                         | (5,139)  | (4,619)   |
| <b>Net cash flows used in financing activities</b>   | <b>(284,007)</b>   | <b>(295,439)</b>  |
| Net increase/(decrease) in cash and cash equivalents | 349,826  | (32,911)  |
| Cash and cash equivalents at 1 January               | 87,900   | 150,788   |
| Effect of movement in exchange rates                 | 6,052  | 2,128   |
| <b>Cash and cash equivalents at 30 September</b>     | <b>443,778</b>   | <b>120,005</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        |

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 September 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 September 2022.

#### A6. DIVIDEND PAID

- a) 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 was paid on 2 March 2022.
- b) A first interim single tier dividend of 25.00 sen per ordinary share amounting to RM99,595,688 in respect of the financial year ending 31 December 2022 was paid on 25 August 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                    | ← 9 Months Ended → |           |                    |           |           |           |
|---------------------------|--------------------|-----------|--------------------|-----------|-----------|-----------|
|                           | General insurance  |           | Investment holding |           | Total     |           |
|                           | 2022               | 2021      | 2022               | 2021      | 2022      | 2021      |
| External revenue          | 1,190,150          | 1,243,666 | 34,275             | 45,027    | 1,224,425 | 1,288,693 |
| Inter-segment revenue     | -                  | -         | 210,000            | 230,000   | 210,000   | 230,000   |
| Segment profit before tax | 224,924            | 300,319   | 237,606            | 269,065   | 462,530   | 569,384   |
| Segment assets            | 4,100,278          | 3,659,862 | 1,135,542          | 1,144,254 | 5,235,820 | 4,804,116 |
| Segment liabilities       | 2,952,677          | 2,552,394 | 3,549              | 3,237     | 2,956,226 | 2,555,631 |

## A7. OPERATING SEGMENTS (CONTINUED)

### Business segments (continued)

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

| RM'000                               | ← 9 Months Ended → |                |
|--------------------------------------|--------------------|----------------|
|                                      | <u>2022</u>        | <u>2021</u>    |
| Total profit for reportable segments | 462,530            | 569,384        |
| Elimination of inter-segment profit  | (210,000)          | (230,000)      |
| Consolidated profit before tax       | <u>252,530</u>     | <u>339,384</u> |

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

| RM'000                               | ← 9 Months Ended → |                  |
|--------------------------------------|--------------------|------------------|
|                                      | <u>2022</u>        | <u>2021</u>      |
| Total assets for reportable segments | 5,235,820          | 4,804,116        |
| Elimination of inter-segment assets  | (200,000)          | (200,000)        |
| Consolidated assets                  | <u>5,035,820</u>   | <u>4,604,116</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.

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.

On 2 September 2022, the CAT had allowed Lonpac’s appeal and set aside MyCC’s decision.

Save 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>30.09.2022</b>  |  |                |                |                  |  |                |                |                |                         |                        |
| <b>Financial assets</b>  |  |                |                |                  |  |                |                |                |                         |                        |
| <i>Designated at fair value through other comprehensive income</i> |  |                |                |                  |  |                |                |                |                         |                        |
| - Quoted shares  | 931,845  | -              | -              | 931,845          | -  | -              | -              | -              | 931,845                 | 931,845                |
| <i>Mandatorily at fair value through profit or loss</i>            |  |                |                |                  |  |                |                |                |                         |                        |
| - Unit trust   | 887,996  | -              | -              | 887,996          | -  | -              | -              | -              | 887,996                 | 887,996                |
| - Real estate investment trusts ("REITs")                          | 3,135  | -              | -              | 3,135            | -  | -              | -              | -              | 3,135                   | 3,135                  |
| - Exchange-traded fund ("ETF")                                     | 593  | -              | -              | 593              | -  | -              | -              | -              | 593                     | 593                    |
| - Quoted shares  | 4,011  | -              | -              | 4,011            | -  | -              | -              | -              | 4,011                   | 4,011                  |
| - Unquoted shares  | -  | -              | 1,472          | 1,472            | -  | -              | -              | -              | 1,472                   | 1,472                  |
| - Corporate bonds and sukuk  | -  | 178,345        | -              | 178,345          | -  | -              | -              | -              | 178,345                 | 178,345                |
| <i>Amortised cost</i>  |  |                |                |                  |  |                |                |                |                         |                        |
| - Malaysian government securities                                  | -  | -              | -              | -                | -  | 14,739         | -              | 14,739         | 14,739                  | 15,314                 |
| - Government investment issues                                     | -  | -              | -              | -                | -  | 38,301         | -              | 38,301         | 38,301                  | 39,789                 |
| - Malaysian government guaranteed loans                            | -  | -              | -              | -                | -  | 78,190         | -              | 78,190         | 78,190                  | 80,000                 |
| - Corporate bonds and sukuk  | -  | -              | -              | -                | -  | 34,651         | -              | 34,651         | 34,651                  | 35,592                 |
|  | <b>1,827,580</b>   | <b>178,345</b> | <b>1,472</b>   | <b>2,007,397</b> | <b>-</b>   | <b>165,881</b> | <b>-</b>       | <b>165,881</b> | <b>2,173,278</b>        | <b>2,178,092</b>       |

A11. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value information (continued)

**31.12.2021**

| RM'000   | Fair value of financial instruments<br>carried at fair value |                |              |                  | Fair value of financial instruments<br>not carried at fair value |                |          |                | Total<br>fair value | Carrying<br>amount |
|--|--|----------------|--------------|------------------|--|----------------|----------|----------------|---------------------|--------------------|
|  | Level 1  | Level 2        | Level 3      | Total            | Level 1  | Level 2        | Level 3  | Total          |                     |                    |
| <b>Financial assets</b>  |  |                |              |                  |  |                |          |                |                     |                    |
| <i>Designated at<br/>fair value through other<br/>comprehensive income</i> |  |                |              |                  |  |                |          |                |                     |                    |
| - Quoted shares  | 916,424  | -              | -            | 916,424          | -  | -              | -        | -              | 916,424             | 916,424            |
| <i>Mandatorily at fair value<br/>through profit or loss</i>                |  |                |              |                  |  |                |          |                |                     |                    |
| - Unit trust   | 982,477  | -              | -            | 982,477          | -  | -              | -        | -              | 982,477             | 982,477            |
| - Real estate investment<br>trusts ("REITs")                               | 3,211  | -              | -            | 3,211            | -  | -              | -        | -              | 3,211               | 3,211              |
| - Exchange-traded fund<br>("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<br>sukuk   | -  | 146,255        | -            | 146,255          | -  | -              | -        | -              | 146,255             | 146,255            |
| <i>Amortised cost</i>  |  |                |              |                  |  |                |          |                |                     |                    |
| - Malaysian government<br>securities                                       | -  | -              | -            | -                | -  | 15,366         | -        | 15,366         | 15,366              | 15,358             |
| - Government investment<br>issues  | -  | -              | -            | -                | -  | 19,788         | -        | 19,788         | 19,788              | 19,817             |
| - Malaysian government<br>guaranteed loans                                 | -  | -              | -            | -                | -  | 50,298         | -        | 50,298         | 50,298              | 50,000             |
| - Corporate bonds and<br>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 September 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 September 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:-

| RM'000                                | Associated Company                           |   | Companies in which a Director has substantial financial interest |   |
|---------------------------------------|--|---|--|---|
|                                       | Current Year To Date Ended <b>30.09.2022</b> | Preceding Year Corresponding Period Ended <b>30.09.2021</b> | Current Year To Date Ended <b>30.09.2022</b>                     | Preceding Year Corresponding Period Ended <b>30.09.2021</b> |
| <b>Income earned:</b>                 |  |   |  |   |
| Premium income                        | 492  | 562   | 38,231   | 36,722  |
| Dividend income                       | -  | -   | 35,143   | 45,768  |
| Fixed deposits income                 | -  | -   | 1,682  | 2,560   |
| Corporate bonds and sukuk income      | -  | -   | 1,050  | 1,101   |
| Information technology services       | 320  | 12  | -  | -   |
|                                       | <u>812</u>                                   | <u>574</u>  | <u>76,106</u>  | <u>86,151</u>   |
| <b>Expenditure incurred:</b>          |  |   |  |   |
| Rental paid                           | -  | -   | (2,997)  | (2,494)   |
| Insurance commission                  | (119)  | (131)   | (36,681)   | (35,785)  |
|                                       | <u>(119)</u>                                 | <u>(131)</u>  | <u>(39,678)</u>  | <u>(38,279)</u>   |
| <b>Other transaction:</b>             |  |   |  |   |
| Purchase of corporate bonds and sukuk | -  | -   | (20,000)   | -   |

**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 |         |             |
|  | 30.09.2022                 | 30.09.2021                                 | Amount  | % / ppt (*) | 30.09.2022                 | 30.09.2021                                | Amount  | % / ppt (*) |
| <b>Revenue by segments</b>               |                            |  |         |             |                            |   |         |             |
| General insurance segment                | 412.4                      | 411.4                                      | 1.0     | 0.2%        | 1,190.2                    | 1,243.7                                   | (53.5)  | (4.3)%      |
| Gross earned premiums                    | 398.4                      | 395.4                                      | 3.0     | 0.8%        | 1,152.4                    | 1,197.7                                   | (45.3)  | (3.8)%      |
| Investment income                        | 14.0                       | 16.0                                       | (2.0)   | (12.5)%     | 37.8                       | 46.0                                      | (8.2)   | (17.8)%     |
| Investment holding segment               |                            |  |         |             |                            |   |         |             |
| Investment income                        | 17.2                       | 16.5                                       | 0.7     | 4.2%        | 34.2                       | 45.0                                      | (10.8)  | (24.0)%     |
| Total revenue                            | 429.6                      | 427.9                                      | 1.7     | 0.4%        | 1,224.4                    | 1,288.7                                   | (64.3)  | (5.0)%      |
| <b>Revenue by geographical locations</b> |                            |  |         |             |                            |   |         |             |
| Malaysia                                 | 398.4                      | 404.0                                      | (5.6)   | (1.4)%      | 1,136.8                    | 1,210.0                                   | (73.2)  | (6.0)%      |
| Singapore                                | 31.2                       | 23.9                                       | 7.3     | 30.5%       | 87.6                       | 78.7                                      | 8.9     | 11.3%       |
| Total revenue                            | 429.6                      | 427.9                                      | 1.7     | 0.4%        | 1,224.4                    | 1,288.7                                   | (64.3)  | (5.0)%      |
| Operating profit                         | 103.2                      | 131.0                                      | (27.8)  | (21.2)%     | 252.5                      | 338.2                                     | (85.7)  | (25.3)%     |

(\* ppt – percentage points)

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

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

|   | Individual Period          |  | Changes |             | Cumulative Period          |   | Changes |             |
|---|----------------------------|--|---------|-------------|----------------------------|---|---------|-------------|
|   | Current Year Quarter Ended | Preceding Year Corresponding Quarter Ended |         |             | Current Year To Date Ended | Preceding Year Corresponding Period Ended |         |             |
|   | 30.09.2022                 | 30.09.2021                                 | Amount  | % / ppt (*) | 30.09.2022                 | 30.09.2021                                | Amount  | % / ppt (*) |
| <b>Profit before tax by segments</b>                  |                            |  |         |             |                            |   |         |             |
| General insurance (RM'mil)                            | 88.1                       | 116.6                                      | (28.5)  | (24.4)%     | 224.9                      | 300.3                                     | (75.4)  | (25.1)%     |
| Investment holding (RM'mil)                           | 15.2                       | 14.7                                       | 0.5     | 3.4%        | 27.6                       | 39.1                                      | (11.5)  | (29.4)%     |
| Total profit before tax                               | 103.3                      | 131.3                                      | (28.0)  | (21.3)%     | 252.5                      | 339.4                                     | (86.9)  | (25.6)%     |
| <b>Profit before tax by geographical locations</b>    |                            |  |         |             |                            |   |         |             |
| Malaysia (RM'mil)                                     | 100.9                      | 129.0                                      | (28.1)  | (21.8)%     | 242.8                      | 329.7                                     | (86.9)  | (26.4)%     |
| Singapore (RM'mil)                                    | 2.0                        | 1.6  | 0.4     | 25.0%       | 8.7                        | 7.3                                       | 1.4     | 19.2%       |
| Cambodia (RM'mil)                                     | 0.4                        | 0.7  | (0.3)   | (42.9)%     | 1.0                        | 2.4                                       | (1.4)   | (58.3)%     |
| Total profit before tax                               | 103.3                      | 131.3                                      | (28.0)  | (21.3)%     | 252.5                      | 339.4                                     | (86.9)  | (25.6)%     |
|   |                            |  |         |             |                            |   |         |             |
| Profit attributable to owners of the Company (RM'mil) | 74.7                       | 105.4                                      | (30.7)  | (29.1)%     | 193.0                      | 271.6                                     | (78.6)  | (28.9)%     |
| Net return on equity (%)                              | 3.6                        | 5.1  | -       | (1.5) ppt   | 9.3                        | 13.3                                      | -       | (4.0) ppt   |
| Earnings per share (sen)                              | 18.77                      | 26.45                                      | (7.68)  | (29.0)%     | 48.46                      | 68.18                                     | (19.72) | (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 |         |             |
|   | 30.09.2022                 | 30.09.2021                                 | Amount  | % / ppt (*) | 30.09.2022                 | 30.09.2021                                | Amount  | % / ppt (*) |
| General insurance gross written premiums (RM'mil) | 409.2                      | 357.9                                      | 51.3    | 14.3%       | 1,257.8                    | 1,198.0                                   | 59.8    | 5.0%        |
| General insurance net earned premiums (RM'mil)    | 250.1                      | 255.9                                      | (5.8)   | (2.3)%      | 720.7                      | 755.6                                     | (34.9)  | (4.6)%      |
| General insurance underwriting profit (RM'mil)    | 72.2                       | 103.9                                      | (31.7)  | (30.5)%     | 194.2                      | 284.4                                     | (90.2)  | (31.7)%     |
| General insurance claims incurred ratio (%)       | 42.5                       | 33.6                                       | -       | 8.9 ppt     | 45.4                       | 36.1                                      | -       | 9.3 ppt     |
| General insurance management expenses ratio (%)   | 22.2                       | 18.9                                       | -       | 3.3 ppt     | 22.4                       | 20.4                                      | -       | 2.0 ppt     |
| General insurance commission ratio (%)            | 6.5                        | 6.9  | -       | (0.4) ppt   | 5.3                        | 5.9                                       | -       | (0.6) ppt   |
| General insurance combined ratio (%)              | 71.1                       | 59.4                                       | -       | 11.7 ppt    | 73.1                       | 62.4                                      | -       | 10.7 ppt    |

(\* ppt – percentage points)

## B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

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

| RM'000  | Fire        |             | Motor       |             | Marine, Aviation &<br>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                          | 164,472     | 140,848     | 93,736      | 87,842      | 16,502                        | 17,588      | 134,489       | 111,671     | 409,199     | 357,949     |
| Change in unearned premiums provision           | (1,361)     | 9,727       | (1,729)     | 2,794       | 6,000                         | 5,354       | (13,738)      | 19,612      | (10,828)    | 37,487      |
| Gross earned premiums                           | 163,111     | 150,575     | 92,007      | 90,636      | 22,502                        | 22,942      | 120,751       | 131,283     | 398,371     | 395,436     |
| Gross written premiums ceded to reinsurers      | (63,288)    | (41,131)    | (5,485)     | (4,155)     | (11,130)                      | (13,692)    | (60,896)      | (51,945)    | (140,799)   | (110,923)   |
| Change in unearned premiums provision           | (4,884)     | (8,564)     | 45          | (36)        | (6,780)                       | (5,048)     | 4,138         | (15,014)    | (7,481)     | (28,662)    |
| Premiums ceded to reinsurers                    | (68,172)    | (49,695)    | (5,440)     | (4,191)     | (17,910)                      | (18,740)    | (56,758)      | (66,959)    | (148,280)   | (139,585)   |
| Net earned premiums                             | 94,939      | 100,880     | 86,567      | 86,445      | 4,592                         | 4,202       | 63,993        | 64,324      | 250,091     | 255,851     |
| Net claims incurred                             | (12,479)    | (12,319)    | (57,920)    | (48,243)    | (3,631)                       | (704)       | (32,329)      | (24,709)    | (106,359)   | (85,975)    |
| Commission income                               | 13,372      | 11,354      | 421         | 404         | 2,025                         | 1,586       | 13,608        | 12,417      | 29,426      | 25,761      |
| Commission expense                              | (18,706)    | (18,392)    | (8,853)     | (8,646)     | (1,476)                       | (965)       | (16,543)      | (15,491)    | (45,578)    | (43,494)    |
| Net commission                                  | (5,334)     | (7,038)     | (8,432)     | (8,242)     | 549                           | 621         | (2,935)       | (3,074)     | (16,152)    | (17,733)    |
| Total out-go                                    | (17,813)    | (19,357)    | (66,352)    | (56,485)    | (3,082)                       | (83)        | (35,264)      | (27,783)    | (122,511)   | (103,708)   |
| Underwriting surplus before management expenses | 77,126      | 81,523      | 20,215      | 29,960      | 1,510                         | 4,119       | 28,729        | 36,541      | 127,580     | 152,143     |
| Management expenses of the insurance fund       |             |             |             |             |                               |             |               |             | (55,413)    | (48,276)    |
| Underwriting surplus after management expenses  |             |             |             |             |                               |             |               |             | 72,167      | 103,867     |
| Net claims incurred ratio (%)                   | 13.1        | 12.2        | 66.9        | 55.8        | 79.1                          | 16.8        | 50.5          | 38.4        | 42.5        | 33.6        |

## B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

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

| RM'000  | Fire             |                  | Motor            |                  | Marine, Aviation &<br>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                          | 503,063          | 488,234          | 269,795          | 260,408          | 76,021                        | 74,642          | 408,872          | 374,765          | 1,257,751        | 1,198,049        |
| Change in unearned premiums provision           | (28,456)         | (24,700)         | (626)            | 15,648           | (7,436)                       | (7,394)         | (68,865)         | 16,075           | (105,383)        | (371)            |
| Gross earned premiums                           | <u>474,607</u>   | <u>463,534</u>   | <u>269,169</u>   | <u>276,056</u>   | <u>68,585</u>                 | <u>67,248</u>   | <u>340,007</u>   | <u>390,840</u>   | <u>1,152,368</u> | <u>1,197,678</u> |
| Gross written premiums ceded to reinsurers      | (195,356)        | (174,741)        | (15,729)         | (12,194)         | (60,565)                      | (60,583)        | (204,292)        | (179,925)        | (475,942)        | (427,443)        |
| Change in unearned premiums provision           | 12,385           | 9,991            | (51)             | (496)            | 6,308                         | 6,538           | 25,601           | (30,683)         | 44,243           | (14,650)         |
| Premiums ceded to reinsurers                    | <u>(182,971)</u> | <u>(164,750)</u> | <u>(15,780)</u>  | <u>(12,690)</u>  | <u>(54,257)</u>               | <u>(54,045)</u> | <u>(178,691)</u> | <u>(210,608)</u> | <u>(431,699)</u> | <u>(442,093)</u> |
| Net earned premiums                             | <u>291,636</u>   | <u>298,784</u>   | <u>253,389</u>   | <u>263,366</u>   | <u>14,328</u>                 | <u>13,203</u>   | <u>161,316</u>   | <u>180,232</u>   | <u>720,669</u>   | <u>755,585</u>   |
| Net claims incurred                             | (37,665)         | (36,651)         | (195,772)        | (156,120)        | (7,215)                       | (4,788)         | (86,213)         | (75,408)         | (326,865)        | (272,967)        |
| Commission income                               | 38,657           | 34,832           | 1,382            | 1,515            | 7,144                         | 6,347           | 42,635           | 42,550           | 89,818           | 85,244           |
| Commission expense                              | (54,307)         | (54,201)         | (25,825)         | (26,547)         | (4,279)                       | (3,310)         | (43,945)         | (45,677)         | (128,356)        | (129,735)        |
| Net commission                                  | <u>(15,650)</u>  | <u>(19,369)</u>  | <u>(24,443)</u>  | <u>(25,032)</u>  | <u>2,865</u>                  | <u>3,037</u>    | <u>(1,310)</u>   | <u>(3,127)</u>   | <u>(38,538)</u>  | <u>(44,491)</u>  |
| Total out-go                                    | <u>(53,315)</u>  | <u>(56,020)</u>  | <u>(220,215)</u> | <u>(181,152)</u> | <u>(4,350)</u>                | <u>(1,751)</u>  | <u>(87,523)</u>  | <u>(78,535)</u>  | <u>(365,403)</u> | <u>(317,458)</u> |
| Underwriting surplus before management expenses | <u>238,321</u>   | <u>242,764</u>   | <u>33,174</u>    | <u>82,214</u>    | <u>9,978</u>                  | <u>11,452</u>   | <u>73,793</u>    | <u>101,697</u>   | <u>355,266</u>   | <u>438,127</u>   |
| Management expenses of the insurance fund       |                  |                  |                  |                  |                               |                 |                  |                  | (161,098)        | (153,728)        |
| Underwriting surplus after management expenses  |                  |                  |                  |                  |                               |                 |                  |                  | <u>194,168</u>   | <u>284,399</u>   |
| Net claims incurred ratio (%)                   | 12.9             | 12.3             | 77.3             | 59.3             | 50.4                          | 36.3            | 53.4             | 41.8             | 45.4             | 36.1             |

## B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

### **Revenue**

For the quarter ended 30 September 2022, the Group's revenue increased by RM1.7 million to RM429.6 million from RM427.9 million in the corresponding quarter in 2021, an increase of 0.4%. The increase was mainly driven by growth in gross earned premium of 0.8% or RM3.0 million from its general insurance segment. The investment holding segment recorded higher revenue of RM17.2 million as compared to RM16.5 million in the corresponding quarter in 2021 contributed by higher dividend income received.

Revenue of the Group for the nine months period ended 30 September 2022 decreased by 5.0% or RM64.3 million to RM1,224.4 million from RM1,288.7 million in the corresponding period in 2021. Of the total amount of RM1,224.4 million, RM1,190.2 million was generated from general insurance segment and RM34.2 million from investment holding segment. The decrease in revenue was mainly driven by the general insurance segment, which registered a decrease of 4.3% or RM53.5 million compared to RM1,243.7 million in 30 September 2021. The investment holding segment recorded lower revenue of RM34.2 million as compared to RM45.0 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 third quarter of 2022 decreased by 21.3% or RM28.0 million to RM103.3 million from RM131.3 million in the corresponding quarter in 2021. The decrease was driven by the lower profit from general insurance segment, which decreased by 24.4% or RM28.5 million to RM88.1 million from RM116.6 million in the third quarter of 2021. Underwriting profit for the current quarter decreased by 30.5% or RM31.7 million to RM72.2 million from RM103.9 million previously mainly due to lower net earned premium and higher net claims incurred as well as higher management expenses as compared to the corresponding quarter in 2021. The investment holding segment recorded a higher profit before tax of RM15.2 million as compared to RM14.7 million in the corresponding quarter in 2021 mainly contributed by higher dividend income received during the current quarter ended 30 September 2022.

Profit before tax of the Group for the nine months period ended 30 September 2022 decreased by 25.6% or RM86.9 million to RM252.5 million from RM339.4 million in the corresponding period in 2021. The decrease mainly came from general insurance segment, which decreased by 25.1% or RM75.4 million to RM224.9 million from RM300.3 million in the third quarter of 2021. Underwriting surplus decreased by 31.7% or RM90.2 million to RM194.2 million from RM284.4 million reported in the previous corresponding period, mainly due to lower net earned premium and higher net claims incurred as well as higher management expenses. The investment holding segment recorded a lower profit before tax of RM27.6 million as compared to RM39.1 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 97.7% of the Group's total profit before tax in the third quarter of 2022 and 96.2% for the nine months period ended 30 September 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 30.09.2022 | Preceding Year Corresponding Quarter Ended 30.09.2021 | Current Year To Date Ended 30.09.2022 | Preceding Year Corresponding Period Ended 30.09.2021 |
| RM'mil  |                                       |   |                                       |  |
| Other comprehensive income  |                                       |   |                                       |  |
| Items that are or may be reclassified subsequently to profit or loss  |                                       |   |                                       |  |
| Foreign currency translation differences for foreign operation  | 4.0                                   | 0.6   | 9.1                                   | 3.2  |
| 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 | (30.9)                                | (8.8)   | 15.3                                  | (11.1)   |
| Income tax relating to these items  | 0.2                                   | 0.1   | -                                     | 0.1  |
| Total other comprehensive (loss)/income for the period, net of tax  | (26.7)                                | (8.1)   | 24.4                                  | (7.8)  |

The Group's total other comprehensive income for the nine months ended 30 September 2022 recorded a net gain of RM24.4 million as compared to net loss of RM7.8 million in the corresponding period in 2021. The net gain recorded was mainly contributed by 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<br>30.09.2022 | As at<br>31.12.2021 | Changes |       |
|-------------------|---------------------|---------------------|---------|-------|
|                   |                     |                     | Amount  | %     |
| Total assets      | 5,035.8             | 4,894.8             | 141.0   | 2.9   |
| Total liabilities | 2,956.2             | 2,753.8             | 202.4   | 7.3   |
| Total equity      | 2,079.6             | 2,141.0             | (61.4)  | (2.9) |

### **Total assets**

As at 30 September 2022, the Group's total assets increased by RM141.0 million to RM5,035.8 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 81.4% of the Group's total assets as at 30 September 2022.

### **Total liabilities**

As at 30 September 2022, total liabilities of the Group increased by RM202.4 million to RM2,956.2 million from RM2,753.8 million as at 31 December 2021. This was mainly due to RM192.3 million increase in insurance contract liabilities and RM36.0 million in other payables of its general insurance segment.

### **Total equity**

The Group's total equity decreased by 2.9% or RM61.4 million to RM2,079.6 million from RM2,141.0 million as at 31 December 2021. The Group's retained earnings recorded a net decrease of RM85.9 million resulted from the payment of dividends of RM278.9 million offset by the current period's net profit of RM193.0 million. The fair value reserves increased by RM15.3 million contributed by 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 RM5.20 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 30.09.2022<br>SGD1.00 = RM3.23 | Functional<br>Currency<br>SGD'000 | Reporting<br>Currency<br>RM'000 |
|--|-----------------------------------|---------------------------------|
| Gross earned premiums                              | 26,119                            | 84,366                          |
| Investment income                                  | 1,006                             | 3,248                           |
| <b>Total revenue</b>                               | <b>27,125</b>                     | <b>87,614</b>                   |
| Profit before tax                                  | 2,688                             | 8,683                           |
| Profit after tax                                   | 2,423                             | 7,826                           |
| Total assets                                       | 75,322                            | 243,290                         |
| Total liabilities                                  | 64,969                            | 209,850                         |

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<br>To Date<br>Ended<br>30.09.2022 | Preceding Year<br>Corresponding<br>Period<br>Ended<br>30.09.2021 |
|--|--|--|
| Profit after tax                                     | 193.0  | 271.6  |
| Net cash flows generated from operating activities   | 639.1  | 265.1  |
| Net cash flows used in investing activities          | (5.3)  | (2.6)  |
| Net cash flows used in financing activities          | (284.0)  | (295.4)  |
| Net increase/(decrease) in cash and cash equivalents | 349.8  | (32.9)   |
| Cash and cash equivalents at 1 January               | 87.9   | 150.8  |
| Effect of movement in exchange rates                 | 6.1  | 2.1  |
| Cash and cash equivalents at 30 September            | 443.8  | 120.0  |

For the nine months period ended 30 September 2022, the operating cash flow of the Group remained healthy at RM639.1 million. The ratio of cash flow from operating activities to net income was 331.1% (RM639.1 million / RM193.0 million). The ratio indicated the ability of the Group to generate sufficient positive cash flow to maintain and grow its operations. The movement was mainly due to the Group having invested more fixed deposits with the tenure less than 3 months.

## 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 RM5.3 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 RM192.3 million to RM2,640.4 million for the nine months period ended 30 September 2022. The Group had generated sufficient cash flow to pay dividends amounting to RM278.9 million (which consisted of RM179.3 million second interim dividend for the financial year ended 31 December 2021 and RM99.6 million first interim dividend for the financial year ending 2022) during the current financial period.

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

|   | Current<br>Year<br>Quarter<br>Ended<br>30.09.2022 | Immediate<br>Preceding<br>Quarter<br>Ended<br>30.06.2022 | Changes     |             |
|---|---|--|-------------|-------------|
|   |   |  | Amount      | % / ppt     |
| Gross earned premiums (RM'mil)                        | 398.4   | 385.0  | 13.4        | 3.5%        |
| Investment income (RM'mil)                            | 31.2  | 12.1   | 19.1        | 157.9%      |
| <b>Total revenue (RM'mil)</b>                         | <b>429.6</b>                                      | <b>397.1</b>   | <b>32.5</b> | <b>8.2%</b> |
| Operating profit (RM'mil)                             | 103.2   | 73.3   | 29.9        | 40.8%       |
| Profit before tax (RM'mil)                            | 103.3   | 73.5   | 29.8        | 40.5%       |
| Profit attributable to owners of the Company (RM'mil) | 74.7  | 56.8   | 17.9        | 31.5%       |
| Net return on equity (%)                              | 3.6   | 2.7  | -           | 0.9 ppt     |
| Earnings per share (sen)                              | 18.77   | 14.25  | 4.52        | 31.7%       |
| General insurance gross written premiums (RM'mil)     | 409.2   | 372.0  | 37.2        | 10.0%       |
| General insurance net earned premiums (RM'mil)        | 250.1   | 253.4  | (3.3)       | (1.3)%      |
| General insurance underwriting profit (RM'mil)        | 72.2  | 69.4   | 2.8         | 4.0%        |
| General insurance claims incurred ratio (%)           | 42.5  | 46.8   | -           | (4.3) ppt   |
| General insurance management expenses ratio (%)       | 22.2  | 19.8   | -           | 2.4 ppt     |
| General insurance commission ratio (%)                | 6.5   | 6.0  | -           | 0.5 ppt     |
| General insurance combined ratio (%)                  | 71.1  | 72.6   | -           | (1.5) ppt   |

For the third quarter ended 30 September 2022, the Group recorded a higher profit before tax of RM103.3 million as compared to RM73.5 million in the preceding quarter ended 30 June 2022. The increase in the profit before tax for the said quarter was mainly contributed by higher investment income received.

### B3. CURRENT YEAR PROSPECTS

- a) The Malaysian economy is expected to remain buoyant this year, supported by strong domestic demand on the back of the reopening of the economy. However, there may be downside risk to outlook next year due to global inflation and monetary policy tightening by Central Banks which could impact the country's growth prospects

The Malaysian general insurance industry is expected to gradually shift towards a fully market-based pricing for Fire and Motor insurances as Phase 2a of the market liberalization plan kicks off in the 4<sup>th</sup> Quarter of FY2022. Higher claims which are normalizing after the re-opening of the economy and the continued market liberalization which will exert pressure on the pricing for fire and motor products will be the main challenges for Malaysian general insurers moving forward.

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

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

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



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

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

B6. TAXATION

| RM'000                                   | Individual Period          |  | Cumulative Period          |   |
|--|----------------------------|--|----------------------------|---|
|  | Current Year Quarter Ended | Preceding Year Corresponding Quarter Ended | Current Year To Date Ended | Preceding Year Corresponding Period Ended |
|  | <u>30.09.2022</u>          | <u>30.09.2021</u>                          | <u>30.09.2022</u>          | <u>30.09.2021</u>                         |
| Profit before tax                        | 103,294                    | 131,338                                    | 252,530                    | 339,384                                   |
| Income tax:                              |                            |  |                            |   |
| Current tax charge                       | 29,716                     | 27,139                                     | 53,280                     | 76,305                                    |
| Over provision in prior year             | (1,231)                    | -  | (1,329)                    | -   |
| Deferred taxation                        | 64                         | (1,184)                                    | 7,538                      | (8,533)                                   |
| Total tax expense                        | <u>28,549</u>              | <u>25,955</u>                              | <u>59,489</u>              | <u>67,772</u>                             |
| Effective tax rate on current tax charge | 29%                        | 20%  | 24%                        | 20%                                       |

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 the one-off prosperity tax of 33% on chargeable income in excess of RM100.0 million.

**B7. STATUS OF CORPORATE PROPOSALS**

- a) There was no corporate proposal announced but not completed as at 10 October 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 September 2022.

**B9. DISCLOSURE OF DERIVATIVES**

A disclosure on outstanding derivatives (including financial instruments designated as hedging instruments) as at 30 September 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 September 2022.

**B11. CHANGES IN MATERIAL LITIGATION**

There were no pending material litigations since the last annual balance sheet date up to 10 October 2022, which is not earlier than 7 days from date of issue of this quarterly report.

## B12. DIVIDEND

The total dividend declared and paid for the nine (9) months ended 30 September 2022 was 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 | Preceding Year Corresponding Quarter Ended | Current Year To Date Ended | Preceding Year Corresponding Period Ended |
|   | <u>30.09.2022</u>          | <u>30.09.2021</u>                          | <u>30.09.2022</u>          | <u>30.09.2021</u>                         |
| Profit after tax (RM'000)                               | 74,745                     | 105,383                                    | 193,041                    | 271,612                                   |
| Weighted average no. of ordinary shares in issue ('000) | 398,383                    | 398,383                                    | 398,383                    | 398,383                                   |
| Basic earnings per share (sen)                          | 18.77                      | 26.45                                      | 48.46                      | 68.18                                     |

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

## B14. PROFIT FOR THE PERIOD

|  | Individual Period   |  | Cumulative Period  |   |
|--|---|--|--|---|
|  | Current Year<br>Quarter Ended<br><b><u>30.09.2022</u></b><br>RM'000 | Preceding Year<br>Corresponding<br>Quarter Ended<br><b><u>30.09.2021</u></b><br>RM'000 | Current Year<br>To Date<br>Ended<br><b><u>30.09.2022</u></b><br>RM'000 | Preceding Year<br>Corresponding<br>Period Ended<br><b><u>30.09.2021</u></b><br>RM'000 |
| <b>Profit for the period is arrived at after charging:</b>               |   |  |  |   |
| Finance costs  | 304   | 384  | 943  | 1,229   |
| Depreciation of plant and equipment (NI)                                 | 722   | 822  | 2,160  | 2,505   |
| Depreciation of right-of-use assets (NI)                                 | 1,776   | 1,656  | 5,276  | 4,965   |
| Amortisation of intangible assets (NI)                                   | 1,007   | 848  | 2,916  | 2,532   |
| Net impairment loss on insurance receivables                             | 79  | -  | -  | 619   |
| <b>and after crediting:</b>  |   |  |  |   |
| Interest income (N2)   | 8,526   | 6,447  | 23,095   | 20,331  |
| Dividend income (N2)   | 22,531  | 25,829   | 48,374   | 70,217  |
| Rental income (N2)   | 213   | 202  | 588  | 467   |
| Net reversal of impairment loss on insurance receivables                 | -   | 323  | 559  | -   |
| Net reversal of impairment loss on investments carried at amortised cost | -   | -  | 1  | -   |
| Net foreign exchange gain (NI)   | 96  | 33   | 223  | 187   |
| Bad debts recoveries (NI)  | 1   | -  | 4  | -   |

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

Other than the items above which have been included in the Condensed Consolidated Statement of Profit or Loss, there were no impairment of assets, gain or loss on derivatives and exceptional items for the current financial period ended 30 September 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<br/>Days<br/>RM'000</b> | <b>31 - 60<br/>days<br/>RM'000</b> | <b>61 - 90<br/>days<br/>RM'000</b> | <b>91 - 180<br/>days<br/>RM'000</b> | <b>&gt;180<br/>days<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--------------------------|-----------------------------------|------------------------------------|------------------------------------|-------------------------------------|------------------------------------|-------------------------|
| <b>30.09.2022</b>        |                                   |                                    |                                    |                                     |                                    |                         |
| Insurance<br>receivables | 15,214                            | 5,118                              | -                                  | -                                   | -                                  | 20,332                  |
| <b>31.12.2021</b>        |                                   |                                    |                                    |                                     |                                    |                         |
| Insurance<br>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

|  | 30.09.2022   |   |   |       | 31.12.2021   |   |   |       |
|--|--|---|---|-------|--|---|---|-------|
|  | 12-months ECL<br>Due from<br>Corporate<br>bonds and<br>sukuk | 12-months ECL<br>Due from<br>reinsurers<br>and<br>cedants | Lifetime<br>ECL<br>Due<br>premiums<br>including<br>agents and<br>brokers and<br>co-insurers | Total | 12-months ECL<br>Due from<br>Corporate<br>bonds and<br>sukuk | 12-months ECL<br>Due from<br>reinsurers<br>and<br>cedants | Lifetime<br>ECL<br>Due<br>premiums<br>including<br>agents and<br>brokers and<br>co-insurers | Total |
| As at 1 January                                  | 6  | 7   | 2,723   | 2,736 | 5  | 51  | 2,586   | 2,642 |
| Net remeasurement of<br>allowance for impairment | (1)  | 60  | (619)   | (560) | 1  | (44)  | 136   | 93    |
| Effect of movement in<br>exchange rates          | -  | -   | 2   | 2     | -  | -   | 1   | 1     |
| As at 30 September 2022 /<br>31 December 2021    | 5  | 67  | 2,106   | 2,178 | 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.