

LPI CAPITAL BHD

Condensed Consolidated Statement of Profit or Loss for the Quarter Ended 31 March 2024 - Unaudited

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 31.03.2024 RM'000	Preceding Year Corresponding Quarter Ended 31.03.2023 RM'000	Current Year To Date Ended 31.03.2024 RM'000	Preceding Year Corresponding Period Ended 31.03.2023 RM'000
Operating revenue	469,760	463,300	469,760	463,300
Insurance revenue	422,746	430,864	422,746	430,864
Insurance service expenses	(245,245)	(174,639)	(245,245)	(174,639)
Net expenses from reinsurance contracts held	(89,641)	(195,202)	(89,641)	(195,202)
Insurance service result	87,860	61,023	87,860	61,023
Investment income	47,014	32,436	47,014	32,436
Net fair value gains	4,418	10,256	4,418	10,256
Investment return	51,432	42,692	51,432	42,692
Net finance expenses from insurance contracts	(16,040)	(18,859)	(16,040)	(18,859)
Net finance income from reinsurance contracts held	7,064	10,462	7,064	10,462
Net financial result	42,456	34,295	42,456	34,295
Other income	1,599	1,003	1,599	1,003
Other operating expenses	(4,481)	(5,220)	(4,481)	(5,220)
Other finance costs	(265)	(301)	(265)	(301)
Share of profit after tax of equity accounted associated company	178	590	178	590
Profit before tax	127,347	91,390	127,347	91,390
Tax expense	(26,056)	(17,556)	(26,056)	(17,556)
Profit for the period	101,291	73,834	101,291	73,834
Profit attributable to:				
Owners of the Company	101,291	73,834	101,291	73,834
Earnings per ordinary share (sen)				
- Basic	25.43	18.53	25.43	18.53
- 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 2023.

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Quarter Ended 31 March 2024 - Unaudited

	Individual Period		Cumulative Period	
	Current Year Quarter Ended <u>31.03.2024</u> RM'000	Preceding Year Corresponding Quarter Ended <u>31.03.2023</u> RM'000	Current Year To Date Ended <u>31.03.2024</u> RM'000	Preceding Year Corresponding Period Ended <u>31.03.2023</u> RM'000
Profit for the period	101,291	73,834	101,291	73,834
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operation	1,055	3,462	1,055	3,462
Net finance expenses from insurance contracts	(779)	(7,993)	(779)	(7,993)
Net finance income from reinsurance contracts held	664	5,069	664	5,069
Income tax relating to these items	50	-	50	-
Items that will not be reclassified to profit or loss				
Net losses on investments in equity instruments designated at fair value through other comprehensive income	(15,433)	(70,593)	(15,433)	(70,593)
Income tax relating to these items	104	507	104	507
Total other comprehensive expenses for the period, net of tax	(14,339)	(69,548)	(14,339)	(69,548)
Total comprehensive income for the period attributable to owners of the Company	86,952	4,286	86,952	4,286

Note : The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2023.

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Condensed Consolidated Statement of Financial Position As At 31 March 2024 - Unaudited

	<u>31.03.2024</u>	<u>31.12.2023</u>
	RM'000	RM'000
Assets		
Plant and equipment	6,552	5,986
Right-of-use assets	36,232	38,056
Investment properties	34,074	33,977
Intangible assets	3,273	3,542
Investment in an associated company	47,067	46,322
Other investments	3,265,312	3,167,288
Fair value through other comprehensive income	929,642	945,063
Fair value through profit or loss	1,250,409	1,218,290
Amortised cost	1,085,261	1,003,935
Reinsurance contract assets	869,900	877,968
Loans and receivables	74,224	80,864
Cash and cash equivalents	247,580	315,015
Total assets	<u>4,584,214</u>	<u>4,569,018</u>
Equity		
Share capital	398,383	398,383
Reserves	1,812,730	1,885,131
Total equity	<u>2,211,113</u>	<u>2,283,514</u>
Liabilities		
Insurance contract liabilities	2,263,846	2,199,820
Deferred tax liabilities	32,551	25,121
Lease liabilities	38,484	40,303
Other payables	18,850	8,131
Current tax payables	19,370	12,129
Total liabilities	<u>2,373,101</u>	<u>2,285,504</u>
Total equity and liabilities	<u>4,584,214</u>	<u>4,569,018</u>

Note : The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2023.

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Condensed Consolidated Statement of Changes in Equity for the Period Ended 31 March 2024 - Unaudited

	←	Non-distributable		→	Distributable	
	Share capital RM'000	Foreign currency translation reserve RM'000	Insurance finance reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total equity RM'000
<u>3 Months Period Ended 31 March 2024</u>						
At 1 January 2024	398,383	48,599	(2,209)	785,263	1,053,478	2,283,514
Foreign currency translation differences for foreign operation	-	1,055	-	-	-	1,055
Net finance expenses from insurance contracts	-	-	(564)	-	-	(564)
Net finance income from reinsurance contracts held	-	-	499	-	-	499
Net losses on investments in equity instruments designated at fair value through other comprehensive income	-	-	-	(15,329)	-	(15,329)
Total other comprehensive income/(expenses) for the period	-	1,055	(65)	(15,329)	-	(14,339)
Profit for the period	-	-	-	-	101,291	101,291
Total comprehensive income/(expenses) for the period	-	1,055	(65)	(15,329)	101,291	86,952
Distributions to owners of the Company						
Dividends to owners of the Company	-	-	-	-	(159,353)	(159,353)
Total transactions with owners of the Company	-	-	-	-	(159,353)	(159,353)
At 31 March 2024	398,383	49,654	(2,274)	769,934	995,416	2,211,113

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Condensed Consolidated Statement of Changes in Equity for the Period Ended 31 March 2024 - Unaudited (continued)

	←	Non-distributable		→	Distributable	
	Share capital RM'000	Foreign currency translation reserve RM'000	Insurance finance reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total equity RM'000
<u>3 Months Period Ended 31 March 2023</u>						
At 1 January 2023	398,383	35,155	350	791,936	982,772	2,208,596
Foreign currency translation differences for foreign operation	-	3,462	-	-	-	3,462
Net finance expenses from insurance contracts	-	-	(7,993)	-	-	(7,993)
Net finance income from reinsurance contracts held	-	-	5,069	-	-	5,069
Net losses on investments in equity instruments designated at fair value through other comprehensive income	-	-	-	(70,086)	-	(70,086)
Total other comprehensive income/(expenses) for the period	-	3,462	(2,924)	(70,086)	-	(69,548)
Profit for the period	-	-	-	-	73,834	73,834
Total comprehensive income/(expenses) for the period	-	3,462	(2,924)	(70,086)	73,834	4,286
Distributions to owners of the Company						
Dividends to owners of the Company	-	-	-	-	(139,434)	(139,434)
Total transactions with owners of the Company	-	-	-	-	(139,434)	(139,434)
At 31 March 2023	398,383	38,617	(2,574)	721,850	917,172	2,073,448

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 2023.

LPI CAPITAL BHD**Condensed Consolidated Statement of Cash Flows
for the Period Ended 31 March 2024 - Unaudited**

	Current Year To Date Ended 31.03.2024 RM'000	Preceding Year Corresponding Period Ended 31.03.2023 RM'000
Operating activities		
Profit before tax	127,347	91,390
Investment income	(47,014)	(32,436)
Gain on disposal of plant and equipment	(1)	-
Net fair value gains recorded in profit or loss	(4,418)	(10,256)
Share of profit of equity accounted associated company	(178)	(590)
Interest on lease liabilities	265	301
Non-cash items:		
Depreciation of plant and equipment	634	657
Depreciation of right-of-use assets	1,808	1,778
Amortisation of intangible assets	352	1,048
Unrealised foreign exchange (gain)/loss	(209)	16
Changes in working capital:		
Other investments	(108,673)	(183,742)
Loans and receivables	6,652	(494)
Reinsurance contract assets	8,825	134,348
Insurance contract liabilities	62,731	(120,838)
Other payables	10,710	39
Cash generated from/(used in) operating activities	58,831	(118,779)
Dividend income received	31,908	19,669
Interest income received	15,006	12,577
Rental income on investment property received	184	232
Interest paid	(265)	(301)
Income tax paid	(11,238)	(17,325)
Net cash flows generated from/(used in) operating activities	94,426	(103,927)

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Condensed Consolidated Statement of Cash Flows for the Period Ended 31 March 2024 - Unaudited (continued)

	Current Year To Date Ended <u>31.03.2024</u> RM'000	Preceding Year Corresponding Period Ended <u>31.03.2023</u> RM'000
Investing activities		
Proceeds from disposal of plant and equipment	1	-
Purchase of plant and equipment	(1,194)	(81)
Purchase of intangible assets	(82)	(421)
Net cash flows used in investing activities	<u>(1,275)</u>	<u>(502)</u>
Financing activities		
Dividends paid to owners of the Company	(159,353)	(139,434)
Payment of lease liabilities	(1,803)	(1,734)
Net cash flows used in financing activities	<u>(161,156)</u>	<u>(141,168)</u>
Net decrease in cash and cash equivalents	(68,005)	(245,597)
Cash and cash equivalents at 1 January	315,015	724,911
Effect of movement in exchange rates	570	4,683
Cash and cash equivalents at 31 March	<u>247,580</u>	<u>483,997</u>

Note : The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2023.

**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 2023 (“last annual consolidated audited financial statements”). Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual consolidated audited financial statements.

The accounting policies and presentation adopted by the Group for the quarterly financial statements are consistent with those adopted in the Group’s last annual consolidated audited financial statements, except for the adoption of the following:

MFRSs/Interpretations/Amendments	Effective date
Amendments to MFRS 16, <i>Leases – Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101, <i>Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 107, <i>Statement of Cash Flows</i> and MFRS 7, <i>Financial Instruments: Disclosures – Supplier Finance Arrangements</i>	1 January 2024

The initial application of the abovementioned amendments did not have any material impact to the current and prior periods financial statements upon their first adoption.

A2. COMMENTS ON SEASONALITY OR CYCLICALITY

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

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

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

There were no items affecting assets, liabilities, equity, net income, or cash flows which are unusual because of their nature, size, or incidence in the current interim period ended 31 March 2024.

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 31 March 2024.

A6. DIVIDEND PAID

In the current interim period ended 31 March 2024, the Company paid a second interim single tier dividend of 40.00 sen per ordinary share amounting to RM159,353,101 in respect of the financial year ended 31 December 2023 on 20 March 2024.

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	← 3 Months Ended →					
	General insurance		Investment holding		Total	
	2024	2023	2024	2023	2024	2023
External revenue	447,875	452,215	21,885	11,085	469,760	463,300
Inter-segment revenue	-	-	140,000	120,000	140,000	120,000
Segment profit before tax	107,448	82,395	159,899	128,995	267,347	211,390
Segment assets	3,643,897	3,721,531	1,140,317	1,082,653	4,784,214	4,804,184
Segment liabilities	2,370,004	2,527,563	3,097	3,173	2,373,101	2,530,736

A7. OPERATING SEGMENTS (CONTINUED)

Business segments (continued)

i) Reconciliation of reportable segment profit:

RM'000	← 3 Months Ended →	
	<u>2024</u>	<u>2023</u>
Total profit for reportable segments	267,347	211,390
Elimination of inter-segment profit	(140,000)	(120,000)
Consolidated profit before tax	<u>127,347</u>	<u>91,390</u>

ii) Reconciliation of reportable segment assets:

RM'000	← 3 Months Ended →	
	<u>2024</u>	<u>2023</u>
Total assets for reportable segments	4,784,214	4,804,184
Elimination of inter-segment assets	(200,000)	(200,000)
Consolidated assets	<u>4,584,214</u>	<u>4,604,184</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 RM5,914,780.

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 to appeal and set aside MyCC’s decision.

MyCC has applied to the High Court for leave to apply for judicial review of CAT’s decision dated 2 September 2022 and Lonpac had filed its Affidavit in Opposition in the High Court.

On 16 January 2024, the High Court dismissed MyCC’s application for leave to commence judicial review against the CAT’s decision. On 15 February 2024, MyCC filed a Notice of Appeal to the Court of Appeal against the High Court’s decision. The Court of Appeal has fixed a case management session for this matter on 15 May 2024.

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 2023.

A11. FINANCIAL INSTRUMENTS

Fair value information

The carrying amounts of cash and cash equivalents, fixed and call deposits, 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.

<u>31.03.2024</u>	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
RM'000	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>		
Financial assets										
<i>Designated at fair value through other comprehensive income</i>										
- Quoted shares	929,642	-	-	929,642	-	-	-	-	929,642	929,642
<i>Mandatorily at fair value through profit or loss</i>										
- Unit trusts	-	936,512	-	936,512	-	-	-	-	936,512	936,512
- Real estate investment trusts ("REITs")	3,485	-	-	3,485	-	-	-	-	3,485	3,485
- Exchange-traded fund ("ETF")	577	-	-	577	-	-	-	-	577	577
- Quoted shares	4,972	-	-	4,972	-	-	-	-	4,972	4,972
- Unquoted shares	-	-	1,575	1,575	-	-	-	-	1,575	1,575
- Corporate bonds and sukuk	-	303,288	-	303,288	-	-	-	-	303,288	303,288
<i>Amortised cost</i>										
- Malaysian government securities	-	-	-	-	-	15,110	-	15,110	15,110	15,225
- Government investment issues	-	-	-	-	-	39,897	-	39,897	39,897	39,828
- Malaysian government guaranteed loans	-	-	-	-	-	75,884	-	75,884	75,884	75,000
- Corporate bonds and sukuk	-	-	-	-	-	43,437	-	43,437	43,437	43,309
	938,676	1,239,800	1,575	2,180,051	-	174,328	-	174,328	2,354,379	2,353,413

A11. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value information (continued)

31.12.2023

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
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>		
Financial assets										
<i>Designated at fair value through other comprehensive income</i>										
- Quoted shares	945,063	-	-	945,063	-	-	-	-	945,063	945,063
<i>Mandatorily at fair value through profit or loss</i>										
- Unit trusts	-	923,739	-	923,739	-	-	-	-	923,739	923,739
- Real estate investment trusts ("REITs")	3,259	-	-	3,259	-	-	-	-	3,259	3,259
- Exchange-traded fund ("ETF")	636	-	-	636	-	-	-	-	636	636
- Quoted shares	4,940	-	-	4,940	-	-	-	-	4,940	4,940
- Unquoted shares	-	-	1,575	1,575	-	-	-	-	1,575	1,575
- Corporate bonds and sukuk	-	284,141	-	284,141	-	-	-	-	284,141	284,141
<i>Amortised cost</i>										
- Malaysian government securities	-	-	-	-	-	15,115	-	15,115	15,115	15,240
- Government investment issues	-	-	-	-	-	39,857	-	39,857	39,857	39,821
- Malaysian government guaranteed loans	-	-	-	-	-	85,432	-	85,432	85,432	85,000
- Corporate bonds and sukuk	-	-	-	-	-	43,319	-	43,319	43,319	43,302
	953,898	1,207,880	1,575	2,163,353	-	183,723	-	183,723	2,347,076	2,346,716

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 31 March 2024 (31.12.2023: no transfer in either directions).

Level 3 fair value

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

	2024	2023
	RM'000	RM'000
Unquoted shares		
Balance as at 1 January	1,575	1,472
Fair value gains recognised in profit or loss	<u>-</u>	<u>103</u>
Balance as at 31 March 2024 / 31 December 2023	<u>1,575</u>	<u>1,575</u>

A11. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value information (continued)

The following table shows the valuation technique used in the determination of fair value within Level 3, as well as the key unobservable inputs used in the valuation model.

Financial instrument carried at fair value

Type	Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Unquoted shares	The fair value is determined to approximate the net assets value of the investee as it is immaterial in the context of the condensed interim financial statements.	Net assets value	The higher the value of net assets the higher the fair value.

A12. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Associated Company		Companies Under Common Significant Influence	
	Current Year To Date Ended	Preceding Year Corresponding Period Ended	Current Year To Date Ended	Preceding Year Corresponding Period Ended
RM'000	31.03.2024	31.03.2023	31.03.2024	31.03.2023
Income earned:				
Premium income	249	338	30,108	29,603
Dividend income	-	-	22,030	11,014
Fixed deposits income	-	-	913	523
Interest/profit income from corporate bonds and sukuk	-	-	477	378
Management fees	43	-	-	-
	<u>292</u>	<u>338</u>	<u>53,528</u>	<u>41,518</u>
Expenditure incurred:				
Rental paid	-	-	(999)	(999)
Reimbursement of utilities	-	-	(86)	(85)
Insurance commission	(71)	(96)	(13,473)	(12,919)
	<u>(71)</u>	<u>(96)</u>	<u>(14,558)</u>	<u>(14,003)</u>

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

B1. REVIEW OF GROUP PERFORMANCE

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

RM'mil	Individual Period		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended			Current Year To Date Ended	Preceding Year Corresponding Period Ended		
	31.03.2024	31.03.2023	Amount	% / ppt (*)	31.03.2024	31.03.2023	Amount	% / ppt (*)
Revenue by segments								
General insurance segment	447.9	452.2	(4.3)	(1.0%)	447.9	452.2	(4.3)	(1.0%)
Insurance revenue	422.8	430.9	(8.1)	(1.9%)	422.8	430.9	(8.1)	(1.9%)
Investment income	25.1	21.3	3.8	17.8%	25.1	21.3	3.8	17.8%
Investment holding segment								
Investment income	21.9	11.1	10.8	97.3%	21.9	11.1	10.8	97.3%
Total revenue	469.8	463.3	6.5	1.4%	469.8	463.3	6.5	1.4%
Revenue by geographical locations								
Malaysia	431.3	428.6	2.7	0.6%	431.3	428.6	2.7	0.6%
Singapore	38.5	34.7	3.8	11.0%	38.5	34.7	3.8	11.0%
Total revenue	469.8	463.3	6.5	1.4%	469.8	463.3	6.5	1.4%

(* ppt – percentage points)

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

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

	Individual Period		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended			Current Year To Date Ended	Preceding Year Corresponding Period Ended		
	31.03.2024	31.03.2023	Amount	% / ppt (*)	31.03.2024	31.03.2023	Amount	% / ppt (*)
Profit before tax by segments								
General insurance (RM'mil)	107.4	82.4	25.0	30.3%	107.4	82.4	25.0	30.3%
Investment holding (RM'mil)	19.9	9.0	10.9	121.1%	19.9	9.0	10.9	121.1%
Total profit before tax	127.3	91.4	35.9	39.3%	127.3	91.4	35.9	39.3%
Profit before tax by geographical locations								
Malaysia (RM'mil)	124.4	87.7	36.7	41.8%	124.4	87.7	36.7	41.8%
Singapore (RM'mil)	2.7	3.1	(0.4)	(12.9%)	2.7	3.1	(0.4)	(12.9%)
Cambodia (RM'mil)	0.2	0.6	(0.4)	(66.7%)	0.2	0.6	(0.4)	(66.7%)
Total profit before tax	127.3	91.4	35.9	39.3%	127.3	91.4	35.9	39.3%
Profit attributable to owners of the Company (RM'mil)	101.3	73.8	27.5	37.3%	101.3	73.8	27.5	37.3%
Net return on equity (%)	4.6	3.6	-	1.0 ppt	4.6	3.6	-	1.0 ppt
Earnings per share (sen)	25.43	18.53	6.90	37.2%	25.43	18.53	6.90	37.2%

(* ppt – percentage points)

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

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

	Individual Period		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended			Current Year To Date Ended	Preceding Year Corresponding Period Ended		
	31.03.2024	31.03.2023	Amount	% / ppt (*)	31.03.2024	31.03.2023	Amount	% / ppt (*)
Gross written premiums (RM'mil)	531.9	489.4	42.5	8.7%	531.9	489.4	42.5	8.7%
Net claims incurred ratio (%)	40.1	51.8	-	(11.7) ppt	40.1	51.8	-	(11.7) ppt
Management expenses ratio (%)	21.2	20.1	-	1.1 ppt	21.2	20.1	-	1.1 ppt
Net commission ratio (%)	8.4	7.6	-	0.8 ppt	8.4	7.6	-	0.8 ppt
Net insurance finance cost ratio (%)	3.2	3.3	-	(0.1) ppt	3.2	3.3	-	(0.1) ppt
Net losses on onerous contracts ratio (%)	0.6	(1.4)	-	2.0 ppt	0.6	(1.4)	-	2.0 ppt
Combined ratio (%)	73.4	81.2	-	(7.8) ppt	73.4	81.2	-	(7.8) ppt

(* ppt – percentage points)

The above financial ratios were computed based on the Group's internal management accounts.

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 1: Insurance service result by portfolio for the financial period ended 31 March:

RM'000	Fire		Motor		Marine, Aviation & Transit		Miscellaneous		Total	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Insurance revenue	156,718	192,625	105,020	94,998	28,506	24,635	132,502	118,606	422,746	430,864
Incurred claims	1,166	56,693	(72,761)	(63,244)	(32,836)	(15,333)	(30,694)	(51,786)	(135,125)	(73,670)
Other incurred insurance service expenses	(5,549)	(3,593)	(6,277)	(4,990)	(1,160)	(678)	(7,746)	(5,841)	(20,732)	(15,102)
Amortisation of commission expense	(21,543)	(20,958)	(10,033)	(8,883)	(1,803)	(1,673)	(16,761)	(14,907)	(50,140)	(46,421)
Amortisation of other insurance acquisition cash flows	(14,595)	(10,942)	(10,311)	(10,192)	(1,975)	(1,788)	(9,821)	(10,184)	(36,702)	(33,106)
Reversals of losses/(Losses) on onerous contracts	400	-	(2,603)	3,390	6	53	(349)	(9,783)	(2,546)	(6,340)
Insurance service expenses	(40,121)	21,200	(101,985)	(83,919)	(37,768)	(19,419)	(65,371)	(92,501)	(245,245)	(174,639)
Allocation of reinsurance premiums paid	(38,277)	(80,504)	(5,575)	(8,503)	(20,576)	(16,719)	(47,483)	(39,475)	(111,911)	(145,201)
(Reversals of recoveries)/ Recoveries of incurred claims	(14,415)	(95,088)	690	(7,191)	29,295	16,298	5,838	26,036	21,408	(59,945)
(Reversals of recoveries)/ Recoveries of losses on onerous underlying contracts	(151)	-	967	3,023	13	(29)	33	6,950	862	9,944
Net (expenses)/income from reinsurance contracts held	(52,843)	(175,592)	(3,918)	(12,671)	8,732	(450)	(41,612)	(6,489)	(89,641)	(195,202)
Insurance service result	<u>63,754</u>	<u>38,233</u>	<u>(883)</u>	<u>(1,592)</u>	<u>(530)</u>	<u>4,766</u>	<u>25,519</u>	<u>19,616</u>	<u>87,860</u>	<u>61,023</u>

The below financial information was extracted from the Group's internal management accounts.

Gross written premiums	<u>210,271</u>	<u>201,150</u>	<u>113,546</u>	<u>98,731</u>	<u>33,773</u>	<u>32,445</u>	<u>174,298</u>	<u>157,079</u>	<u>531,888</u>	<u>489,405</u>
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B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Revenue

For the 1st quarter of financial year 2024, the Group's revenue increased by RM6.5 million to RM469.8 million from RM463.3 million recorded in the corresponding quarter in 2023. The 1.4% growth in revenue was largely contributed by its investment holding segment, which increased by RM10.8 million to RM21.9 million as compared to RM11.1 million in the corresponding quarter in 2023, attributed to the higher dividend income. General insurance segment recorded lower revenue of RM447.9 million as compared to RM452.2 million in the corresponding quarter in 2023 due to lower recognition of insurance revenue.

Profit Before Tax

Profit before tax of the Group for the 1st quarter of financial year 2024 increased by 39.3% or RM35.9 million to RM127.3 million from RM91.4 million in the corresponding quarter in 2023. The increase was driven by the higher profit from general insurance segment, which increased by 30.3% or RM25.0 million to RM107.4 million from RM82.4 million in the 1st quarter of financial year 2023, mainly contributed by higher insurance service result as compared to the corresponding quarter last year. The investment holding segment recorded a higher profit before tax of RM19.9 million as compared to RM9.0 million in the corresponding quarter in 2023 mainly contributed by higher tax-exempt dividend income received from its equity investment during the 1st quarter of financial year 2024.

Business operations in Malaysia contributed to 97.7% of the Group's total profit before tax in the 1st quarter of financial year 2024.

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 2: Other comprehensive income for current quarter and financial year to date

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 31.03.2024	Preceding Year Corresponding Quarter Ended 31.03.2023	Current Year To Date Ended 31.03.2024	Preceding Year Corresponding Period Ended 31.03.2023
RM'mil				
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operation	1.0	3.5	1.0	3.5
Net finance expenses from insurance contracts	(0.8)	(8.0)	(0.8)	(8.0)
Net finance income from reinsurance contracts held	0.7	5.1	0.7	5.1
Income tax relating to these items	0.1	-	0.1	-
Items that will not be reclassified to profit or loss				
Net losses on investments in equity instruments designated at fair value through other comprehensive income	(15.4)	(70.6)	(15.4)	(70.6)
Income tax relating to these items	0.1	0.5	0.1	0.5
Total other comprehensive expenses for the period, net of tax	(14.3)	(69.5)	(14.3)	(69.5)

The Group's total other comprehensive income for the three months ended 31 March 2024 recorded a net loss of RM14.3 million as compared to net loss of RM69.5 million in the corresponding quarter 2023. The net loss recorded was mainly due to the decline in the market value of its investment in quoted equities.

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 3: Review of assets and liabilities

RM'mil	As at 31.03.2024	As at 31.12.2023	Changes	
			Amount	%
Total assets	4,584.2	4,569.0	15.2	0.3%
Total liabilities	2,373.1	2,285.5	87.6	3.8%
Total equity	2,211.1	2,283.5	(72.4)	(3.2%)

Total assets

As at 31 March 2024, the Group's total assets were higher by RM15.2 million to RM4,584.2 million from RM4,569.0 million as at 31 December 2023. The increase was mainly contributed by higher placement of fixed deposits with the tenure of more than 3 months measured at amortised cost. The general insurance segment accounted for 79.5% of the Group's total assets as at 31 March 2024.

Total liabilities

As at 31 March 2024, total liabilities of the Group were higher by RM87.6 million to RM2,373.1 million from RM2,285.5 million as at 31 December 2023. This was mainly due to RM64.0 million increase in insurance contract liabilities of its general insurance segment.

Total equity

The Group's total equity was lower by 3.2% or RM72.4 million to RM2,211.1 million from RM2,283.5 million as at 31 December 2023. The Group's retained earnings recorded a net decrease of RM58.1 million after the payment of dividends of RM159.4 million from the current period's net profit of RM101.3 million. The fair value reserves decreased by RM15.3 million mainly due to the lower market value of quoted equity investment designated as fair value through other comprehensive income. Therefore, net tangible asset per share also decreased to RM5.54 from RM5.72 as at 31 December 2023.

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 4: Breakdown of Key Financial Information of Foreign Operation - Lonpac Insurance Bhd (Singapore Branch)

Exchange rate as at 31.03.2024 SGD1.00 = RM3.52	Functional Currency SGD'000	Reporting Currency RM'000
Insurance revenue	10,132	35,665
Investment income	791	2,786
Total revenue	10,923	38,451
Profit before tax	776	2,731
Profit after tax	631	2,222
Total assets	62,943	221,561
Total liabilities	54,296	191,122

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

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Table 5: Review of statement of cash flows

RM'mil	Current Year To Date Ended 31.03.2024	Preceding Year Corresponding Period Ended 31.03.2023
Profit after tax	101.3	73.8
Net cash flows generated from/(used in) operating activities	94.4	(103.9)
Net cash flows used in investing activities	(1.3)	(0.5)
Net cash flows used in financing activities	(161.1)	(141.2)
Net decrease in cash and cash equivalents	(68.0)	(245.6)
Cash and cash equivalents at 1 January	315.0	724.9
Effect of movement in exchange rates	0.6	4.7
Cash and cash equivalents at 31 March	247.6	484.0

For the three months ended 31 March 2024, the operating cash flows of the Group remained healthy at RM94.4 million. The ratio of cash flows from operating activities to net income was 93.2% (RM94.4 million / RM101.3 million). The ratio indicated the ability of the Group to generate sufficient positive cash flows to maintain and grow its operations.

B1. REVIEW OF GROUP PERFORMANCE (CONTINUED)

Review of statement of cash flows (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 investing activities for the current financial period amounted to RM1.3 million, mainly relating to the purchase of plant and equipment.

The Group's balance sheet did not carry any debts other than insurance contract liabilities which increased by RM64.0 million to RM2,263.8 million as at 31 March 2024. The Group had generated sufficient cash flows to pay second interim dividend of 40.0 sen per share amounting to RM159.4 million on 20 March 2024 in respect of the financial year ended 31 December 2023.

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

	Current Year Quarter Ended 31.03.2024	Immediate Preceding Quarter Ended 31.12.2023	Changes	
			Amount	% / ppt
Insurance revenue (RM'mil)	422.8	457.1	(34.3)	(7.5%)
Investment income (RM'mil)	47.0	24.3	22.7	93.4%
Total revenue (RM'mil)	469.8	481.4	(11.6)	(2.4%)
Profit before tax (RM'mil)	127.3	103.2	24.1	23.4%
Profit attributable to owners of the Company (RM'mil)	101.3	78.6	22.7	28.9%
Net return on equity (%)	4.6	3.4	-	1.2 ppt
Earnings per share (sen)	25.43	19.72	5.71	29.0%
Gross written premiums (RM'mil)	531.9	391.6	140.3	35.8%
Insurance service result (RM'mil)	87.9	81.2	6.7	8.3%
Net claims incurred ratio (%)	40.1	41.7	-	(1.6) ppt
Management expenses ratio (%)	21.2	20.9	-	0.3 ppt
Net commission ratio (%)	8.4	8.8	-	(0.4) ppt
Net insurance finance cost ratio (%)	3.2	3.0	-	0.2 ppt
Net losses on onerous contracts ratio (%)	0.6	0.4	-	0.2 ppt
Combined ratio (%)	73.4	74.9	-	(1.5) ppt

For the 1st quarter of financial year 2024, the Group recorded a higher profit before tax of RM127.3 million as compared to RM103.2 million in the preceding quarter ended 31 December 2023. The increase in the profit before tax for the said quarter was mainly contributed by higher investment income received.

B3. CURRENT YEAR PROSPECTS

- a) Malaysia's economy is projected to perform better in 2024 with the risk of a global recession receding and in the light of a recovery in the Malaysian export market. However, the Malaysian insurance industry will continue to face greater competition and underwriting margins compression owing to the Phased Liberalisation process. The Group aims to enhance its sustainability within this competitive market environment by focusing on strategic sectors that can provide steady and sustainable profits. Product diversification and market segmentation are important strategic measures in driving business success. To do so, the Group will continue to strengthen its distribution channels by forming partnerships and enhancing its collaboration with agents and bancassurance partners to grow the desired portfolios.
- 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 <u>31.03.2024</u>	Preceding Year Corresponding Quarter Ended <u>31.03.2023</u>	Current Year To Date Ended <u>31.03.2024</u>	Preceding Year Corresponding Period Ended <u>31.03.2023</u>
Profit before tax	127,347	91,390	127,347	91,390
Income tax:				
Current tax charge	18,468	542	18,468	542
Under provision in prior year	5	-	5	-
Deferred taxation	7,583	17,014	7,583	17,014
Total tax expense	26,056	17,556	26,056	17,556
Effective tax rate on current tax charge	20%	19%	20%	19%

The effective tax rate on the current tax charge of the Group for the current quarter and current financial period ended 31 March 2024 was 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 22 April 2024, 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 31 March 2024.

B9. DISCLOSURE OF DERIVATIVES

A disclosure on outstanding derivatives (including financial instruments designated as hedging instruments) as at 31 March 2024. – 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 31 March 2024.

B11. CHANGES IN MATERIAL LITIGATION

There were no pending material litigations since the last annual balance sheet date up to 22 April 2024, which is not earlier than 7 days from date of issue of this quarterly report.

B12. DIVIDEND

No interim ordinary dividend has been recommended in this quarter.

B13. EARNINGS PER SHARE

a) Basic earnings per share

	Individual Period		Cumulative Period	
	Current Year Quarter Ended <u>31.03.2024</u>	Preceding Year Corresponding Quarter Ended <u>31.03.2023</u>	Current Year To Date Ended <u>31.03.2024</u>	Preceding Year Corresponding Period Ended <u>31.03.2023</u>
Profit after tax (RM'000)	101,291	73,834	101,291	73,834
Weighted average no. of ordinary shares in issue (‘000)	398,383	398,383	398,383	398,383
Basic earnings per share (sen)	25.43	18.53	25.43	18.53

b) Diluted earnings per share. – Not Applicable.

B14. PROFIT FOR THE PERIOD

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 31.03.2024 RM'000	Preceding Year Corresponding Quarter Ended 31.03.2023 RM'000	Current Year To Date Ended 31.03.2024 RM'000	Preceding Year Corresponding Period Ended 31.03.2023 RM'000
Profit for the period is arrived at after charging:				
Depreciation of plant and equipment (N1)	634	657	634	657
Depreciation of right-of-use assets (N1)	1,808	1,778	1,808	1,778
Amortisation of intangible assets (N1)	352	1,048	352	1,048
Net foreign exchange loss (N1)	-	51	-	51
and after crediting:				
Interest income (N2)	14,922	12,535	14,922	12,535
Dividend income (N2)	31,908	19,669	31,908	19,669
Rental income (N2)	184	232	184	232
Net foreign exchange gain (N1)	293	-	293	-

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 31 March 2024.

(N1) Depreciation of plant and equipment, depreciation of right-of-use assets, amortisation of intangible assets and net foreign exchange loss/(gain) are reported under item insurance service expenses and other operating 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

Amounts due from policyholders, agents, brokers, co-insurers and reinsurers (“trade receivables”), was either net off with insurance contract liabilities or reinsurance contract assets. However, these amounts are still exposed to credit risk.

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

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

Age analysis of trade receivables past due but not impaired:

	<30 days RM'000	31 - 60 days RM'000	61 - 90 days RM'000	91 - 180 days RM'000	>180 days RM'000	Total RM'000
31.03.2024						
Trade receivables arise from insurance contracts	124,673	21,055	42,587	9,761	453	198,529
Trade receivables arise from reinsurance contracts held	909	1,449	745	139	24	3,266
31.12.2023						
Trade receivables arise from insurance contracts	97,775	26,389	29,130	12,353	2,070	167,717
Trade receivables arise from reinsurance contracts held	7,794	3,261	1,312	7,718	-	20,085

The past due trade receivables above are deemed collectable.

B16. DISCLOSURE ON QUALIFICATION OF AUDIT REPORT

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